IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE ILLUMINA INC. DERIVATIVE LITIGATION	)))	CONS. C.A. No. 11395-VCL

NOTICE OF PENDENCY OF SETTLEMENT OF ACTION

TO: ALL CURRENT STOCKHOLDERS OF ILLUMINA, INC.

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY THE LEGAL PROCEEDINGS IN THIS LITIGATION. IF THE COURT APPROVES THE PROPOSED SETTLEMENT, YOU WILL BE FOREVER BARRED FROM CONTESTING THE FAIRNESS, REASONABLENESS, AND ADEQUACY OF THE PROPOSED SETTLEMENT, OR PURSUING THE CLAIMS DEFINED HEREIN.

THIS ACTION IS NOT A "CLASS ACTION." THUS, THERE IS NO COMMON FUND UPON WHICH YOU CAN MAKE A CLAIM FOR MONETARY PAYMENT. IF YOU DO NOT OBJECT TO THE TERMS OF THE PROPOSED SETTLEMENT OR THE AMOUNT OF ATTORNEYS' FEES AND EXPENSES DESCRIBED IN THIS NOTICE, YOU ARE NOT OBLIGATED TO TAKE ANY ACTION. IF YOU HOLD ILLUMINA, INC. STOCK FOR THE BENEFIT OF ANOTHER, PLEASE PROMPTLY TRANSMIT THIS DOCUMENT TO SUCH BENEFICIAL OWNER.

I. WHY ARE YOU RECEIVING THIS NOTICE?

The purpose of this Notice is to tell you about (i) a lawsuit (the "Action") in the Court of Chancery of the State of Delaware (the "Court") brought on behalf of Illumina, Inc. ("Illumina" or the "Company"); (ii) a proposal to settle the Action as provided in a Stipulation of Compromise and Settlement (the "Stipulation") that sets forth the terms and conditions of the proposed settlement of this Action ("Settlement"); and (iii) your right, among other things, to attend and participate in a hearing to be held on February 7, 2018, at 2:00 p.m., in the Court of Chancery, New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801 (the "Settlement Hearing").[1]

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[1] All capitalized terms are defined in the Stipulation unless otherwise noted. The (continued…)

This Notice describes the rights you may have under the Stipulation and what steps you may, but are not required to, take concerning the proposed Settlement. If the Court approves the Stipulation, the Parties will ask the Court to approve an Order and Final Judgment that would end the Action.

II. BACKGROUND: WHAT IS THIS ACTION ABOUT?

Plaintiffs Charles Blackburn and Susan Freedman are Current Illumina Stockholders.[2] The Action and Settlement address claims alleging that the members of Illumina's Board of Directors (the "Board") breached their fiduciary duties by awarding and/or receiving excessive and improper compensation in 2013 and 2014 at the expense of the Company. Plaintiffs further allege that the Individual Defendants were unjustly enriched as a result of their purportedly excessive compensation in those years. Plaintiffs also allege that the 2015 Stock and Incentive Plan, which was in effect as of the filing of the Action, contains no limitation on the amount of stock an individual director can receive. Defendants have denied and continue to deny they have committed, threatened, or attempted to commit any violations of law or breached any duty owed to Plaintiffs, Illumina, or Illumina's stockholders and maintain that their conduct was at all times proper and in compliance with applicable law and that they acted in good faith.

THE COURT HAS NOT FINALLY DETERMINED THE MERITS OF PLAINTIFFS' CLAIMS OR THE DEFENSES THERETO. THIS NOTICE DOES NOT IMPLY THAT THERE HAS BEEN OR WOULD BE ANY FINDING OF VIOLATION OF THE LAW OR THAT RECOVERY COULD BE HAD IF THE ACTION WAS NOT SETTLED.

III. HOW WAS THE SETTLEMENT REACHED?

During discovery, counsel for all Parties engaged in arm's-length negotiations concerning a possible settlement of the Action. After those significant

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Stipulation may be inspected on Plaintiffs' Counsel's websites at www.robbinsarroyo.com/notices and www.barrack.com.

