

ILLUMINA INC
Form DEF 14A
April 04, 2008

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 (Amendment No.)**

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 Pursuant to §240.14a-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)(4) 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

ILLUMINA, INC.

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on May 16, 2008**

To the Stockholders of Illumina, Inc.:

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of Illumina, Inc., a Delaware corporation, will be held on Friday, May 16, 2008 at 11:00 a.m. Pacific Daylight Time at **9885 Towne Centre Drive, San Diego, California 92121**, for the following purposes, as more fully described in the proxy statement accompanying this notice:

1. To elect two directors to serve for three years ending 2011 or until their respective successors are duly elected and qualified;
2. To ratify the appointment of Ernst & Young LLP as our independent auditors for the fiscal year ending December 28, 2008;
3. To approve an amendment to increase the maximum number of shares of our common stock authorized for issuance under our 2005 Stock and Incentive Plan by 1,200,000 shares; and
4. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

Only stockholders of record at the close of business on March 24, 2008 are entitled to notice of and to vote at the annual meeting. Our stock transfer books will remain open 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 inspection at our executive offices.

All stockholders are cordially invited to attend the meeting in person. Whether or not you plan to attend, please sign and return the enclosed proxy as promptly as possible in the envelope enclosed for your convenience. Should you receive more than one proxy because your shares are registered in different names and addresses, each proxy should be signed and returned to assure that all your shares will be voted. You may revoke your proxy at any time prior to the annual meeting. If you attend the annual meeting and vote by ballot, your proxy will be revoked automatically and only your vote at the annual meeting will be counted.

Sincerely,

Jay T. Flatley
President and Chief Executive Officer

San Diego, California
April 4, 2008

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE, SIGN, DATE AND MAIL PROMPTLY THE ACCOMPANYING PROXY CARD IN THE ENCLOSED RETURN ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. THIS WILL HELP ENSURE THE PRESENCE OF A QUORUM AT THE MEETING. IF YOU ATTEND THE MEETING, YOU MAY

VOTE IN PERSON IF YOU WISH TO DO SO EVEN IF YOU HAVE PREVIOUSLY SENT IN YOUR PROXY CARD.

TABLE OF CONTENTS

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS To Be Held on May 16, 2008

PROXY STATEMENT

MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

PROPOSAL ONE: ELECTION OF DIRECTORS

DIRECTOR NOMINATION

COMMUNICATION WITH DIRECTORS

PROPOSAL TWO: RATIFICATION OF INDEPENDENT AUDITORS

PROPOSAL THREE: APPROVAL OF AMENDMENT TO THE 2005 STOCK AND INCENTIVE
PLAN

OTHER MATTERS

OWNERSHIP OF SECURITIES

EXECUTIVE COMPENSATION

COMPENSATION COMMITTEE REPORT

Summary Compensation Table

DIRECTOR COMPENSATION

CERTAIN TRANSACTIONS

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

STOCKHOLDER PROPOSALS FOR OUR 2009 ANNUAL MEETING

ANNUAL REPORT

FORM 10-K

Table of Contents

ILLUMINA, INC.
PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS
To Be Held on May 16, 2008

General

The enclosed proxy is solicited on behalf of the Board of Directors of Illumina, Inc., a Delaware corporation, for use at its annual meeting of stockholders to be held on Friday, May 16, 2008. The annual meeting will be held at 11 a.m. Pacific Daylight Time at **9885 Towne Centre Drive, San Diego, California 92121**. These proxy solicitation materials were mailed on or about April 4, 2008, to all stockholders entitled to vote at the annual meeting.

Voting

The specific proposals to be considered and acted upon at the annual meeting are summarized in the accompanying notice and are described in more detail in this proxy statement. As of the close of business on March 24, 2008, the record date for determination of stockholders entitled to receive notice of and to vote at the annual meeting, 56,250,880 shares of our common stock, par value \$0.01 per share, were issued and outstanding. No shares of our preferred stock were outstanding as of that date. Each stockholder is entitled to one vote for each share of common stock held by such stockholder as of the close of business on March 24, 2008. Stockholders may not cumulate votes in the election of directors.

If your shares are held in your name, you must return your proxy or attend the annual meeting in person in order to vote on the proposals. Under the rules that govern brokers who have record ownership of shares that are held in street name for their clients, brokers may vote such shares on behalf of their clients with respect to routine matters (such as the election of directors or the ratification of auditors), but not with respect to non-routine matters (such as a proposal submitted by a stockholder). If the proposals to be acted upon at any meeting include both routine and non-routine matters, the broker may turn in a proxy card for uninstructed shares that votes FOR the routine matters, but expressly states that the broker is not voting on non-routine matters. This is called a broker non-vote. If your shares are held in street name and you do not vote your proxy, your brokerage firm may either vote your shares on routine matters or leave your shares unvoted.

All votes will be tabulated by the inspector of election appointed for the meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes. Abstentions and broker non-votes are counted as present for purposes of determining the presence or absence of a quorum for the transaction of business. Abstentions will be counted toward the tabulations of votes cast on proposals presented to the stockholders and will have the same effect as negative votes, whereas broker non-votes will not be counted for purposes of determining whether a proposal has been approved. We encourage you to provide instructions to your brokerage firm by voting your proxy. This ensures that your shares will be voted at the meeting.

