

ILLUMINA INC  
Form DEF 14A  
March 26, 2010

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A  
Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934**

Filed by the Registrant

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:



**Table of Contents**

**9885 Towne Centre Drive  
San Diego, California 92121**

March 26, 2010

Dear Stockholder:

You are cordially invited to participate in the 2010 Annual Meeting of Stockholders of Illumina, Inc. Our annual meeting will be held on Wednesday, May 12, 2010, at 9:00 a.m. Pacific Time. We are very pleased that this year's annual meeting will be our first completely virtual meeting of stockholders.

**To participate in the annual meeting via live webcast, vote, and submit your questions during the meeting, please visit [www.virtualshareholdermeeting.com/ILMN](http://www.virtualshareholdermeeting.com/ILMN). You will not be able to attend the annual meeting in person.**

We are also pleased to be furnishing our proxy materials to stockholders primarily over the Internet. We believe this process will expedite stockholders' receipt of the materials, lower the costs of our annual meeting, and conserve natural resources. On or about March 26, 2010, we will mail to our stockholders a notice containing instructions on how to access our 2010 Proxy Statement and our 2009 Annual Report on Form 10-K and how to vote online. The notice also will include instructions on how you can receive a paper copy of the proxy materials, including the notice of annual meeting, 2010 Proxy Statement, and proxy card. If you received your proxy materials by mail, the notice of annual meeting, 2010 Proxy Statement, and proxy card from our Board of Directors were enclosed. If you received your proxy materials via e-mail, the e-mail contained voting instructions and links to the 2010 Proxy Statement and 2009 Annual Report on Form 10-K on the Internet. We encourage you to read our 2009 Annual Report on Form 10-K, which includes information on our operations, products, and services, as well as our audited financial statements.

At this year's annual meeting, the agenda includes the following items:

Election of two director nominees; and

Ratification of Ernst & Young LLP as our independent auditors for the fiscal year ending January 2, 2011.

Please use this opportunity to take part in our corporate affairs by voting on the business to come before this meeting. **Whether or not you plan to connect to the meeting via webcast, please vote electronically via the Internet or by telephone, or, if you requested paper copies of the proxy materials, please complete, sign, date, and return the accompanying proxy in the enclosed postage-paid envelope.**

I am very much looking forward to our 2010 Annual Meeting of Stockholders.

Sincerely,

Jay T. Flatley  
*President and Chief Executive Officer*

---

## TABLE OF CONTENTS

	<b>Page</b>
<u>NOTICE OF ANNUAL MEETING</u>	
<u>PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS</u>	1
<u>INTERNET AVAILABILITY OF PROXY MATERIALS</u>	1
<u>CONNECTING TO THE ANNUAL MEETING</u>	1
<u>INFORMATION ABOUT VOTING</u>	2
<u>COMPANY INFORMATION AND MAILING ADDRESS</u>	5
<u>PROPOSAL NO. 1: ELECTION OF DIRECTORS</u>	6
<u>PROPOSAL NO. 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS</u>	7
<u>INFORMATION ABOUT DIRECTORS</u>	8
<u>BOARD OF DIRECTORS AND CORPORATE GOVERNANCE</u>	11
<u>Board of Directors</u>	11
<u>Attendance at Meetings</u>	12
<u>Corporate Governance</u>	12
<u>Board Leadership Structure</u>	12
<u>Board's Role in Oversight of Risk Management</u>	12
<u>Committees of the Board of Directors</u>	13
<u>Compensation Committee Interlocks and Insider Participation</u>	14
<u>Code of Ethics</u>	14
<u>Director Nomination</u>	15
<u>Communications with the Board of Directors</u>	16
<u>Director and Executive Officer Stock Ownership Policy</u>	16
<u>DIRECTOR COMPENSATION</u>	17
<u>Cash Compensation</u>	17
<u>Equity Compensation</u>	17
<u>Fiscal Year 2009 Non-Employee Director Compensation</u>	18
<u>STOCK OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT</u>	19
<u>EXECUTIVE OFFICERS</u>	21
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	22
<u>Compensation Philosophy and Objectives</u>	22
<u>Role of the Compensation Committee</u>	23
<u>Components and Analysis of Fiscal 2009 Executive Compensation</u>	24
<u>Tax and Accounting Considerations</u>	31
<u>COMPENSATION COMMITTEE REPORT</u>	31
<u>EXECUTIVE COMPENSATION</u>	32
<u>Summary Compensation Table</u>	32
<u>Grants of Plan-Based Awards Table</u>	32
<u>Outstanding Equity Awards at Fiscal Year-End Table</u>	33
<u>Option Exercises and Stock Vested Table</u>	34
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	34
<u>AUDIT COMMITTEE REPORT</u>	35
<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS</u>	37
<u>Fees Paid to Ernst &amp; Young LLP</u>	37