[2] Plaintiffs are represented by Cooch and Taylor, P.A.; Robbins Arroyo LLP; and Barrack, Rodos & Bacine (collectively, "Plaintiffs' Counsel").

arm's-length negotiations, and based on the investigation of Plaintiffs' Counsel, the Parties reached an agreement on the principal terms reflected in the Stipulation. The Stipulation was later signed by counsel for all parties on October 30, 2017.

IV. WHAT ARE THE TERMS OF THE SETTLEMENT?

As a result of the filing, prosecution, and settlement of the Action, Illumina has agreed to implement and maintain in substance the corporate governance reforms, additions, amendments, or formalizations set forth below (the "Corporate Governance Reforms") for a period of no less than four (4) years from January 1, 2017, unless otherwise specified below. In connection with the Settlement and in consideration of the Released Claims set forth herein:

Compensation Limits.

(a) Interim 2017 and 2018 Compensation Limits. The Board will adopt an interim policy to govern 2017 and 2018 Non-Employee Director compensation. In 2017, this policy will limit Annual Equity Awards for Non-Employee Directors to a grant date value of $400,000 and Initial Equity Awards for Non-Employee Directors to a grant date value of $800,000. In 2018, this policy will limit Annual Equity Awards to Non-Employee Directors to a grant date value of $500,000 and Initial Equity Awards to Non-Employee Directors to a grant date value of $1,000,000. In addition, for each of 2017 and 2018, the Board's interim policy will limit aggregate total compensation of new and other Non-Employee Directors to the amounts specified in the proposed amendments to the 2015 Stock and Incentive Plan described under part "c" below ("Additional Compensation Cap").

(b) Amendments to the 2015 Stock and Incentive Plan: Illumina will submit proposed amendments of the 2015 Stock and Incentive Plan to stockholders for approval at the 2018 Annual Meeting of Stockholders. The proposed amendments will establish a limit of a grant date value of $600,000 for Annual Equity Awards to Non-Employee Directors and a limit of a grant date value of $1,400,000 for Initial Equity Awards to new Non-Employee Directors. These limits would remain in effect for two years (2019 to 2020) in the 2015 Stock and Incentive Plan or any replacement plan.

(c) Additional Compensation Cap. The Company will also propose to the stockholders at the 2018 Annual Meeting of Stockholders that they approve a director-specific limit of $2.0 million on the total compensation awarded to each new Non-Employee Director each year (with any equity components of such compensation to be calculated based on grant date value), and a director-specific limit of $1.0 million on the total compensation awarded to each other Non-Employee Director (with any equity components of such compensation to be calculated based on grant date value). The proposal would provide that the limit would remain in place from 2019 to 2020.

Public Disclosures.

The Company will make additional disclosures in its definitive proxy statements for four years beginning with its 2017 definitive proxy statement. These additional disclosures will provide an overview of the Company's compensation philosophy and compensation-setting process for Non-Employee Directors, including (at a minimum): (a) a description of the involvement of an independent compensation consultant in the compensation-setting process; (b) the peer group used by the compensation consultant in its final recommendations for a given year; and (c) a general description, similar in form to disclosures in the Company's 2016 definitive proxy statement concerning the use of benchmarking data in setting executive compensation, of any peer group benchmarking analysis employed by the compensation consultant and communicated to the Compensation Committee in connection with such final recommendations. Illumina's existing policy of disclosing actual Non-Employee Director compensation amounts will be maintained in place during this four-year period.

Compensation Committee Charter.

The Board will amend the charter of the Compensation Committee to include the following provisions by no later than ninety days following approval of the settlement by the Court of Chancery:

> (a) 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.

(b) 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; (ii) 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.

Board Review.

The Board shall continue, for a minimum of four years, to annually review and approve the compensation payable to the Non-Employee Directors, including any recommendation by the Compensation Committee as to changes in the compensation payable to Non-Employee Directors.