Shares are counted as present at the meeting if the stockholder either is present and votes in person at the meeting or has properly submitted a proxy card or has voted electronically. A majority of our outstanding shares as of the record date must be present at the meeting (either in person or by proxy) in order to hold the annual meeting and conduct business. This is called a quorum. Assuming a quorum is present, the two nominees receiving the highest number of votes will be elected as directors. The ratification of the independent auditors and the approval of the amendment to our 2005 Stock and Incentive Plan will require the affirmative vote of a majority of shares present in person or represented by proxy at the meeting. We will publish the final voting results of the meeting in our quarterly report on

Table of Contents

Voting Electronically via the Internet or by Telephone

If your shares are registered in the name of a bank or brokerage firm, you may be eligible to vote your shares electronically over the Internet or by telephone. A large number of banks and brokerage firms are participating in the Broadridge Financial Solutions, Inc. online program. This program provides eligible stockholders who receive a paper copy of this proxy statement the opportunity to vote via Internet or by telephone. If your bank or brokerage firm is participating in this program, your proxy card will provide instructions. If your proxy card does not reference Internet or telephone information, please complete and return the proxy card in the self-addressed, postage paid envelope provided.

Proxies

If the enclosed form of proxy is properly signed, dated and returned, the shares represented will be voted at the annual meeting in accordance with the instructions specified on the proxy.

If the proxy does not specify how the shares are to be voted, then:

the proxy will be voted FOR the election of the directors nominated by the Board of Directors (unless the authority to vote for the election of nominee directors is withheld);

the proxy will be voted FOR the ratification of the appointment of Ernst & Young LLP as our independent auditors for the fiscal year ending December 28, 2008 (unless contrary instructions are given); and

the proxy will be voted FOR the approval of an amendment to increase the maximum number of shares of our common stock authorized for issuance under our 2005 Stock and Incentive Plan by 1,200,000 shares (unless contrary instructions are given).

You may revoke or change your proxy at any time before the annual meeting by filing with our Secretary at our principal executive offices at 9885 Towne Centre Drive, San Diego, California 92121 a notice of revocation or another signed proxy with a later date. In addition, if you attend the annual meeting and vote by ballot, your proxy (including any electronic votes) will be revoked automatically and only your vote at the annual meeting will be counted.

We do not know of other matters to be presented for consideration at the annual meeting. However, if any other matters properly come before the annual meeting, it is the intention of the proxy agent named in the enclosed form of proxy to vote the shares they represent as the Board of Directors may recommend. Your execution of the enclosed proxy grants discretionary authority to the proxy agent with respect to such other matters.

Solicitation

We will bear the entire cost of solicitation, including the preparation, assembly, printing and mailing of this proxy statement, the proxy and any additional solicitation materials we furnish to our stockholders. Copies of solicitation materials will be furnished to brokerage houses, fiduciaries and custodians holding shares in their names that are beneficially owned by others so that they may forward the solicitation material to such beneficial owners. In addition, we may reimburse such persons for their costs in forwarding the solicitation materials to such beneficial owners. The original solicitation of proxies by mail may be supplemented by a solicitation by telephone or other means by our directors, officers or employees. No additional compensation will be paid to these individuals for any such services.

Stockholders Sharing the Same Address

The SEC has adopted rules that permit companies and intermediaries, such as brokers, to satisfy delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, commonly referred to as householding, potentially provides extra convenience for stockholders and cost savings for companies. Because we utilize the householding rules for proxy materials, stockholders who share

Table of Contents

the same address will receive only one copy of the annual report and proxy statement, unless we receive contrary instructions from any stockholder at that address. We will continue to mail a proxy card to each stockholder of record.

If you prefer to receive multiple copies of the proxy statement and annual report at the same address, additional copies will be provided to you promptly upon request. If you are a stockholder of record, you may obtain additional copies by writing to our Secretary at our principal executive offices at 9885 Towne Centre Drive, San Diego, California 92121, or calling us at (858) 202-4500. Eligible stockholders of record receiving multiple copies of the annual report and proxy statement can request householding by contacting us in the same manner.

If you are a beneficial owner but not a stockholder of record (for example, you hold your shares in a brokerage or custody account), you can request additional copies of the proxy statement and annual report or you can request householding by notifying your broker, bank or nominee.

Table of Contents

MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

PROPOSAL ONE: 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 currently consists of nine persons, with one class consisting of four directors, one class consisting of three directors, and one class consisting of two directors. The board has determined that a majority of the members of the board, specifically Mr. Bradbury, Mr. Bowman, Ms. Eastham, Dr. Goldstein, Dr. Grint, Dr. Rastetter, Dr. Walt and Mr. Whitfield, are independent directors under the rules of The NASDAQ Global Select Market. Each of the nominees listed below are currently serving on the board. The nominees have agreed to serve if elected, and management has no reason to believe that such nominees will be unable to serve. The proposal to elect the two nominees to the board requires the affirmative vote of the holders of a plurality of shares entitled to vote that are present or represented at the annual meeting and entitled to vote on such proposal. In the event the nominees are unable or decline to serve as directors 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. Unless otherwise instructed, the proxy holders will vote the proxies received by them FOR the nominees named below.

Recommendation of the Board of Directors

The Board of Directors recommends that the stockholders vote FOR the election of the two nominees listed immediately below.

Nominees for Term Ending Upon the 2011 Annual Meeting of Stockholders

Daniel M. Bradbury, 47, has been a director since January 2004. Mr. Bradbury has been serving as the Chief Executive Officer of Amylin Pharmaceuticals, a biopharmaceutical company, since March 2007, as President and a board member for Amylin since June 2006 and as Amylin's Chief Operating Officer from June 2003 to June 2006. He previously served as Executive Vice President from June 2000 until his promotion in June 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 is a director of Novacea, Inc., a biopharmaceutical company. He also 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.

