



PACIFIC BIOSCIENCES OF CALIFORNIA, INC.

CORPORATE GOVERNANCE GUIDELINES

(as amended and restated on June 7, 2018)

These guidelines have been adopted by the Board of Directors (the “Board”) of Pacific Biosciences of California, Inc. (the “Company”) for the purpose of establishing the corporate governance policies pursuant to which the Board intends to conduct its oversight of the business of the Company in accordance with its fiduciary responsibilities.

1. Role of the Board

The role of the Board is to oversee the performance of the chief executive officer (“CEO”) and other senior management in the competent and ethical operation of the Company on a day-to-day basis and assures that the long-term interests of stockholders are being served.

2. Selection of Chairman of the Board and CEO

The Board shall fill the Chairman of the Board and CEO positions based upon the Board’s view of what is in the best interests of the Company. The CEO and Chairman may, but need not be, the same person.

3. Lead Independent Director

In order to facilitate communication between management and the outside directors, in the event that the Chairman of the Board is not an independent Director, the Board should elect a lead independent director (the “Lead Independent Director”), who will have the responsibility to schedule and prepare agendas for meetings of outside directors. The Lead Independent Director will communicate with the CEO/Chairman, disseminate information to the rest of the Board in a timely manner and raise issues with management on behalf of the outside directors when appropriate.

4. Board Committees

Standing Committees: The Board currently has four standing committees: the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee, and the Science and Technology Committee. New committees may be formed as determined by the Board.

Committee Membership: All of the members of the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee will meet the then-effective criteria for independence established by NASDAQ, and in the case of the Audit Committee as defined by the Sarbanes-Oxley Act of 2002 and the independence definition set forth in Rule 10A-3 of Exchange Act.

Standing Committee Member Assignments: The Board appoints the members and chairs of each standing committee upon recommendation by the Corporate Governance and Nominating Committee, annually.

Standing Committee Charters: Each standing committee will have its own charter, which will set forth the purpose, membership requirements, authority and responsibilities of the committee.

Meetings and Agenda: The chairman of the committee will determine, in consultation with standing committee members and members of management, and in accordance with the standing committee's charter, the frequency and length of standing committee meetings and the standing committee's agenda. Each standing committee will establish, to the extent foreseeable and practical, a schedule of agenda items to be discussed during the year. The schedule for each standing committee will be furnished to the full Board.

5. Director Responsibilities

The fundamental role of the Directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its shareholders. In fulfilling that responsibility, Directors reasonably may rely on the honesty and integrity of the Company's senior management and expert legal, accounting, financial and other advisors.

Annual Meeting Attendance: All Directors are invited to attend the Company's annual meeting of shareholders.

Scheduling of Board Meetings and Attendance: The Board will meet at least four times per year. directors are expected to prepare for, attend and participate in all Board and applicable committee meetings, and to spend the time needed to meet as often as necessary to discharge their obligations properly.

Agenda: At the beginning of each year the Board will set, to the extent foreseeable and practicable, a schedule of agenda items to be discussed during the year. Any director may suggest items to be included on the agenda or raise subjects at a Board meeting that are not on the agenda for that meeting. An agenda for each Board meeting, along with information and data that is important to the Board's understanding of the business to be conducted at the Board meeting, should be distributed to directors in advance of the meeting, so that Board meeting time may be focused on questions that the Board has about the materials. Certain matters may be discussed at the meeting without advance distribution of written materials, as appropriate.

6. Code of Conduct, Conflicts of Interests, Related Party Transactions and Complaints Process

The Audit Committee shall periodically review and approve the Company's Code of Business Conduct, which is applicable to directors, officers and employees; consider questions of possible conflicts of interest of Board members and corporate officers; review actual and potential conflicts of interest (including corporate opportunities) of Board members and corporate officers; and approve or prohibit any involvement of such persons in matters that may involve a conflict of interest or corporate opportunity. Directors may be asked from time to time to leave a Board meeting when the Board is considering a transaction in which the director (or another organization in which the director is a director or officer) has a financial or other interest.

