

# ILLUMINA, INC.

## Charter for the Compensation Committee of the Board of Directors

### **Purpose**

The Compensation Committee (the “Committee”) was established pursuant to this charter to (i) discharge the responsibilities of the Company’s Board of Directors (the “Board”) with respect to compensation matters for the Company’s executive officers and other employees, non-employee members of the Board, and consultants, (ii) report annually to the Company’s stockholders on executive compensation matters, (iii) approve the Company’s overall compensation philosophy and strategy; (iv) administer the Company’s equity and other compensation plans, (v) oversee and monitor the Company’s talent strategies and policies, including with respect to executive compensation, and (vi) take or cause to be taken such other actions and address such other matters as the Board may from time to time authorize the Committee to undertake.

The primary goal of the Committee and the executive compensation program is to align closely the interests of the executive officers with those of the Company’s stockholders. To achieve this goal, the Committee, through the Company’s executive compensation program, attempts to (i) offer compensation opportunities that attract and retain executives whose abilities are critical to the long term success of the Company, (ii) motivate executives to perform to their highest level and reward outstanding achievement, (iii) maintain appropriate levels of risk and reward, assessed on a relative basis at all levels within the Company in proportion to individual contribution and performance and tied to achievement of financial, organizational and management performance goals, and (iv) encourage executives to manage from the perspective of owners with an equity stake in the Company.

### **Membership and Power to Act**

The Committee will be comprised of at least two members of the Board. Such members will be elected to the Committee by and serve at the discretion of the Board. Unless a chair is elected by the Board, the members of the Committee may designate a chair by vote of the Committee.

Each member of the Committee will be (1) “independent” as defined under applicable NASDAQ (or applicable stock exchange) rules (except as otherwise permitted under such rules or any applicable rules promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), (2) a “non-employee director” under Rule 16b-3(b)(3)(i) promulgated under the Exchange Act, and (3) an “outside director” under the rules promulgated under Section 162(m) of

the Internal Revenue Code of 1986. In addition, all members of the Committee must be free of any relationship that, in the opinion of the Board, would interfere with such member's exercise of independent judgment as a Committee member.

In the event that the Committee has more than two members and one or more members of the Committee are absent from a meeting of the Committee or being present at a meeting recuse themselves from an action taken, the remaining members of the Committee (provided there are at least two such members), acting unanimously, shall have the power to take any necessary action. No action of the Committee shall be valid unless taken pursuant to a resolution adopted and approved by at least two members of the Committee.

### **Meetings**

The Committee will meet regularly at such times as it deems appropriate to discharge its duties hereunder. The Committee may act by unanimous written consent.

### **Responsibilities**

The authority delegated to the Committee is set forth below. This description of authority is intended as a guide and the Committee may act and establish policies and procedures that are consistent with these guidelines or are necessary or advisable, in its discretion, to carry out the intent of the Board in delegating such authority and to fulfill the responsibilities of the Committee hereunder.

1. The Committee will formulate a recommendation to the Board for annual compensation for the Company's Chief Executive Officer after considering the results of the Board's annual assessment of the performance of the Chief Executive Officer in addition to other factors that the Committee may deem to be appropriate, including the results of the most recent stockholder advisory vote on executive compensation ("Say on Pay Vote") required by Section 14A of the Exchange Act. The Chief Executive Officer cannot be present during any voting or deliberations by the Committee regarding his or her compensation.

2. The Committee has authority to determine the amount and form of compensation to be paid to the Company's executive officers (i.e., Section 16 officers (other than the Chief Executive Officer) and other direct reports to the Chief Executive Officer at the level of Vice President or higher), and to oversee the compensation of the Company's other employees, consultants, and advisors. The term "compensation" shall include salary, long-term incentives, annual incentives, bonuses, perquisites, equity incentives, severance or change-in-control benefits, and other benefits and any other right or compensation received under the Company's benefit plans. The Committee also has the authority to oversee the establishment of the Company's

general compensation and incentive policies and practices and the administration of plans and arrangements established pursuant to such policies and practices. It is expected that the Committee may delegate its authority on these matters with regard to non-executive officer employees, consultants, and advisors of the Company to appropriate Company supervisory personnel; provided, however, the Committee has retained exclusive authority over the promotion of employees, or the hiring of non-employees, who will become Section 16 officers, as well as the promotion or hiring of any other employee at the level of Vice President or higher who will report directly to the Chief Executive Officer. In determining the amount, form, and terms of compensation for the Company's executive officers, the Committee shall consider the executive officer's performance in light of Company goals and objectives, and such other factors as it deems relevant, including the results of the most recent Say on Pay Vote and comparative peer group data.

3. To review, approve, and, and where appropriate or required by applicable law or stock exchange listing requirements, recommend to the Board for approval, equity compensation plans, and where appropriate or required, recommend for approval by the stockholders of the Company, which includes the ability to adopt, amend, and terminate such plans. The Committee shall also have the authority to administer the Company's equity compensation plans, including designation of the employees to whom the awards are to be granted, the amount of the award or equity to be granted and the terms and conditions applicable to each award or grant, subject to the provisions of the applicable plan.