Roy A. Whitfield, 54, 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 June 1993 to November 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 Bioseek, DiscoverX, Nektar Therapeutics and Sciona, Inc. Mr. Whitfield received a B.S. in Mathematics

from Oxford University and an M.B.A. from Stanford University.

Table of Contents

Continuing Directors for Term Ending Upon the 2009 Annual Meeting of Stockholders

A. Blaine Bowman, 61, 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 July 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. Mr. Bowman received his B.S. in Physics from Brigham Young University and an M.B.A. from Stanford University.

Karin Eastham, C.P.A., 58, has been a director since July 2004. She has over 25 years experience in financial and operations management, primarily in life sciences companies. She currently serves 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 April 1999 to May 2004, Ms. Eastham served as Senior Vice President, Finance, Chief Financial Officer, and Secretary of Diversa Corporation. 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, from 1976 to 1988. Ms. Eastham also serves as a director for Tercica, Inc., Amylin, Inc., and SGX Pharmaceuticals, Inc. Ms. Eastham received a B.S. and an M.B.A. from Indiana University and is a Certified Public Accountant and a Certified Director.

Jay T. Flatley, 55, 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 also serves as a director at GenVault and is a 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.

William H. Rastetter, Ph.D., 60, has been a director since November 1998 and Chairman of the Board since January 2005. During 2007, Dr. Rastetter became Chief Executive Officer and the Executive Chairman of Apoptos, Inc. Since August 2006, Dr. Rastetter has been serving as a partner of Venrock Associates, a venture capital company. Dr. Rastetter retired as the Executive Chairman of Biogen Idec Inc., a biopharmaceutical company, at the end of 2005. He had served in this position since the merger of Biogen, Inc. and IDEC Pharmaceuticals Corporation in November 2003. He served as Chief Executive Officer of IDEC Pharmaceuticals, a biotechnology company, from December 1986 through November 2003 and as chairman of the Board of Directors from May 1996 to November 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 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.

Continuing Directors for Term Ending Upon the 2010 Annual Meeting of Stockholders

Jack Goldstein, Ph.D., 60, has been a director since June 2006. Dr. Goldstein was most recently President and Chief Operating Officer of Chiron Corporation, a biotechnology company, where he worked in various capacities from 2002 until its acquisition by Novartis in April 2006. Prior to Chiron Corporation, he spent two years as a general partner at Windamere Venture Partners, a venture capital company, preceded by four years at Applied Imaging Corporation, a

medical imaging company, first as President and Chief Executive Officer and then later as Chairman. Dr. Goldstein spent over a decade at

Table of Contents

Ortho Diagnostic Systems, a Johnson & Johnson company, in various executive positions, including four years as President. He was earlier Vice President of Research and Development at a medical diagnostics division of Baxter Healthcare Corporation. He currently sits on the Board of Directors of Orasure Technologies, Inc., a point-of-care diagnostic company, and Immucor Inc., a diagnostic company specializing in immunohematology. Dr. Goldstein earned a B.A. in Biology from Rider University, and an M.S. in Immunology and a Ph.D. in Microbiology from St. John's University.

Paul Grint M.D., 50, has been a director since April 2005. Dr. Grint is currently Chief Medical Officer and Head of Development at Kalypsys Inc., a biotechnology company. Prior to joining Kalypsys, Dr. Grint was Senior Vice President and Chief Medical Officer of Zephyr Sciences, Inc., a biopharmaceutical company. He held similar positions at Pfizer, a drug manufacturer, in La Jolla, California, IDEC Pharmaceuticals, a biotechnology company, and Schering-Plough, a drug manufacturer. He has more than 15 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. 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.

David R. Walt, Ph.D., 55, one of our founders, 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 September 1995 and has been a Howard Hughes Medical Institute Professor since September 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. He also serves as a board member for Quanterix, Inc. 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.

Board Committees and Meetings

The Board of Directors held six meetings during the fiscal year ended December 30, 2007. The board has three standing committees to facilitate and assist the board in the execution of its responsibilities. These committees are currently the Audit Committee, the Compensation Committee and the Nominating/Corporate Governance Committee. In accordance with The NASDAQ Global Select Market listing standards, all of the committees are comprised solely of non-employee, independent directors. Charters for each committee are available on our website at www.illumina.com by first clicking on Corporate, then Investor Relations and then Corporate Governance. The charter of each committee is also available in print to any shareholder who requests it. Each director attended or participated in 75% or more of the aggregate of (i) the total number of meetings of the Board of Directors in 2007 and (ii) the total number of meetings held by all committees of the board on which such director served during 2007. We do not have a formal policy regarding our directors' attendance at annual meetings of stockholders, but we encourage our directors and director nominees to attend the annual meeting. Two of our directors attended the 2007 annual meeting of stockholders.

The table below shows the current membership for each of the standing board committees:

Audit Committee	Compensation Committee	Nominating/Corporate Governance Committee
Daniel M. Bradbury, Chairperson	Karin Eastham, Chairperson	Jack Goldstein, Ph.D., Chairperson

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A. Blaine Bowman
Karin Eastham
William H. Rastetter, Ph.D.

Paul Grint, M.D.
William H. Rastetter, Ph.D.
Roy A. Whitfield

Paul Grint, M.D.
William H. Rastetter, Ph.D.
David R. Walt, Ph.D.

The Audit Committee currently consists of four directors, each of whom our Board of Directors has determined is independent within the meaning of the rules of The NASDAQ Global Select Market and

Table of Contents

Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act). The board determined that Ms. Eastham qualifies as an audit committee financial expert, as defined by the SEC rules adopted pursuant to the Sarbanes-Oxley Act of 2002. The Audit Committee is responsible for, among other things, approving the services performed by our independent auditors and reviewing our accounting practices and systems of internal accounting controls. The Audit Committee held eight meetings during 2007.