<u>Pre-Approval Policies and Procedures</u>	37
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	38
<u>OTHER MATTERS</u>	38
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	38
<u>STOCKHOLDER PROPOSALS FOR OUR 2011 ANNUAL MEETING</u>	38
<u>HOUSEHOLDING</u>	38
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	39

---

**Table of Contents**

**9885 Towne Centre Drive  
San Diego, California 92121**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
To Be Held on May 12, 2010**

Notice is hereby given that the 2010 Annual Meeting of Stockholders of Illumina, Inc., a Delaware corporation, will be held on Wednesday, May 12, 2010, at 9:00 a.m. Pacific Time. **To participate in the annual meeting via live webcast, vote your shares online, and submit your questions during the meeting, please visit [www.virtualshareholdermeeting.com/ILMN](http://www.virtualshareholdermeeting.com/ILMN) and be sure to have your 12-Digit Control Number to enter the meeting. You will not be able to attend the annual meeting in person.** The meeting will be held for the following purposes:

- (1) to elect the two director nominees, who are named in the 2010 Proxy Statement, to hold office for three years until the Annual Meeting of Stockholders in the year 2013 and until their successors are duly elected and qualified;
- (2) to ratify the appointment of Ernst & Young LLP as our independent registered public accountants for the fiscal year ending January 2, 2011; and
- (3) to transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

Stockholders of record at the close of business on March 19, 2010, are entitled to notice of, and to vote at, the 2010 Annual Meeting. Each stockholder is entitled to one vote for each share of common stock held at that time. A list of these stockholders will be open for examination by any stockholder for any purpose germane to the 2010 Annual Meeting for a period of 10 days prior to the meeting at our principal executive offices at 9885 Towne Centre Drive, San Diego, California 92121, and electronically during the 2010 Annual Meeting at [www.virtualshareholdermeeting.com/ILMN](http://www.virtualshareholdermeeting.com/ILMN) when you enter your 12-Digit Control Number.

You have three options for submitting your vote before the 2010 Annual Meeting:

Internet;

Phone; or

Mail.

By Order of the Board of Directors,

Christian G. Cabou  
*Senior Vice President, General Counsel & Secretary*

San Diego, California  
March 26, 2010

**WHETHER OR NOT YOU PLAN TO CONNECT TO THE MEETING, PLEASE CAST YOUR VOTE AS PROMPTLY AS POSSIBLE. THIS WILL HELP ENSURE THE PRESENCE OF A QUORUM AT THE MEETING.**

---



**Table of Contents**

**ILLUMINA, INC.  
9885 Towne Centre Drive  
San Diego, California 92121**

**PROXY STATEMENT  
FOR THE ANNUAL MEETING OF STOCKHOLDERS  
To Be Held on May 12, 2010**

We are providing these proxy materials in connection with Illumina, Inc.'s 2010 Annual Meeting of Stockholders. The Notice of Internet Availability of Proxy Materials, this proxy statement, any accompanying proxy card or voting instruction card, and our 2009 Annual Report on Form 10-K were first made available to stockholders on or about March 26, 2010. This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the annual meeting. Please read it carefully.

**Internet Availability of Proxy Materials**

We are furnishing proxy materials to our stockholders on the Internet rather than mailing printed copies of those materials to each stockholder. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials unless you request one. Instead, the Notice of Internet Availability of Proxy Materials will instruct you as to how you may access and review the proxy materials and cast your vote on the Internet. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of our proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials.

This proxy statement and our 2009 Annual Report on Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com). In addition, if you have not received a copy of our proxy materials and would like to receive one for the annual meeting or for future stockholder meetings, you may request printed copies as follows:

By telephone: call 1-800-579-1639 free of charge and follow the instructions;

By Internet: go to [www.proxyvote.com](http://www.proxyvote.com) and follow the instructions; or

By e-mail: send an e-mail message to [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com). Please send a blank e-mail and put the 12-digit control number located in your Notice of Internet Availability of Proxy Materials in the subject line.