Stockholder Votes.

The proposed compensation limits described above ("Amendments to the 2015 Stock and Incentive Plan" and "Additional Compensation Cap") will be submitted to the stockholders for approval at the 2018 Annual Meeting of Stockholders.

In addition to these terms of the Settlement, the Defendants agreed to correct an error discovered by the Plaintiffs in the amount of the Initial Equity Awards issued to two directors, Frances Arnold and Jeffrey Huber. Specifically, in the course of preparing for and taking the deposition of the former Chairman of Illumina's Compensation Committee, Plaintiffs' counsel determined that the Initial Equity Awards provided to two Illumina directors, Frances Arnold and Jeffrey Huber, were issued erroneously in amounts in excess of the amounts approved by Board resolution. To correct this error, these directors were asked to and agreed to forego these excess awards. Illumina filed two amended Form 4s with the SEC reflecting the corrected grants on June 16, 2017. The combined grant date fair value of the excess awards that the two directors agreed to forego was $140,307 (although only a portion of that amount had vested as of the date on which the awards were corrected). These awards are referred to herein and in the Stipulation as the Corrected Initial Equity Awards.

Because the Action was brought for the benefit of Illumina, any monetary benefit or recovery in the litigation (whether from this or any settlement or through a judgment in favor of the Plaintiffs) would go to Illumina. Illumina stockholders will not receive any direct payment as a result of the Stipulation and will not need to fill out any kind of claims form as a result of the settlement.

The Stipulation is contingent on receiving approval from the Court.

V. WHAT CLAIMS WILL THE SETTLEMENT RELEASE?

Under the Stipulation, the following releases will occur upon the Effective Date, except as noted below:

The Releasing Persons (defined below) shall be deemed to have, and by operation of the Judgment shall have fully, finally, and forever settled, released, discharged, extinguished, and dismissed with prejudice the Released Claims (defined below) against the Released Persons (defined below); provided, however, that such release shall not affect any claims to enforce the terms of this Stipulation.

Defendants shall be deemed to have, and by operation of the Judgment shall have fully, finally, and forever settled, released, discharged, extinguished, and dismissed with prejudice all claims (including Unknown Claims), arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the Action against Plaintiffs and Plaintiffs' Counsel; provided, however, that such release shall not affect any claims to enforce the terms of this Stipulation.

The "Releasing Persons" means Plaintiffs (both individually and derivatively on behalf of Illumina), any other current or former Illumina stockholder acting or purporting to act on behalf of Illumina, and Illumina. "Releasing Person" means, individually, any of the Releasing Persons.

The "Released Persons" means the Individual Defendants and their legatees, executors, administrators, predecessors, successors, subsidiaries, affiliates, agents, attorneys, insurers, members of their immediate families, legal representatives, heirs, and assigns. "Released Persons" also includes Illumina and all of its current and former officers, directors, and employees.

The "Released Claims" means and includes any and all claims for relief or causes of action, debts, demands, rights, liabilities, losses, and claims whatsoever, known or unknown (including Unknown Claims), fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, or matured or unmatured, that have been or could have been or in the future might be asserted by Plaintiffs as stockholders, or any other Illumina stockholder, or any other Person, acting or purporting to act on behalf of Illumina against the Released Persons, arising out of or relating to (a) the facts, transactions, events, occurrences, acts, disclosures, statements, or omissions alleged in the Action against Defendants, or (b) the payment of compensation to non-employee directors of Illumina, in their capacity as such, before the date of the Settlement, including without limitation the Corrected Initial Equity Awards, any other Initial Equity Award or Annual Equity Award, and any cash compensation; provided, however, that it is understood that "Released Claims" and any release provided by this Settlement shall not include: (i) any claims to enforce the Settlement; and (ii) any claims by Defendants or any other insured to enforce their rights under any contract or policy of insurance.