The Compensation Committee currently consists of four directors, each of whom the board has determined is independent within the meaning of the rules of The NASDAQ Global Select Market. The Compensation Committee is primarily responsible for reviewing and approving our general compensation policies and setting compensation levels for our executive officers and Board of Directors. The compensation levels for our President and Chief Executive officer are, additionally, subject to approval by the Board of Directors. The Compensation Committee also has the authority to administer our 2000 Employee Stock Purchase Plan, our 2005 Stock and Incentive Plan and our New Hire Stock and Incentive Plan. The Compensation Committee meets regularly in executive sessions. However, from time to time, various members of management and other employees as well as outside advisors or consultants may be invited by the Compensation Committee to make presentations, provide financial or other background information or advice or otherwise participate in Compensation Committee meetings. The Chief Executive Officer may not participate in or be present during any deliberations or determinations of the Compensation Committee regarding his compensation or individual compensation objectives. The Compensation Committee held three meetings during 2007.

Mr. Flatley, our Chief Executive Officer, has been delegated authority to grant, without any further action required by the Compensation Committee, stock options and restricted stock units to employees who are not our officers or who do not report directly to him. The purpose of this delegation of authority is to enhance the flexibility of equity administration and to facilitate the timely grant of equity awards to non-management employees, particularly new employees, within specified limits approved by the Compensation Committee.

The Nominating/Corporate Governance Committee currently consists of four directors, each of whom the board has determined is independent within the meaning of the rules of The NASDAQ Global Select Market. The Nominating/Corporate Governance Committee is responsible for identifying individuals qualified to serve as members of our Board of Directors, selecting nominees for election to the board, evaluating the performance of the board, developing and recommending to the board corporate governance guidelines and providing oversight with respect to corporate governance and ethical conduct. The Nominating/Corporate Governance Committee held three meetings during 2007.

Compensation Committee Interlocks and Insider Participation

Our executive compensation program has been administered by the Compensation Committee of our Board of Directors. Ms. Eastham, Dr. Grint, Dr. Rastetter and Mr. Whitfield served as members of our Compensation Committee during fiscal 2007. None of these individuals has been an officer or employee of ours.

None of our current executive officers has ever served as a member of a Board of Directors or Compensation Committee of any other entity that has or has had one or more executive officers serving as a member of our Board of Directors or Compensation Committee during the last fiscal year.

Code of Ethics

We have adopted a code of ethics that applies to all officers and employees, including our principal executive officer and principal financial officer. This code of ethics is reviewed on an annual basis and modified as deemed necessary. It was filed as Exhibit 14 to our Annual Report on Form 10-K for the fiscal year ended December 28, 2003, filed with the SEC. Our code of ethics is also available for download from our website, www.illumina.com, by first clicking on

Corporate, then Investor Relations and then Corporate Governance.

Table of Contents

DIRECTOR NOMINATION

Criteria for Board Membership. In selecting candidates for appointment or re-election to the board, the Nominating/Corporate Governance Committee of our Board of Directors considers the appropriate balance of experience, skills, diversity and other relevant characteristics required of members of the Board of Directors. The Nominating/Corporate Governance Committee seeks to ensure that at least a majority of the directors are independent under the rules of The NASDAQ Global Select Market, that members of our Audit Committee meet the financial literacy and sophistication requirements under the rules of The NASDAQ Global Select Market and at least one of them qualifies as an audit committee financial expert under the rules of the SEC. Nominees for director are selected on the basis of their depth and breadth of experience, integrity, ability to make independent analytical inquiries, understanding of our business environment and willingness to devote adequate time to board duties.

Process for Identifying and Evaluating Nominees. The Nominating/Corporate Governance Committee believes we are well-served by our current directors. In the ordinary course, absent special circumstances or a material change in the criteria for board membership, the Nominating/Corporate Governance Committee will re-nominate incumbent directors who continue to be qualified for board service and are willing to continue as directors. If an incumbent director is not standing for re-election, or if a vacancy on the board occurs between annual stockholder meetings, the Nominating/Corporate Governance Committee will seek out potential candidates for board appointment who meet the criteria for selection as a nominee and have the specific qualities or skills being sought. In addition, from time to time the board may seek to expand its ranks to bring in new board members with special skills and/or experience relevant and useful to us at our particular stage of development. Director candidates will be selected based on input from members of our board, our senior management and, if the Nominating/Corporate Governance Committee deems appropriate, a third-party search firm. The Nominating/Corporate Governance Committee will evaluate each candidate's qualifications and check relevant references; in addition, such candidates will be interviewed by at least one member of the Nominating/Corporate Governance Committee. Candidates meriting serious consideration will meet with all members of the board. Based on this input, the Nominating/Corporate Governance Committee will evaluate which of the prospective candidates is qualified to serve as a director and whether the committee should recommend to the board that this candidate be appointed to fill a current vacancy on the board or presented for the approval of the stockholders, as appropriate.

Stockholder Nominees. The Nominating/Corporate Governance Committee will consider written proposals from stockholders for nominees for director under the same criteria described above but, based on those criteria, may not necessarily recommend those nominees to the board. Any such nominations should be submitted to the Nominating/Corporate Governance Committee, via the attention of our Secretary, and should include the following information: (a) all information relating to such nominee that is required to be disclosed pursuant to the Exchange Act (including such person's written consent to a background check, to being named in the proxy statement as a nominee and to serving as a director if elected); (b) the names and addresses of the stockholders making the nomination and the number of shares of our common stock which are owned beneficially and of record by such stockholders; and (c) appropriate biographical information and a statement as to the qualification of the nominee. Nominations should be submitted in the time frame described in our Bylaws and under the caption "Stockholder Proposals for our 2009 Annual Meeting" below.