**Connecting to the Annual Meeting**

We will be hosting the annual meeting live via the Internet. You will not be able to attend the meeting in person. A summary of the information you need to attend the meeting online is provided below:

Any stockholder can listen to the meeting and participate live via the Internet at [www.virtualshareholdermeeting.com/ILMN](http://www.virtualshareholdermeeting.com/ILMN)

Webcast starts at 9:00 a.m., Pacific Time

Stockholders may vote and submit questions while connected to the meeting on the Internet

Please have your 12-Digit Control Number to enter the meeting

Edgar Filing: ILLUMINA INC - Form DEF 14A

Instructions on how to connect and participate via the Internet, including how to demonstrate proof of stock ownership, are posted at [www.virtualshareholdermeeting.com/ILMN](http://www.virtualshareholdermeeting.com/ILMN)

Questions regarding how to connect and participate via the Internet will be answered by calling 1-866-451-3782 on the day before the meeting and the day of the meeting

Webcast replay of the meeting will be available until 11:59 pm Eastern Time on May 11, 2011 at [www.virtualshareholdermeeting.com/ILMN](http://www.virtualshareholdermeeting.com/ILMN)

**Table of Contents**

**INFORMATION ABOUT VOTING**

**Who can vote?**

You can vote your shares of common stock if our records show that you owned the shares on the record date of March 19, 2010. A total of 121,457,685 shares of common stock can vote at the annual meeting. You get one vote for each share of common stock that you hold. Only holders of our common stock as of the record date are entitled to notice of and to vote on some or all of the matters listed in this proxy statement and the accompanying Notice of Annual Meeting of Stockholders. The stock transfer books will not be closed between the record date and the date of the meeting. 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/ILMN](http://www.virtualshareholdermeeting.com/ILMN).

**What do I need in order to be able to participate in the annual meeting online?**

We will be hosting the 2010 Annual Meeting live via the Internet. Any stockholder can listen to and participate in the annual meeting live via the Internet at [www.virtualshareholdermeeting.com/ILMN](http://www.virtualshareholdermeeting.com/ILMN). The webcast will start at 9:00 a.m., Pacific Time. Stockholders may vote and submit questions while connected to the annual meeting on the Internet. You will need the 12-digit control number included on your Notice of Internet Availability of Proxy Materials or your proxy card (if you received a printed copy of the proxy materials) in order to be able to enter the annual 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/ILMN](http://www.virtualshareholdermeeting.com/ILMN).

**How do I vote if my shares are held in street name ?**

If your shares are held in the name of your broker, dealer, bank, trustee, or other nominee, that party should give you instructions for voting your shares. In these cases, you may vote directly over the Internet or by telephone or mail. The instructions set forth below apply to stockholders of record (also referred to as registered holders ) only and not those whose shares are held in the name of a nominee.

**How do I vote by proxy if I am a registered holder?**

If you are a registered holder you may vote by granting a proxy. The proxy holder will vote your shares as you instruct. If you grant a proxy but do not vote on a proposal, the proxy holder will vote for you on that proposal. Unless you instruct otherwise, the proxy holder will vote in the manner set forth below:

**FOR** the election of all director nominees listed below in Proposal No. 1;

**FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accountants for the fiscal year ending January 2, 2011 as described in Proposal No. 2; and

In the manner that the proxy holder deems appropriate for any other proposal to be considered at the annual meeting.

The proxy holder for the stockholders is Jay T. Flatley, our President and Chief Executive Officer.

You can vote by Internet, telephone, or mail by following the instructions set forth below:

***Voting by Internet:***

You can vote at [www.proxyvote.com](http://www.proxyvote.com), 24 hours a day, seven days a week. You will need the 12-digit control number included on your Notice of Internet Availability of Proxy Materials or your proxy card (if you received a printed copy of the proxy materials).

## **Table of Contents**

### ***Voting by Telephone***

You can vote using a touch-tone telephone by calling 1-800-690-6903, 24 hours a day, seven days a week. You will need the 12-digit control number included on your Notice of Internet Availability of Proxy Materials or your proxy card (if you received a printed copy of the proxy materials).

The Internet and telephone voting procedures, which comply with Delaware law, are designed to authenticate stockholders' identities, to allow stockholders to vote their shares, and to confirm that their instructions have been properly recorded.