The Audit Committee shall review and approve any proposed related party transactions in compliance with the Company's policies and the NASDAQ Rules and must report material related party transactions to the full Board, monitor compliance with the Company's financial code of ethics and review and approve the Company's procedures for handling complaints regarding accounting or auditing matters.

7. Executive Sessions

It is the policy of the Board to hold executive sessions without the presence of management, including the CEO, and other non-independent directors at least four times per year. Such sessions will generally be held following regularly scheduled meetings and at such other times as requested by an independent director. The Chairman of the Board or Lead Independent Director shall preside at executive sessions.

In addition, the Audit Committee of the Board is to meet periodically with the Company's outside auditors without management present at such times as it deems appropriate.

8. Board Access to Company Employees

Board members should have full access to members of management, either as a group or individually, and to Company information that they believe is necessary to fulfill their obligations as Board members.

9. Board Compensation Review

The Compensation Committee will conduct an annual review of director compensation and recommend changes to the Board for approval as appropriate. Employee directors do not receive additional compensation for their service as directors.

10. Size of the Board

The size of the Board is established in accordance with the Company's bylaws. The size of the Board may vary based upon the size of the business and the availability of qualified candidates. Board size should facilitate active interaction and participation by all Board members. The Board will review from time to time the appropriateness of its size.

11. Composition of Board

The Board believes that as a matter of policy there should be a majority of independent directors on the Board. Within that policy, the mix of Board members should provide a range of expertise and perspective in areas relevant to the Company's business.

12. Board Definition of "Independence" for Directors

A director shall be considered "independent" for purposes of serving on the Board if he or she meets the criteria for independence established by the NASDAQ Rules. A director shall be considered "independent" for purposes of serving on a Board committee based on the definition of independence used in that committee's charter, which shall conform to any requirements established for such a committee by the NASDAQ Rules and any applicable SEC Rules.

13. Board Membership Criteria and Selection

The Corporate Governance and Nominating Committee should review on an annual basis, in the context of recommending a slate of directors for stockholder approval, the composition of the Board, including issues of character, judgment, diversity, age, independence, expertise, corporate experience, length

of service, and understanding of the Company's business. Selection of new directors requires recommendation of a candidate by the Corporate Governance and Nominating Committee to the full Board, which has responsibility for naming new members in the event of a vacancy or expansion of the Board between annual meetings of stockholders.

14. Notifying a Director of Non-Inclusion on a Proposed Slate of Directors

Any proposal to decrease the size of the Board, or to substitute a new director for an existing director, should be made first by the Corporate Governance and Nominating Committee, then approved by the full Board. After receipt of a recommendation from the Corporate Governance and Nominating Committee, the Chairman of the Board or the Lead Independent Director should notify the director of such recommendation prior to the meeting of the Board at which the slate of nominees is proposed to be approved.

15. Assessing Board and Committee Performance

The Corporate Governance and Nominating Committee should establish an annual process for permitting the Board and each committee to conduct an assessment of its performance and effectiveness during the prior year. Each committee and the full Board will consider and discuss the findings of the assessments.

16. Annual Election of Directors

Directors shall be subject to election at the annual meeting of stockholders in accordance with the terms of service specified in the Company's Certificate of Incorporation. However, the Board may fill vacancies or add new directors at any time as provided in the Company's charter documents.

17. Policy on Majority Voting for Directors

In accordance with the Company's bylaws, the votes "for" the election of a director nominee must exceed the votes "against" the election of such director nominee at a meeting of the Company's stockholders, as contemplated by the Company's bylaws, in order for such director nominee to be elected or reelected to the Board, except that if as of a date that is fourteen (14) days in advance of the date that the Company files its definitive proxy statement with the Securities and Exchange Commission (the "SEC") (regardless of whether or not thereafter revised or supplemented) the number of nominees exceeds the number of directors to be elected, then the directors will be elected by the vote of a plurality of the shares represented in person or by proxy at such meeting and entitled to vote on the election of directors. If an incumbent director fails to receive the required vote for reelection in an uncontested election, then such director will, promptly following certification of the stockholder vote, offer his or her resignation to the Board for consideration in accordance with the following procedures. All of these procedures shall be completed within ninety (90) days following certification of the stockholder vote.