From time to time, we have retained and may in the future retain the services of an independent third-party search firm to assist the Nominating/Corporate Governance Committee in identifying and evaluating potential candidates.

Board Nominees for the 2008 Annual Meeting. Nominees listed in this Proxy Statement are current directors standing for re-election.

Table of Contents

COMMUNICATION WITH DIRECTORS

You may send, in an envelope marked Confidential, a written communication to the Chair of the Audit Committee, via the attention of our Secretary, at 9885 Towne Centre Drive, San Diego, CA 92121. All such envelopes will be delivered unopened to the Chairperson of our Audit Committee.

Table of Contents

PROPOSAL TWO: RATIFICATION OF INDEPENDENT AUDITORS

The Audit Committee has appointed the firm of Ernst & Young LLP, our independent auditors during 2007, to serve in the same capacity for the year ending December 28, 2008, and is asking the stockholders to ratify this appointment. The affirmative vote of a majority of the shares represented and voting at the annual meeting is required to ratify the appointment of Ernst & Young LLP.

In the event the stockholders fail to ratify the appointment, the Board of Directors will reconsider its selection. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent auditor at any time during the year if the Audit Committee believes that such a change would be in our and our stockholders' best interests.

A representative of Ernst & Young LLP is expected to be present at the annual meeting. This representative will have the opportunity to make a statement if he or she desires to do so, and will be available to respond to appropriate questions.

Audit Fees

The aggregate fees billed by Ernst & Young LLP for professional services rendered for the audit of our annual financial statements, the quarterly reviews of the financial statements included in our Form 10-Qs and the review of our registration statements were \$698,581 and \$500,612 for fiscal years 2007 and 2006, respectively. Audit fees also include fees for professional services rendered for the audit of the effectiveness of internal control over financial reporting.

Audit-Related Fees

The aggregate fees billed by Ernst & Young LLP for audit-related professional services rendered were \$191,240 and \$72,873 for fiscal years 2007 and 2006, respectively. These fees primarily relate to services rendered for work associated with our acquisition of Solexa, Inc. and February 2007 convertible debt offering.

Tax Fees

The aggregate fees billed by Ernst & Young LLP for tax services rendered were \$134,629 and \$125,991 for fiscal years 2007 and 2006, respectively. For fiscal 2007, these fees primarily relate to services rendered for the preparation of a Section 382 tax study and federal, state and foreign tax filings, and review of our international structure. For fiscal 2006, these fees primarily related to services rendered for the preparation of a Section 382 tax study and federal and state tax filings.

All Other Fees

For fiscal years 2007 and 2006, Ernst & Young LLP did not perform any professional services other than as stated under the captions Audit Fees, Audit-Related Fees and Tax Fees above.

Pre-Approval Policies and Procedures

The Audit Committee, as required by the Exchange Act, requires advance approval of all audit services and permitted non-audit services to be provided by the independent auditors. The Audit Committee must approve the permitted service before the independent auditors are engaged to perform it. The services under the captions Audit Fees,

Audit-Related Fees and Tax Fees above were pre-approved by our Audit Committee in accordance with this policy.

Recommendation of the Board of Directors

The Board of Directors recommends that the stockholders vote FOR the ratification of the selection of Ernst & Young LLP to serve as our independent auditors for the fiscal year ending December 28, 2008.

Table of Contents

PROPOSAL THREE: APPROVAL OF AMENDMENT TO THE 2005 STOCK AND INCENTIVE PLAN

On March 27, 2008, our Board of Directors approved an amendment to our 2005 Stock and Incentive Plan (the 2005 Plan), subject to stockholder approval, to increase the maximum number of shares of our common stock authorized for issuance under the 2005 Plan by 1,200,000, from 15,142,358 shares to 16,342,358 shares.

Our Board of Directors approved the 2005 Plan in April 2005, subject to stockholder approval, and our stockholders approved the 2005 Plan at our 2005 annual meeting. The 2005 Plan replaced our 2000 Stock Plan and became the primary form of providing equity-based compensation to participants. Our Board of Directors continues to believe that equity compensation awards are an important part of our overall compensation program. Due to the growth in our business since the 2005 Plan was initially adopted, our Board of Directors believes the increase in the number of shares subject to the plan is necessary to attract and retain qualified officers, employees, consultants and directors.

If this amendment is not approved, the maximum number of shares of common stock authorized for issuance under the 2005 Plan will remain at 15,142,358 shares, subject to the evergreen provisions described below.

The following is a summary of the material features of the 2005 Plan, as well as the amendment proposed for approval.

Description of the 2005 Plan

A copy of our 2005 Plan, as amended, is filed as exhibit 10.1 to our Current Report on Form 8-K, which we filed with the SEC on July 30, 2007. The following description of the 2005 Plan is only a summary and is qualified by reference to the complete text of the 2005 Plan.

