UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2009

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from _____ to _____.

Commission File No. 0-26770

NOVAVAX, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**22-2816046**
(State of Incorporation)	(I.R.S. Employer Identification No.)

9920 Belward Campus Drive,
Rockville, Maryland 20850

(Address of Principal Executive Offices)

(240) 268-2000

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, Par Value $0.01 per share	The NASDAQ Global Market

Securities registered pursuant to Section 12(g) of the Act: **Not Applicable**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.Yes ☐ No ☒

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☐ Accelerated Filer ☒ Non-Accelerated Filer ☐ Smaller Reporting Company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant (based on the last reported sale price of Registrants common stock on June 30, 2009 on the NASDAQ Global Market) was $191,100,000.

As of March 11, 2010, there were 100,277,960 shares of the Registrant's common stock outstanding.

Portions of the Registrant's Definitive Proxy Statement to be filed no later than 120 days after the fiscal year ended December 31, 2009 in connection with the Registrant's 2010 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

NOVAVAX, INC.

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When used in this Annual Report on Form 10-K, except where the context otherwise requires, the terms "we", "us", "our", "Novavax" and "the Company" refer to Novavax, Inc.

PART I

Item 1. Business

This Annual Report on Form 10-K contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act that involve risks and uncertainties. In some cases, forward-looking statements are identified by words such as "believe," "anticipate," "intend," "plan," "will," "may" and similar expressions. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. All of these forward-looking statements are based on information available to us at this time, and we assume no obligation to update any of these statements. Actual results could differ from those projected in these forward-looking statements as a result of many factors, including those identified in the section titled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere. We urge you to review and consider the various disclosures made by us in this report, and those detailed from time to time in our filings with the Securities and Exchange Commission, that attempt to advise you of the risks and factors that may affect our future results.

Overview

Novavax, Inc. ("Novavax," the "Company," "we" or "us") is a biopharmaceutical company focused on developing novel, highly potent recombinant vaccines. Our goal is to become a profitable vaccine company that is aggressively driving towards development, licensure and commercialization of important vaccine candidates.

Our technology platform is based on proprietary virus-like particles (VLPs). Our VLPs are genetically engineered three-dimensional nanostructures, which incorporate immunologically important recombinant proteins. Recombinant protein-based vaccines are widely used and accepted. Examples of vaccines currently available that use recombinant protein particle technology include Recombivax® HB (Merck) and Engerix® (GlaxoSmithKline), which protect against Hepatitis B, and Gardasil® (Merck) and Cervarix® (GlaxoSmithKline), which protect against human papilloma virus. Our product pipeline targets several infectious diseases. Currently, we have vaccine product candidates to target pandemic influenza (both H1N1 and H5N1 strains), seasonal influenza, Respiratory Syncytial Virus (RSV) and Varicella Zoster Virus (VZV).

We have a significant amount of experience in developing recombinant VLP influenza vaccines. To date, among other things, we have:

- conducted five human clinical studies for our seasonal and pandemic influenza vaccine candidates;
- administered our seasonal and pandemic influenza VLPs (seven distinct strains) to over 4,200 subjects demonstrating vaccine safety and immunogenicity;
- completed four animal toxicology studies without any safety issues;
- conducted multiple ferret studies demonstrating efficacy of VLP influenza vaccine candidates; and
- conducted vaccine production under current good manufacturing practices (cGMP) and manufactured more than 35 batches of VLP vaccine with over a dozen different influenza strains.

We believe our influenza VLP vaccines have potential immunological advantages over currently available products. Our influenza VLPs contain three of the major structural influenza virus proteins, which we believe are important to combat influenza: hemagglutinin (HA) and neuraminidase (NA), both of which stimulate the body to produce antibodies that neutralize the influenza virus and prevent spread through the cells in the respiratory tract, and matrix 1 (M1), which stimulates cytotoxic T lymphocytes to kill cells that may already be infected. Further, our VLPs are not made from a live virus and have no genetic nucleic material in their inner core, which renders them incapable of replicating and causing disease.

Our proprietary production technology uses insect cells rather than chicken eggs or mammalian cells. This platform offers several potential significant advantages over traditional vaccine production, including: (1) higher yields than traditional mammalian or egg-based system, (2) faster facility commissioning time, (3) significantly lower capital expenditures on infrastructure, (4) competitive cost of goods, (5) shorter lead time to produce vaccine than egg-based technology, and (6) a scalable production process that can respond rapidly to pandemic outbreaks.

Pandemic Influenza

In May 2009, we announced that we had produced a first batch of non-cGMP influenza A (H1N1) VLP vaccine candidate three weeks after the Center for Disease Control and Protection (CDC) announced the genetic sequence of the novel H1N1 virus (the H1N1 virus is commonly referred to as the "swine flu" in the media). The purified H1N1 VLP vaccine candidate was sent to scientists at the CDC and an agreement was made with the Division of Microbiology and Infectious Diseases (DMID) of the National Institute of Allergy and Infectious Diseases and the National Institutes of Health for further studies. To further demonstrate the capability of recombinant VLP technology, we manufactured an H1N1 VLP vaccine candidate under cGMP at our vaccine manufacturing facility in Rockville, MD within eleven weeks after receiving the gene sequence from the CDC.