The Board, through its Qualified Independent Directors (as defined below), shall evaluate the best interests of the Company and its stockholders and shall decide the action to be taken with respect to such offered resignation, which can include, without limitation: (i) accepting the resignation; (ii) accepting the resignation effective as of a future date not later than one hundred and eighty (180) days following certification of the stockholder vote; (iii) rejecting the resignation but addressing what the Qualified Independent Directors believe to be the underlying cause of the withhold votes; (iv) rejecting the resignation

but resolving that the director will not be re-nominated in the future for election; or (v) rejecting the resignation.

In reaching their decision, the Qualified Independent Directors shall consider all factors that they deem relevant, including but not limited to: (i) any stated reasons why stockholders did not vote for such director; (ii) the extent to which the “against” votes exceed the votes “for” the election of the director and whether the “against” votes represent a majority of the Company's outstanding shares of common stock; (iii) any alternatives for curing the underlying cause of the “against” votes; (iv) the director’s tenure; (v) the director’s qualifications; (vi) the director’s past and expected future contributions to the Company; (vii) the overall composition of the Board, including whether accepting the resignation would cause the Company to fail or potentially fail to comply with any applicable law, rule or regulation of the SEC, or the NASDAQ Rules; and (viii) whether such director’s continued service on the Board for a specified period of time is appropriate in light of current or anticipated events involving the Company.

Following the Board’s determination, the Company shall, within four (4) business days, disclose publicly in a document furnished or filed with the SEC the Board’s decision as to whether or not to accept the resignation offer. The disclosure shall also include a description of the process by which the decision was reached, including, if applicable, the reason or reasons for rejecting the offered resignation.

A director who is required to offer his or her resignation in accordance with this policy shall not be present during the deliberations or voting as to whether to accept his or her resignation or, except as otherwise provided below, a resignation offered by any other director in accordance with this policy. Prior to voting, the Qualified Independent Directors may afford the affected director an opportunity to provide any information or statement that he or she deems relevant.

For purposes of this policy, “Qualified Independent Directors” means all directors who (i) are independent directors (as defined in accordance with the NASDAQ Rules) and (ii) are not required to offer their resignation in connection with an election in accordance with this policy. If there are fewer than three independent directors then serving on the Board who are not required to offer their resignations in accordance with this policy, then the Qualified Independent Directors shall mean all of the independent directors, and each independent director who is required to offer his or her resignation in accordance with this Policy shall recuse himself or herself from the deliberations and voting only with respect to his or her individual offer to resign.

All nominees for election or reelection as a director in an uncontested election shall be deemed, as a condition to being nominated, to have agreed to abide by this policy and, if applicable, shall offer to resign and shall resign if requested to do so in accordance with this policy (and shall if requested submit an irrevocable resignation letter, subject to this policy, as a condition to being nominated for election or reelection).

18. Continuing Education

The Company encourages directors to participate in continuing education programs focused on the Company’s business and industry, committee roles and responsibilities, and legal and ethical responsibilities of board members.

19. Formal Evaluation and Compensation of the CEO and Other Executive Officers

The Compensation Committee will, on an annual basis, conduct a formal evaluation of the CEO and the other executive officers, with appropriate input from other Board members. The results of the evaluation should be communicated to the CEO by the Chairman of the Board or the Lead Independent Director and the chairman of the Compensation Committee

20. Succession Planning

The Compensation Committee, in consultation with the full Board, is primarily responsible for CEO succession planning. In addition, it shall monitor management's succession plans for other key executives. Succession planning can be critical in the event the CEO or other key executives should cease to serve for any reason, including resignation or unexpected disability. In addition, the Board believes that establishment of a strong management team is the best way to prepare for an unanticipated executive departure.

21. Board Interaction with Third Parties

The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that Board members would do this with knowledge of management and, in most instances, only at the request of management.

22. Periodic Review of Guidelines

The Corporate Governance and Nominating Committee and the Board should review these guidelines no less than annually.

23. Amendments and Waivers

The Board may amend, waive, suspend or repeal any of these Guidelines at any time, with or without public notice as it deems necessary or appropriate, in the exercise of the Board's judgment or fiduciary duties.