The material terms of the 2005 Plan include the following:

the types of awards that may be granted under the 2005 Plan are stock options (including incentive stock options and nonstatutory stock options), restricted stock grants, restricted stock units, stock appreciation rights and other similar types of awards (including other awards under which recipients are not required to pay any purchase or exercise price, such as phantom stock rights), as well as cash awards;

the maximum number of shares subject to awards that may be granted to any one participant under the 2005 Plan during any single fiscal year is 500,000 shares, except that up to 1,000,000 additional shares may be granted to a participant during the fiscal year in which the participant's service with us commences (the 162(m) Share Limit);

the maximum value of any cash award granted to any participant for any fiscal year under the 2005 Plan is \$1,000,000 (the 162(m) Cash Limit);

we may not reprice or otherwise reduce the exercise price of outstanding options granted under the 2005 Plan (other than in connection with certain corporate transactions such as stock splits, stock dividends or similar transactions) without the approval of our stockholders;

the 2005 Plan provides that our Board of Directors may grant awards to our directors (including our outside or non-employee directors) and, to the extent the 2005 Plan or the board establishes an automatic option grant program for directors under the 2005 Plan, the board may in its discretion change the terms of options to be granted under such program, or discontinue the program at any time in its sole discretion. The 2005 Plan

provides for an automatic option grant program for our non-employee directors, which is described below under Director Compensation 2005 Stock and Incentive Plan ;

the number of shares reserved for issuance under the 2005 Plan (including the maximum number of shares in the evergreen feature described below) and subject to outstanding awards, the exercise or purchase price per share applicable to outstanding awards, the number of shares to be

Table of Contents

granted to our non-employee directors under any director option grant program for our non-employee directors and the 162(m) Share Limit will each be adjusted proportionately to reflect the terms of certain corporate transactions, including stock splits, stock dividends, and certain other transactions affecting our capital stock;

the 2005 Plan has an evergreen feature pursuant to which additional shares will automatically be added to the shares reserved for issuance under the 2005 Plan without further stockholder approval as of the first day of each fiscal year through 2010. The number of shares automatically added each year is the lesser of 1,200,000 shares (subject to certain adjustments upon changes in capitalization, dissolution or certain corporate transactions), 5% of the outstanding shares of our common stock as of the last day of the immediately preceding fiscal year or a number of shares established by our board;

shares subject to awards that expire or terminate for any reason without having been exercised in full, or without the shares subject to such awards having been issued in full, will become available for re-issuance under the 2005 Plan;

shares of common stock which we retained upon exercise of an award in order to satisfy the exercise or purchase price of an award or any withholding taxes due with respect to the exercise or purchase will not continue to be available for issuance under the 2005 Plan; and

the 2005 Plan will expire in 2015 (unless it expires or is terminated earlier pursuant to its terms).

General

The purposes of the 2005 Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to service providers and to promote the success of our business. Stock options, restricted stock, restricted stock units, stock appreciation rights and other similar types of awards (including other awards under which recipients are not required to pay any purchase price or exercise price, such as phantom stock rights), as well as cash awards may be granted under the 2005 Plan (each an Award). Options granted under the 2005 Plan may be either incentive stock options, as defined in Section 422 of the Internal Revenue Code of 1986 (the Code), or non-statutory stock options.

Administration. The 2005 Plan is administered by the Compensation Committee of our Board of Directors (the Administrator).

Eligibility. Non-statutory stock options and stock awards may be granted under the 2005 Plan to our or our parent s or subsidiaries employees, directors (including non-employee directors) and consultants. Incentive stock options and cash awards may be granted only to our employees or our subsidiaries employees. The Administrator, in its discretion, selects the employees to whom stock options and other stock awards, as well as cash awards, may be granted, the time or times at which such Awards are granted, and the terms of such Awards to be granted under the 2005 Plan. As of March 24, 2008, we had approximately 1,100 employees and eight non-employee directors who would be eligible to participate in the 2005 Plan.

Plan Benefits. Because benefits under the 2005 Plan will depend on the Administrator s actions and, with respect to options and other stock awards, the fair market value of common stock at various future dates, it is not possible to determine the benefits that will be received by employees, officers, directors and consultants under such types of awards. As of March 24, 2008, the closing sales price of our common stock was \$74.33 per share.

Nontransferability of Awards. Options and stock awards granted under the 2005 Plan are not transferable other than by will or the laws of descent and distribution and may be exercised during the lifetime of the holder of the option or

stock award only by the holder; provided that non-statutory stock options may be transferred by gift to immediate family members of the participant or to a trust in which

Table of Contents

non-statutory stock options are to be passed to a beneficiary of the participant upon the death of the participant.

Stock Options

Exercise Price. The Administrator determines the exercise price of options at the time the options are granted. The exercise price of options granted under the 2005 Plan may not be less than 100% of the fair market value of our common stock on the date of grant of such option, except that the exercise price of an incentive stock option to an employee who is also a 10% stockholder must have an exercise price at least equal to 110% of the fair market value of our common stock on the date of grant of such option. We may grant options with exercise prices equal to less than 100% of the fair market value of our common stock on the date of grant in connection with our acquisition of another company. The fair market value of our common stock is generally the closing sales price as quoted on The NASDAQ Global Select Market on the date of grant. No option may be repriced to reduce the exercise price of such option without stockholder approval (except in connection with a change in our capitalization, such as a stock split or a recapitalization).