VI. WHAT ARE THE REASONS FOR SETTLING THE ACTION?

Plaintiffs and Plaintiffs' Counsel submit that the claims they assert in the Action on behalf of Illumina have merit. Nonetheless, Plaintiffs and Plaintiffs' Counsel understand that there is uncertainty, risk, cost, and burden inherent in any litigation, especially in complex cases such as this Action. In addition, Plaintiffs and Plaintiffs' Counsel assert that the Settlement set forth in this Stipulation confers substantial benefits upon Plaintiffs, Illumina, and Illumina's stockholders in light of the present circumstances. Based on their evaluation, Plaintiffs and Plaintiffs' Counsel submit that the Settlement set forth in this Stipulation is in the best interests of Plaintiffs, Illumina, and Illumina's stockholders, and that when compared with the uncertainty, risk, cost, and burden inherent in the continued litigation of this Action, it is in the best interests of Plaintiffs, Illumina, and Illumina's stockholders to settle this Action on the terms set forth herein.

As will be set forth fully in Plaintiffs' brief in support of the Settlement, the Settlement's benefits include the adoption of specific limits on non-employee director compensation, including interim limits on equity compensation for 2017 and 2018 that are at levels below certain historical equity awards; proposed amendments to the 2015 Stock and Incentive Plan to set stockholder approved limits on equity compensation applicable in subsequent years; and additional stockholder-approved limits on non-employee directors' total compensation. Further benefits from the Settlement include amendments to the Compensation Committee charter; enhanced proxy statement disclosures; and other proposed corporate governance reforms which Plaintiffs and Plaintiffs' Counsel submit will provide for a more substantial annual review of non-employee director compensation by a compensation consultant and each director on the Board.

Plaintiffs and Plaintiffs' Counsel assert that the terms of this Settlement, which directly address the claims in the Consolidated Complaint and provide multiple benefits to Illumina and its stockholders, strongly weigh in favor of acceptance of this Settlement especially when compared to the uncertainty, risk, cost, and burden of further litigation.

The Parties have agreed that neither this Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor any document or exhibit referenced in or attached to this Stipulation, nor any action taken to carry out this Stipulation or in connection with the Settlement, is, may be construed as, or may be used as an admission by or against Plaintiffs that this Action lacked merit when filed or that it currently lacks merit, whatsoever by any Person in the Action, or in any other action or proceeding, whether civil, criminal, or administrative.

VII. HOW WILL THE ATTORNEYS GET PAID?

Subject to the terms and conditions of the Stipulation and any Order of the Court, Illumina has agreed to pay an award of attorneys' fees and expenses to Plaintiffs' Counsel not to exceed $600,000 (the "Fee and Expense Award"). This Fee and Expense Award includes the fees and expenses incurred by Plaintiff's Counsel in connection with the prosecution and settlement of the Action. Plaintiffs' Counsel will not seek fees or expenses from the Court in excess of the agreed-to amount and Plaintiffs' Counsel will not seek attorneys' fees or expenses in any other jurisdiction. Except as otherwise provided herein, each of the Parties shall bear his, her, or its own fees and costs.

VIII. WHEN WILL THE SETTLEMENT HEARING TAKE PLACE?

The Court has scheduled a Settlement Hearing to be held on February 7, 2018, at 2:00 p.m., in the Court of Chancery, New Castle County Courthouse, 500 North King Street, Wilmington, Delaware19801.

At the Settlement Hearing, the Court will consider whether the Settlement, on the terms and conditions provided for in the Stipulation is fair, reasonable, and adequate and in the best interests of Illumina and its current stockholders, and thus should be finally approved, whether the fees and expenses sought by Plaintiffs' Counsel should be approved, and whether the Action should be dismissed with prejudice by entry of the Judgment pursuant to the Stipulation. The Court will also hear and determine objections, if any, to the Settlement or the Fee and Expense Award sought by Plaintiffs' Counsel and rule on such other matters as the Court may deem appropriate.