4. The Committee has authority to select, engage, compensate and terminate consultants, legal counsel and such other advisors as it deems necessary and advisable to assist the Committee in carrying out its responsibilities and functions as set forth herein. Compensation paid to such parties and related expenses will be borne by the Company and the Company will make appropriate funding available to the Committee for such purposes. The Committee will be directly responsible for the appointment, compensation, and oversight of any advisor it retains. In retaining or seeking advice from any consultants, outside legal counsel, or other advisors, the Committee must (a) take into consideration the independence factors specified in NASDAQ (or applicable stock exchange) rules, and (b) determine whether any conflict of interest exists in accordance with Item 407(e)(3)(iv) of Regulation S-K. The Committee is not required to assess the independence of any consultant, outside legal counsel, or other advisor that acts in a role limited to the following activities for which no disclosure is required under Item 407(e)(3)(iii) of Regulation S-K: (i) consulting on any broad-based plan that does not discriminate in scope, terms, or operation in favor of executive officers or directors and that is generally available to all salaried employees; and/or (ii) providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant, outside legal counsel, or advisor, and about which the consultant, outside legal counsel, or advisor does not provide advice.

5. Except with respect to the responsibilities set forth in paragraph 1 above and in paragraph 2 above (as they relate to the executive officers of the Company), the Committee may delegate its authority granted under this charter to a subcommittee of the Committee (consisting either of a subset of members of the Committee or, after giving due consideration to whether the eligibility criteria described above with respect to Committee members and whether such other Board members satisfy such criteria, any members of the Board). In addition, to the extent permitted by applicable law, the Committee may delegate to one or more executive officers of the Company (or other appropriate supervisory personnel) the authority to grant stock options and other stock awards to employees or consultants (who are not executive officers or members of the Board) of the Company or of any subsidiary of the Company within guidelines approved by the Committee.

6. The Committee will review and make initial (in the case of new hires) and periodic (in the case of current Company employees) determinations with respect to who is (i) an “executive officer” of the Corporation with reference to Rule 3b-7 of the Exchange Act and (ii) a “Section 16 officer” of the Corporation with reference to Rule 16a-1(f) of the Exchange Act, or in each of these two cases with reference to other guiding principles as established from time to time by the Nominating/Corporate Governance Committee of the Board.

7. The Committee will prepare an annual report to the Company’s stockholders on executive compensation that will be included in the Company’s proxy statement for its annual stockholders’ meeting in accordance with the rules and regulations of the Securities and Exchange Commission.

8. The Committee will periodically review the Company’s incentive compensation arrangements to determine whether they encourage excessive risk-taking, to review and discuss at least annually the relationship between risk management policies and practices and compensation, and to evaluate compensation policies and practices that could mitigate any such risk.

9. The Committee shall administer the Company’s Compensation Recovery Policy, as required by Section 10D of the Exchange Act, Rule 10D-1 under the Exchange Act, and the Nasdaq National Market listing standards, unless the independent members of the Board determine to administer such policy in lieu of the Committee.

10. The Committee will oversee and approve material amendments to the Company’s Stock Ownership Guidelines for Officers and Directors and review annually the compliance of covered officers and directors with these guidelines.

11. The Committee will annually review, formulate a recommendation, and recommend to the Board the amount and form of all compensation, including cash and equity-based compensation, to be paid to the members of the Board, based on various factors deemed

appropriate, including the evaluation of the Board's performance by the Nominating/Corporate Governance Committee of the Board. The Committee has authority to take such action, and to direct the Company to take such action, as is necessary and advisable to compensate such persons and to implement such policies and practices in a manner consistent with its determinations.

12. The Committee will engage an independent compensation consultant to advise it in connection with its annual review and assessment of compensation paid to members of the Board, including with respect to: (i) the amount and type of compensation to be paid in the next fiscal year; the identification of peer group companies and the comparative peer group data deemed appropriate by such consultant; (iii) an analysis of the potential equity grants to be awarded to non-employee directors in the next fiscal year; and (iv) an analysis of the potential total compensation to be awarded to each non-employee director in the next fiscal year.

13. The Committee has the authority to perform such other activities and functions as are required by law, applicable NASDAQ (or stock exchange) rules or provisions in the Company's charter documents, or as are otherwise necessary and advisable, in its or the Board's discretion, to the efficient discharge of its duties hereunder.

14. Annually review an assessment of any potential conflicts of interest raised by the work of compensation consultants, whether retained by the Committee or management, who are involved in determining or recommending officer or director compensation.

15. The Committee will make regular reports to the Board with respect to actions and determinations made by the Committee.

16. The Committee will annually review this charter and make recommendations to the Board with regard to appropriate changes to the charter.

### **Reports**

The Committee will record its actions and determinations in written form. These records will be incorporated as a part of the minutes and actions of the Board.