Exercise of Option; Form of Consideration. The Administrator determines when options vest and become exercisable, and in its discretion may accelerate the vesting and/or exercisability of any outstanding option. Our standard vesting schedule applicable to options granted to newly hired employees in 2007 was five years, whereby one-fifth of the total number of shares subject to the option become vested and exercisable on the first year anniversary of the date of grant and an additional 1/60th of the total number of shares subject to the option become vested and exercisable on each subsequent monthly anniversary of the date of grant. Our standard vesting schedule for options granted to continuing employees is 1/60th of the total number of shares subject to an option become vested and exercisable on each monthly anniversary of the date of grant. In 2008, we changed the standard vesting schedule to four years for options granted to new hires and continuing employees under the 2005 Plan to be more consistent and competitive with practices in our sector. Thus, one-fourth of the total number of shares subject to the option become vested and exercisable on the first year anniversary of the date of grant and an additional 1/48th of the total number of shares subject to the option become vested and exercisable on each subsequent monthly anniversary of the date of grant. Our standard vesting schedule for options granted to continuing employees is 1/48th of the total number of shares subject to an option become vested and exercisable on each monthly anniversary of the date of grant. The means of payment for shares issued upon exercise of an option are specified in each option agreement. The 2005 Plan permits payment to be made by cash, check, promissory note, cancellation of indebtedness, other shares of our common stock (with some restrictions), broker assisted same-day sale or any other means of consideration permitted by applicable law.

Term of Option. The term of an option may be no more than ten years from the date of grant, except that the term of an incentive stock option may not be more than five years from the date of grant for an optionee who is also a 10% stockholder. No option may be exercised after the expiration of its term.

Termination of Options. Generally, if an optionee's services to us as an employee, consultant or director terminate other than for death or disability, vested options will remain exercisable for a period of 90 days following the optionee's termination. Unless otherwise provided for in the option agreement, generally if an optionee becomes disabled or dies while an employee, consultant or director, the optionee's vested options will be exercisable for twelve months following the optionee's death or termination as a result of disability, or if earlier, the expiration of the term of such option. The Administrator has the authority to extend the period of time for which an option is to remain exercisable following optionee's termination, except that no option may be exercisable later than the expiration of the term of the option.

Automatic Director Stock Option Program. The 2005 Plan allows the Administrator to grant nonstatutory stock options to non-employee directors, and, to the extent it establishes an automatic

Table of Contents

option grant program for directors under the 2005 Plan, it may change the terms of options to be granted under such program or discontinue the program at any time in its sole discretion. The 2005 Plan provides for an automatic option grant program for our non-employee directors, which is described below under Director Compensation 2005 Stock and Incentive Plan. The per-share exercise price applicable to these options is equal to the fair market value of our common stock on the date of grant. In the event of our merger with or into another corporation, a sale of substantially all of our assets or another corporate transaction (as defined in the 2005 Plan), if a successor corporation does not assume or substitute for each of these options, then each of those outstanding options will vest in full and be fully exercisable, including as to shares which would not otherwise be vested or exercisable.

Stock Awards

Stock awards may be stock grants, stock units, stock appreciation rights or other similar stock awards (including stock awards having an exercise or purchase price that is less than the fair market value of the common stock as of the date of grant of the award, such as phantom stock rights). Stock grants are awards of a specific number of shares of our common stock. Stock units represent a promise to deliver shares of our common stock, or an amount of cash or property equal to the value of the underlying shares, at a future date. Stock appreciation rights are rights to receive cash and/or shares of our common stock based on a change in the fair market value of a specific number of shares of our common stock. Each stock award is evidenced by a stock award agreement between us and the participant. The 2005 Plan allows the Administrator broad discretion to determine the terms of individual awards, including the number of shares that such participant will be entitled to purchase or receive and the price (if any) to be paid by the recipient in connection with the issuance of the shares. Each stock award agreement will contain provisions regarding (i) the number of shares subject to such stock award or a formula for determining such number, (ii) the purchase price of the shares, if any, and the means of payment for the shares, (iii) the performance criteria, if any, and level of achievement versus these criteria that will determine the number of shares granted, issued, retainable and vested, as applicable, (iv) such terms and conditions on the grant, issuance, vesting and forfeiture of the shares, as applicable, as may be determined from time to time by the Administrator, (v) restrictions on the transferability of the stock award, and (vi) such further terms and conditions, in each case not inconsistent with the 2005 Plan, as may be determined from time to time by the Administrator. Shares may be granted under the 2005 Plan as stock awards without requiring the participant to pay us an amount equal to the fair market value of our common stock as of the Award grant date in order to acquire the Award shares.

Cash Awards

Cash awards granted under the 2005 Plan will generally be made to individuals who are, or who we anticipate may be, one of our five most highly compensated officers (such individuals being those employees whose compensation may not be fully deductible by us under Section 162(m) of the Code if it exceeds, with respect to a given year, the limits imposed by that section). Each cash award granted under the 2005 Plan will be subject to performance objectives (Qualifying Performance Criteria) that may be based on the following:

cash flow;

earnings, including gross margin, earnings before interest and taxes, earnings before taxes, and net earnings;

earnings per share;

growth in earnings or earnings per share;

stock price;

return on equity or average stockholders' equity, total stockholder return, return on capital, return on assets or net assets, return on investment, or return on operating revenue;

Table of Contents

revenue, income, net income, operating income, net operating income, operating profit, net operating profit, or operating margin;

market share;

contract awards or backlog;

overhead or other expense reduction;

growth in stockholder value relative to the moving average of the S&P 500 Index or our peer group index;

credit rating;

strategic plan development and implementation;

improvement in workforce diversity; and

such other similar criteria as may be determined by the Administrator (as defined below).