### ***Voting By Mail***

If you have received a printed copy of the proxy materials by mail, you may complete, sign, and return by mail the proxy card sent to you together with the printed copies of the proxy materials. The proxy card should be mailed to Illumina, Inc., c/o Broadridge Financial Solutions, 51 Mercedes Way, Edgewood, NY 11717.

### **Is there a deadline for submitting votes by Internet, telephone or mail?**

Although you may vote your shares online during the annual meeting, proxies submitted over the Internet or by telephone as described above must be received by 11:59 pm, Eastern Time, on May 11, 2010.

Proxies submitted by mail should be received before 9:00 am, Pacific Time, on May 12, 2010.

### **On what matters may I vote?**

1. The election of two director nominees, who are named in this proxy statement, to hold office for three years until the Annual Meeting of Stockholders in the year 2013 and until their successors are duly elected and qualified; and
2. The ratification of the appointment of Ernst & Young LLP as our independent registered public accountants for the fiscal year ending January 2, 2011.

The foregoing items of business are more fully described in this proxy statement. None of the proposals requires the approval of any other proposal to become effective.

### **How does the Board of Directors recommend that I vote on the proposals?**

The Board of Directors recommends a vote **FOR** the election of each of the nominees of the Board of Directors (Proposal No. 1) and **FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending January 2, 2011 (Proposal No. 2).

### **What if other matters come up at the annual meeting?**

The matters described in this proxy statement are the only matters we know will be voted at the annual meeting. If other matters are properly presented at the annual meeting, the proxy holder will vote your shares as he or she sees fit.

### **Can I change my vote after I return my proxy?**

Yes. At any time before the vote on a proposal, you can change your vote either by giving our Corporate Secretary a written notice revoking your proxy; by connecting to the annual meeting online and voting your shares; by signing,

dating, and returning to us a new proxy; or by voting again by Internet or telephone at a later time before the closing of those voting facilities at 11:59 pm, Eastern Time, on May 11, 2010. We will honor the proxy with the latest date and time. However, no revocation will be effective unless we receive notice of such revocation at or prior to the annual meeting. For those stockholders who submit a proxy electronically or by telephone, the date and time on which the proxy is submitted in accordance with the

## **Table of Contents**

instructions listed on the Notice of Internet Availability of Proxy Materials or proxy card is the date and time of the proxy.

### **Can I vote at the annual meeting rather than by completing a proxy?**

Although we encourage you to complete and return a proxy prior to the annual meeting to ensure that your vote is counted prior to the meeting, you can connect to the annual meeting and vote your shares online. If you vote by proxy and also connect to the annual meeting online, there is no need to vote again at the annual meeting unless you wish to change your vote.

### **How is a quorum obtained?**

We will hold the annual meeting if a quorum is present. A quorum will be present if holders of a majority of the outstanding shares of common stock entitled to vote on a matter at the annual meeting are present or represented by proxy at the meeting. If a quorum is not present at the annual meeting, the meeting may be adjourned from time to time until a quorum is obtained. If you 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 a nominee, and you do not tell the 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.

### **How many votes are required to approve the proposals?**

1. A plurality of the votes of the shares present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors is required for the election of directors (Proposal No. 1). Therefore, the two directors who receive the most votes will be elected. A withhold vote in the election of directors will have the same effect as an abstention. However, neither an abstention nor a withhold vote will affect the outcome of the election.
2. Any other proposal, including the ratification of the appointment of Ernst & Young LLP as our independent registered public accountants for the fiscal year ending January 2, 2011 (Proposal No. 2), requires the affirmative vote of the majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the proposal. If you abstain from voting on any other proposal it will have the same effect on the vote as a vote against the proposal.

### **What is a broker non-vote ?**

The New York Stock Exchange ( NYSE ) has rules that govern brokers who have record ownership of listed company stock (including stock such as ours that is listed on The NASDAQ Global Select Market) held in brokerage accounts for their clients who beneficially own the shares. Under these rules, brokers who do not receive voting instructions from their clients have the discretion to vote uninstructed shares on certain matters ( discretionary matters ) but do not have discretion to vote uninstructed shares as to certain other matters ( non-discretionary matters ). A broker may return a proxy card on behalf of a beneficial owner from whom the broker has not received instructions that casts a vote with regard to discretionary matters but expressly states that the broker is not voting as to non-discretionary matters. 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. Under current NYSE interpretations, the election of directors (Proposal No. 1) is considered a non-discretionary matter and the ratification of auditors (Proposal No. 2) is considered a discretionary matter. Broker non-votes will have no effect on the outcome of the election of directors (Proposal No. 1).