The Court may adjourn the Settlement Hearing from time to time without further notice to anyone other than the parties to the Action and any Objectors (as defined below). The Court reserves the right to approve the Stipulation at or after the Settlement Hearing with such modifications as may be consented to by the Parties to the Stipulation and without further notice.

IX. DO I HAVE A RIGHT TO APPEAR AND OBJECT?

Any record or beneficial stockholder of Illumina who objects to the Settlement, the proposed Judgment to be entered, the Fee and Expense Award, or who otherwise wishes to be heard (an "Objector"), may appear in person or by his, her, or its attorney at the Settlement Hearing and present any evidence or argument that may be proper and relevant; *provided, however*, that no Objector shall be heard or entitled to contest the approval of the terms and conditions of the Settlement, or, if approved, the Judgment to be entered thereon, unless he, she, or it has, no later than ten (10) calendar days before the Settlement Hearing (unless the Court in its discretion shall thereafter otherwise direct, upon application of such person and for good cause shown), filed with the Register in Chancery, Court of Chancery, New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801, and served (by hand or overnight mail) on Plaintiffs' Counsel and Defendants' counsel, at the addresses below, the following: (i) proof of current ownership of Illumina stock; (ii) a written notice of the Objector's intention to appear; (iii) a detailed statement of the objections to any matter before the Court; and (iv) a detailed statement of all of the grounds thereon and the reasons for the Objector's desire to appear and to be heard, as well as all documents or writings which the Objector desires the Court to consider. In addition to the aforementioned Court address, the addresses to which such information should be sent (by hand or by overnight mail) are as follows:

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20 Montchanin Road, Suite 200
Wilmington, DE 19807
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New York, NY 10016

(212) 688-0782

Attorneys for Plaintiffs

Any person or entity who fails to object in the manner prescribed above shall be deemed to have waived such objection (including the right to appeal), unless the Court in its discretion allows such objection to be heard at the Settlement Hearing, and shall forever be barred from raising such objection in the Action or any other action or proceeding or otherwise contesting the Settlement or the Fee and Expense Award, and will otherwise be bound by the Judgment to be entered and the releases to be given. You are not required to appear in person at the Settlement Hearing in order to have your timely and properly filed objection considered.

X. HOW DO I GET ADDITIONAL INFORMATION ABOUT THE SETTLEMENT?

This Notice summarizes the Stipulation. It is not a complete statement of the events of the Action or the Stipulation. For additional information about the claims asserted in the Action and the terms of the Settlement, please refer to the documents filed with the Court and the Stipulation available on Plaintiffs' Counsel's website at www.robbinsarroyo.com/notices and www.barrack.com. You may examine the Court files during regular business hours of each business day at the office of the Register in Chancery, Court of Chancery, New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801. However, you must appear in person to inspect these documents. The Clerk's office will not mail copies to you. For more information concerning the Settlement, you may also call or write to: Robbins Arroyo LLP, c/o Shane P. Sanders, 600 B Street, Suite 1900, San Diego, California 92101, Telephone: (619) 525-3990 or Barrack, Rodos & Bacine, c/o Michael A. Toomey and A. Arnold Gershon, 11 Times Square, 640 8th Ave., 10th Floor, New York, New York 10036.

NOTICE TO PERSONS OR ENTITIES HOLDING RECORD OWNERSHIP ON BEHALF OF OTHERS

Brokerage firms, banks, and/or other persons or entities who hold shares of the stock of Illumina for the benefit of others are hereby requested to promptly send this Notice to all of their respective beneficial owners. If additional copies of this Notice are needed for forwarding to such beneficial owners, any requests for such copies may be made to:

Broadridge Corporate Issuer Solutions
c/o Broadridge Investor Communications Solutions, Inc.
51 Mercedes Way, Edgewood, NY 11717
Attn: Reorg Dept.,
Email: ReorgOpsCAMailingService@Broadridge.com

PLEASE DO NOT WRITE OR CALL THE COURT

BY ORDER OF THE COURT

Dated: November 8, 2017

Karlis Johnson
Register in Chancery