Each cash award will be reflected in an agreement containing provisions regarding (1) the target and maximum amount payable to the participant as a cash award, (2) the Qualifying Performance Criteria and level of achievement versus the criteria that will determine the amount of such payment, (3) the period as to which performance will be measured for establishing the amount of any payment, (4) the timing of any payment earned by virtue of performance, (5) restrictions on the alienation or transfer of the cash award prior to actual payment, (6) forfeiture provisions, and (7) such further terms and conditions, in each case not inconsistent with the 2005 Plan, as may be determined from time to time by the Administrator. The maximum amount payable as a cash award may be a multiple of the target amount payable. The maximum amount payable pursuant to a cash award granted under the 2005 Plan for any fiscal year to any participant may not exceed \$1,000,000. Nothing in the 2005 Plan prevents us from granting cash awards outside of the 2005 Plan to any individual.

Adjustments on Changes in Capitalization, Merger or Change of Control

In the event of any stock dividend, stock split, reverse stock split, recapitalization, combination, reclassification or similar change to our capital structure without receipt of consideration by us, appropriate adjustments will be made to (i) the number of shares subject to the 2005 Plan (including the number of shares subject to the evergreen feature), (ii) the 162(m) Share Limit, (iii) the number of shares that may be granted to our non-employee directors under the automatic stock option provisions of the 2005 Plan applicable to such directors, and (iv) the exercise price and number of shares under each outstanding Award. Any such adjustments shall be made by the Administrator, and the decision of the Administrator shall be final, binding and conclusive.

The 2005 Plan provides that in the event of our merger with or into another corporation, a sale of substantially all of our assets or another corporate transaction (as defined in the 2005 Plan), the board or the Administrator may provide for the assumption, substitution or adjustment of each outstanding Award, accelerate the vesting of options and terminate any restrictions on stock awards or cash awards or terminate Awards on such terms and conditions as the board or Administrator determines, including for a cash payment to the participant.

In the event of a proposed dissolution or liquidation of us, each Award will terminate immediately prior to the consummation of the dissolution or liquidation, unless otherwise determined by the Administrator.

Amendment and Termination of the 2005 Plan

The board may amend, alter, suspend or discontinue the 2005 Plan. However, we must obtain stockholder approval for any amendment to the 2005 Plan to the extent necessary and desirable to comply with applicable laws and the continued listing standards of The NASDAQ Global Select Market.

Table of Contents

Generally, no such action by the board or stockholders may alter or impair any outstanding Award under the 2005 Plan without the written consent of the holder. In addition, no amendment shall be made that would reduce the exercise price of outstanding options without the written consent of the stockholders. The 2005 Plan will terminate in June 2015.

Federal Income Tax Consequences of Awards under the 2005 Plan

THE FOLLOWING IS A GENERAL SUMMARY OF THE TYPICAL FEDERAL INCOME TAX CONSEQUENCES OF THE ISSUANCE AND EXERCISE OF OPTIONS OR AWARDS OF RESTRICTED STOCK UNDER THE 2005 PLAN. IT DOES NOT DESCRIBE STATE OR OTHER TAX CONSEQUENCES OF THE ISSUANCE AND EXERCISE OF OPTIONS OR OF GRANT OF RESTRICTED STOCK.

Options. The grant of an incentive stock option has no federal income tax effect on the optionee. Upon exercise the optionee does not recognize income for regular tax purposes. However, the excess of the fair market value of the stock subject to an option over the exercise price of such option (the option spread) is includible in the optionee's alternative minimum taxable income for purposes of the alternative minimum tax. If the optionee does not dispose of the stock acquired upon exercise of an incentive stock option until more than two years after the option grant date and more than one year after exercise of the option, any gain (or loss) upon sale of the shares will be a long-term capital gain (or loss). If the holding periods are not satisfied, then: (1) if the sale price exceeds the exercise price, the optionee will recognize capital gain equal to the excess, if any, of the sale price over the fair market value of the shares on the date of exercise and will recognize ordinary income equal to the difference, if any, between the lesser of the sale price or the fair market value of the shares on the exercise date and the exercise price; or (2) if the sale price is less than the exercise price, the optionee will recognize a capital loss equal to the difference between the exercise price and the sale price. We are not entitled to a federal income tax deduction in connection with incentive stock options, except to the extent that the optionee has taxable ordinary income on a disqualifying disposition (unless limited by Section 162(m) of the Code).

The grant of a non-statutory stock option has no federal income tax effect on the optionee. Upon the exercise of a non-statutory stock option with respect to vested shares, the optionee has taxable ordinary income (and, unless limited by Section 162(m), we are entitled to a corresponding deduction) equal to the option spread on the date of exercise. Upon the disposition of stock acquired upon exercise of a non-statutory stock option, the optionee recognizes either long-term or short-term capital gain or loss, depending on how long such stock was held, on any difference between the sale price and the exercise price, to the extent not recognized as taxable income on the date of exercise. We may allow non-statutory stock options to be transferred subject to conditions and restrictions imposed by the Administrator; special tax rules may apply on such a transfer.

In the case of both incentive stock options and non-statutory stock options, special federal income tax rules apply if our common stock is used to pay all or part of the option price, and different rules than those described above will apply if unvested shares are purchased on exercise of the option.

Stock Awards. Stock awards will generally be taxed in the same manner as non-statutory stock options. However, shares issued under a restricted stock award are subject to a substantial risk of forfeiture within the meaning of Section 83 of the Code to the extent the shares will be forfeited in the event that the participant ceases to provide services to us and are not nontransferable. As a result of this substantial risk of forfeiture, the participant will not recognize ordinary income at the time the award shares are issued. Instead, the participant will recognize ordinary income on the dates when the stock is no longer subject to a substantial risk of forfeiture, or when the stock becomes transferable, if earlier. The participant's ordinary income is measured as the difference between the amount paid for the stock, if any, and the fair market value of the stock on the date the stock is no longer subject to