**Who is making and paying for this proxy solicitation?**

This proxy is solicited on behalf of the Board of Directors. We will pay the cost of distributing this proxy statement and related materials. Our officers may solicit proxies by mail or telephone. Upon request, we will furnish copies of these materials to banks, brokers, fiduciaries, custodians, and other nominees that hold shares



**Table of Contents**

on behalf of beneficial owners so that they may forward the materials to the beneficial owners. We may, if appropriate, retain an independent proxy solicitation firm to assist us in soliciting proxies. If we do retain a proxy solicitation firm, we would pay such firm's customary fees and expenses, which fees would be expected to be approximately \$10,000, plus expenses.

**Is my vote confidential?**

Proxy cards and voting tabulations that identify individual stockholders are mailed or returned directly to Broadridge Financial Solutions and handled in a manner that protects your voting privacy. Your vote will not be disclosed EXCEPT:

as needed to permit Broadridge Financial Solutions to tabulate and certify the vote;

as required by law; or

in limited circumstances such as a proxy contest in opposition to the Board of Directors.

In addition, all comments written on the proxy card or elsewhere will be forwarded to management, but your identity will be kept confidential unless you ask that your name be disclosed.

**COMPANY INFORMATION AND MAILING ADDRESS**

We were incorporated in California in April 1998 and reincorporated in Delaware in July 2000. Our principal executive offices are located at 9885 Towne Centre Drive, San Diego, California 92121. Our telephone number is (858) 202-4500. Our website address is *www.illumina.com*.

References in this proxy statement to Illumina, Company, we, us, and our refer to Illumina, Inc. and our consolidated subsidiaries, unless the context requires otherwise. Information on our website is not intended to be incorporated into this proxy statement.

**Table of Contents****PROPOSAL NO. 1: ELECTION OF DIRECTORS****General**

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

<b>2010 Annual Meeting</b>	<b>2011 Annual Meeting</b>	<b>2012 Annual Meeting</b>
Jack Goldstein, Ph.D. Paul C. Grint, M.D. David R. Walt, Ph.D.	Daniel M. Bradbury Roy A. Whitfield	A. Blaine Bowman Karin Eastham, CPA Jay T. Flatley William H. Rastetter, Ph.D.

**Election of Two Directors**

As previously announced, on January 28, 2010 Mr. Jack Goldstein provided notice to the Chairman of the Board that he would retire from the Board and would not stand for re-election at the annual meeting. In light of Mr. Goldstein's decision to retire from the Board, the Board of Directors intends to reduce the number of authorized directors of the Company from nine to eight, effective as of immediately prior to the annual meeting.

Upon the recommendation of the Nominating/Corporate Governance Committee, the Board of Directors has nominated for election at the annual meeting the following slate of two nominees to hold office for three years until the Annual Meeting of Stockholders in the year 2013 and until their successors are duly elected and qualified:

Paul C. Grint, M.D.

David R. Walt, Ph.D.

For more information about each nominee and each of the other directors serving on our Board of Directors, please see Information about Directors. Each of the nominees is currently serving as a director and was elected at our 2007 Annual Meeting of Stockholders. The nominees have agreed to serve if elected, and management has no reason to believe that such nominees will be unable to serve. In the event any nominee is unable or declines to serve as a director at the time of the annual meeting, the proxies will be voted for any nominees who may be designated by the present Board of Directors to fill the vacancy. The persons named in the form of proxy card attached to this proxy statement intend to vote such proxy for the election of each of the two nominees named above, unless the stockholder indicates on the proxy that the vote should be withheld from any or all of the nominees.

Dr. David R. Walt has discussed with the Board of Directors his consideration of retiring from the board at some time prior to the end of the three year term, if re-elected to the Board of Directors at the annual meeting. Although no decision as to whether or when to retire has been reached by Dr. Walt, should Dr. Walt retire before the end of the three year term the Board of Directors, acting upon the recommendation of the Nominating/Corporate Governance Committee, intends to fill any such vacancy when a suitable candidate is identified.

**Vote Required for Approval**

A plurality of the votes of the shares present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors is required for the election of directors. The two nominees receiving the highest number of affirmative votes of the shares entitled to vote at the annual meeting will be elected to the Board of Directors to hold office for three years until the Annual Meeting of Stockholders in the year 2013 and until their successors are duly elected and qualified. You may not vote for more individuals than the number nominated. In addition, stockholders may not cumulate votes in the election of directors.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF  
EACH OF THE DIRECTOR NOMINEES SET FORTH ABOVE**

**Table of Contents**

**PROPOSAL NO. 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT  
REGISTERED PUBLIC ACCOUNTANTS**

The Audit Committee has selected Ernst & Young LLP as our independent registered public accountants to audit our consolidated financial statements for the fiscal year ending January 2, 2011, and the Board of Directors has determined that it would be desirable to request that the stockholders ratify such appointment. Before selecting Ernst & Young, the Audit Committee considered the firm's qualifications as independent registered public accountants and concluded that, based on Ernst & Young's prior performance and its reputation for integrity and competence, it was qualified. The Audit Committee also considered whether any non-audit services performed for us by Ernst & Young would impair Ernst & Young's independence and concluded that they did not. Even if the selection is ratified, the Audit Committee, in its sole discretion, may change the appointment at any time during the fiscal year if it determines that such a change would be in our best interests and that of our stockholders.

A representative of Ernst & Young 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.

**Vote Required for Approval**

Stockholder ratification is not required for making such appointment for the fiscal year ending January 2, 2011 because the Audit Committee has responsibility for the appointment of our independent registered public accountants. The appointment is being submitted for ratification with a view toward soliciting the opinion of stockholders, which opinion will be taken into consideration in future deliberations. No determination has been made as to what action the Board of Directors or the Audit Committee would take if stockholders did not approve the appointment.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE  
FOR THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS OUR  
INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

**Table of Contents****INFORMATION ABOUT DIRECTORS**

The following table sets forth the names, ages, and positions of our directors as of March 26, 2010. 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 director are described following the table. Pursuant to instruction 3 of Item 401 to Regulation S-K, information with respect to Mr. Jack Goldstein is not included in this section because, as previously announced, Mr. Goldstein will retire from the Board of Directors effective at the annual meeting.

<b>Name</b>	<b>Age</b>	<b>Position with Company</b>
William H. Rastetter, Ph.D.(1)(2)(3)	61	Chairman of the Board
Jay T. Flatley	57	Director, President and Chief Executive Officer
A. Blaine Bowman(1)	63	Director
Daniel M. Bradbury(2)	48	Director
Karin Eastham, CPA(1)(3)	60	Director
Paul C. Grint, M.D.(2)	52	Director
David R. Walt, Ph.D.(3)	57	Director
Roy A. Whitfield(2)	56	Director

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

(3) Member of the Nominating/Corporate Governance Committee

*William H. Rastetter, Ph.D.*, has been a director since November 1998 and Chairman of the Board since January 2005. Since 2009, Dr. Rastetter has been serving as CEO and Executive Chairman of the Board of Receptos, Inc., a privately-held drug discovery and development company, which he co-founded. Since August 2006, Dr. Rastetter has also been serving as a partner of Venrock Associates, a venture capital company. From 2007 to 2009, Dr. Rastetter was Chief Executive Officer and the Executive Chairman of Apoptos, Inc., a privately-held oncology research and development company, which was acquired by Receptos in 2009. At the end of 2005, Dr. Rastetter retired as the Executive Chairman of Biogen Idec Inc., a biopharmaceutical company. He had served in this position since the merger of Biogen, Inc. and IDEC Pharmaceuticals Corporation in 2003. He served as Chief Executive Officer of IDEC Pharmaceuticals, a biotechnology company, from 1986 to 2003 and as chairman of its Board of Directors from 1996 to 2003. Additionally, he served as President of IDEC Pharmaceuticals from 1986 to 2002, and as Chief Financial Officer from 1988 to 1993. From 1982 to 1986, Dr. Rastetter served in various positions at Genentech, Inc., a biotechnology company, and previously he was an associate professor at the Massachusetts Institute of Technology. Dr. Rastetter serves as a director of Neurocrine Biosciences, Inc., a biopharmaceutical company focused on neurological and endocrine diseases and disorders. Dr. Rastetter holds a B.S. in Chemistry from the Massachusetts Institute of Technology and received his M.A. and Ph.D. in Chemistry from Harvard University.

In selecting Dr. Rastetter as a past nominee for election to the Board of Directors, the board considered, among other things, Dr. Rastetter's scientific and technical expertise combined with his business experience in leading rapidly growing companies in the life science industry. Our continued growth is dependent on scientific and technical

advances, and the Board of Directors believes that Dr. Rastetter offers both strategic and technical insight into the risks and opportunities associated with our business. In addition, Dr. Rastetter's board and executive leadership experience at other life sciences companies provides valuable strategic and governance insight to the Board of Directors as a whole.

*Jay T. Flatley* has served as our President, Chief Executive Officer, and a director since October 1999. Prior to joining Illumina, Mr. Flatley was co-founder, President, Chief Executive Officer, and a director of Molecular Dynamics, a life sciences company, from May 1994 to September 1999. He served in various other positions with that company 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. Mr. Flatley serves as a director at GenVault Corporation, a privately-held corporation focused on biosample

**Table of Contents**

stabilization, transport, storage, and retrieval, and Helixis, Inc., a privately-held developer of advanced nucleic acid analysis tools. Mr. Flatley is also member of the Keck Graduate Institute Board of Trustees. 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.

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 remarkable growth and development over the past 10 years. The Board of Directors believes that Mr. Flatley contributes to the board's understanding of the needs of our customers, the markets in which we compete, and the risks and opportunities associated with our product development and technological advances.

*A. Blaine Bowman* has been a director since January 2007. Mr. Bowman was formerly the Chairman, President, and Chief Executive Officer, and is currently a director, of Dionex Corporation, a manufacturer of analytical instruments. Mr. Bowman retired as President and Chief Executive Officer of Dionex in 2002 and as Chairman of the Board in 2005. 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 serves as a director of Cell Biosciences, Inc., a privately-held life sciences company focused on protein research through the use of nanoproteomics, and he served as a past director of Molecular Devices Corporation, a supplier of instruments and consumables for life science researchers, from 1985 until its sale in 2007. Mr. Bowman received his B.S. in Physics from Brigham Young University and an M.B.A. from Stanford University.

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 chief executive officer 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, which is our fastest growing market, and associated product development issues.

*Daniel M. Bradbury* has been a director since January 2004. Mr. Bradbury has been serving as the Chief Executive Officer of Amylin Pharmaceuticals, Inc., a biopharmaceutical company, since March 2007, as President and a board member of Amylin since June 2006, and as Amylin's Chief Operating Officer from 2003 to June 2006. He previously served as Executive Vice President from 2000 until his promotion in 2003. He joined Amylin in 1994 and held officer-level positions in Corporate Development and Marketing since that time. From 1984 to 1994, Mr. Bradbury held a number of sales and marketing positions at SmithKline Beecham Pharmaceuticals, a drug manufacturer. Mr. Bradbury serves as a board member for PhRMA, BIOCOM, the Keck Graduate Institute's Board of Trustees, and the San Diego Regional Economic Development Corporation. Mr. Bradbury is a member of the Royal Pharmaceutical Society of Great Britain and serves on the UCSD Rady School of Management's Advisory Council. He received a Bachelor of Pharmacy from Nottingham University and a Diploma in Management Studies from Harrow and Ealing Colleges of Higher Education.

In selecting Mr. Bradbury as a past nominee for election to the Board of Directors, the board considered, among other things, Mr. Bradbury's management and governance experience in the biopharmaceutical industry gained primarily through his involvement in leading the continuing growth and development of Amylin, a rapidly growing, global biopharmaceutical company. The Board of Directors believes that Mr. Bradbury contributes to the board's

understanding of the risks and opportunities faced by a rapidly growing global business. In addition, Mr. Bradbury's experience successfully commercializing pharmaceutical products



**Table of Contents**

contributes to the board's understanding of the risks and opportunities associated with new product development in an industry regulated by the U.S. Food and Drug Administration.

*Karin Eastham, CPA*, has been a director since July 2004. Ms. Eastham currently provides consulting and executive coaching to companies in the healthcare industry in addition to serving on the boards of directors for several life science companies. From May 2004 to September 2008, she served as Executive Vice President and Chief Operating Officer, and as a member of the Board of Trustees, of Burnham Institute for Medical Research, a non-profit corporation engaged in basic biomedical research. From 1999 to 2004, Ms. Eastham served as Senior Vice President, Finance, Chief Financial Officer and Secretary of Diversa Corporation, a biotechnology company. She previously held similar positions with CombiChem, Inc., a computational chemistry company, and Cytel Corporation, a biopharmaceutical company. Ms. Eastham also held several positions, including Vice President, Finance, at Boehringer Mannheim Corporation, a biopharmaceutical company, from 1976 to 1988. Ms. Eastham also serves as a director for Amylin, Inc., Genoptix, Inc., and Geron Corporation, and is a past director of Tercica, Inc. (2003 to 2008) and SGX Pharmaceuticals, Inc. (2005 to 2008). Ms. Eastham received a B.S. and an M.B.A. from Indiana University and is a Certified Public Accountant and a Certified Director.

In selecting Ms. Eastham as a past 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. A significant portion of our customers are 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.

*Paul C. Grint, M.D.* has been a director since April 2005. Dr. Grint is currently Senior Vice President at Forest Research Institute, Inc., the scientific development subsidiary of Forest Laboratories, Inc., a pharmaceutical company. Prior to joining Forest Laboratories, from 2006 to 2008 Dr. Grint was Chief Medical Officer at Kalypsys Inc., a biopharmaceutical company, and during 2006 he was Senior Vice President and Chief Medical Officer at Zephyr Sciences, Inc, a biopharmaceutical company. He has held similar executive positions at Pfizer Inc., IDEC Pharmaceuticals Corporation, and Schering-Plough Corporation. Dr. Grint began his pharmaceutical career at the Wellcome Research Laboratories in the UK and received his medical degree from the University of London, St. Bartholomew's Hospital Medical College in London. He is a Fellow of the Royal College of Pathologists, a member of numerous professional and medical societies, and the author or co-author of over 50 publications.

In selecting Dr. Grint as a nominee for election to the Board of Directors, the board considered, among other things, Dr. Grint's product development expertise gained from more than 20 years of experience in biologics and small molecule drug development, marked by the successful development of numerous commercial products in the fields of infectious disease, immunology, and oncology, combined with his understanding of the markets that we serve. Our continued growth is dependent on developing and commercializing new products and services for both the research and clinical markets. The Board of Directors believes that Dr. Grint contributes to the board's understanding of the needs of research and clinical customers and the risks and opportunities associated with new product development.

*David R. Walt, Ph.D.* is one of our founders and has been a director and Chairman of our Scientific Advisory Board since June 1998. Dr. Walt has been the Robinson Professor of Chemistry at Tufts University since 1995 and has been a Howard Hughes Medical Institute Professor since 2006. Dr. Walt is a Member of the National Academy of Engineering, a Fellow of the American Institute of Medical and Biological Engineers, and a Fellow of the American Association for the Advancement of Science. Dr. Walt has published over 200 papers and is named as an inventor or co-inventor of over 40 patents, many of which are directed to our micro-array products. He also serves as a board

member for Quanterix, Inc., a privately-held company

**Table of Contents**

focused on single molecule analysis for clinical diagnostics. Dr. Walt holds a B.S. in Chemistry from the University of Michigan and received his Ph.D. in Chemical Biology from SUNY at Stony Brook.

In selecting Dr. Walt as a nominee for election to the Board of Directors, the board considered, among other things, Dr. Walt's scientific and technical expertise combined with his understanding of the markets that we serve. Our continued growth is dependent on scientific and technical advances, and the Board believes that Dr. Walt offers both strategic and technical insight into the risks and opportunities associated with our business. In addition, Dr. Walt'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.

*Roy A. Whitfield* has been a director since January 2007. Mr. Whitfield is the former Chairman of the Board and Chief Executive Officer of Incyte Corporation (formerly Incyte Genomics), a drug discovery and development company he co-founded in 1991. From 1993 to 2001, Mr. Whitfield served as its Chief Executive Officer and, from November 2001 until his retirement in June 2003, as its Chairman. Mr. Whitfield remains on the board of Incyte Corporation. From 1984 to 1989, Mr. Whitfield held senior operating and business development positions with Technicon Instruments Corporation, a medical instrumentation company, and its predecessor company, Cooper Biomedical, Inc., a biotechnology and medical diagnostics company. Earlier, Mr. Whitfield spent seven years with the Boston Consulting Group's international consulting practice. In addition to serving on the Incyte Board, he is a director of Nektar Therapeutics, a clinical-stage biopharmaceutical company. Mr. Whitfield received a B.S. in Mathematics from Oxford University and an M.B.A. from Stanford University.

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

**BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

**Board of Directors**