In October 2009, we initiated a two-stage clinical trial of our H1N1 vaccine candidate in Mexico in collaboration with Laboratorio Avi-Mex S.A. de C.V. (Avimex). The first stage of the study evaluated the vaccine's safety, immunogenicity and efficacy in 1,000 subjects, including 750 vaccine recipients and 250 placebo recipients. In December 2009, we reported positive results from the first stage of the study. Based on these results, the Independent Data and Safety Monitoring Board recommended that we proceed with the second stage of the study to evaluate the safety of the vaccine in a larger cohort of 3,000 subjects (2,000 vaccine and 1,000 placebo recipients). This study has been fully enrolled. With the positive data reported in December 2009, we have filed for regulatory approval of our 2009 H1N1 vaccine candidate in Mexico. These data are also expected to support our pandemic and seasonal influenza VLP vaccines in other countries. We believe this effort in Mexico represents a unique opportunity for Novavax to accelerate the development of our H1N1 vaccine candidate.

We have also made significant progress in the development of our vaccine that targets the H5N1 avian influenza with pandemic potential. In 2007, we released results from an important pre-clinical study in which ferrets that received our pandemic vaccine candidate were protected from a lethal challenge of the H5N1 virus. After filing an Investigational New Drug application (IND), we initiated a Phase I/IIa human clinical trial. We released interim human data from the first portion of this clinical trial in December 2007. These interim results demonstrated that our pandemic influenza vaccine can generate a protective immune response. We conducted the second portion of the Phase I/IIa trial in 2008 to gather additional subject immunogenicity and safety data and determine a final dose through the completion of this clinical trial. In August 2008, we reported favorable results from this clinical trial, which demonstrated strong neutralizing antibody titers across all three doses tested. A final clinical study report has been completed and the vaccine was well tolerated at all dosages as compared with placebo. No serious adverse events were reported. In February 2009, we announced that the vaccine induced robust hemagglutination inhibition (HAI) responses, which have been shown to be important for protection against influenza disease.

Seasonal Influenza

We have also progressed the development of our VLP trivalent vaccine that targets the seasonal influenza virus. In 2008, we announced positive results from an immunogenicity study in ferrets inoculated with our seasonal influenza vaccine candidate. Subsequently, we conducted a Phase IIa clinical trial to evaluate the safety and immunogenicity of different doses of our seasonal influenza vaccine. In December 2008, we announced favorable safety and immunogenicity results from this Phase IIa seasonal study in healthy adults (aged between 18 and 49 years). A final clinical study report was completed and no vaccine-related serious adverse events were reported. In May 2009, we enrolled subjects in a second Phase II study in healthy adults. In September 2009, we announced favorable results from this Phase II study in healthy adults that supports a new Phase II dose range study in elderly patients (60 years of age or older), head-to-head with a marketed vaccine that we commenced in November 2009. In September 2009, we responded to the United States government (HHS BARDA) request for proposal (RFP) for a potential contract award for the advanced development of recombinant influenza vaccines. If we receive the award it could provide significant funding for the continued ongoing clinical development of our seasonal and pandemic influenza vaccines. Based on the results of the Phase II trial in elderly subjects and our ability to potentially receive the HHS BARDA contract and receive it in a timely manner, we plan to begin Phase III studies and seek to file United States registration of this vaccine candidate.

RSV and VZV

We have also developed vaccine candidates for both RSV and VZV, both of which are currently being evaluated in pre-clinical studies. To date, our RSV vaccine candidate has demonstrated positive results in two separate studies with mice. These studies have been confirmed in two more studies in cotton rats, which are generally accepted as the best model to evaluate the safety of candidate RSV vaccines. In February 2009, we announced favorable results from an RSV pre-clinical study performed in mice against the viral fusion (F) protein, which fuses with cells in the respiratory tract and causes illness. The vaccine induced neutralizing antibodies against the viral fusion protein and also protected against RSV infection. In January 2010, we announced positive pre-clinical results with a recombinant RSV fusion (F) particle vaccine in cotton rats. The RSV F vaccine candidate completely protected the vaccinated animals and there was no evidence of enhanced disease in the lungs of vaccinated animals following challenge with live RSV. We also announced the successful scale-up and cGMP manufacturing of vaccine and the initiation of a rabbit toxicology study in preparation for submission of an RSV IND to the United States Food and Drug Administration (FDA). We plan to file an IND and launch a Phase I clinical trial in 2010.

A multi-protein VZV particle vaccine candidate is currently in development. The VZV vaccine was shown in mice to induce antibody and T-cell responses. Formulation of the VZV vaccine candidate is being finalized and tested in preparation for human trials.

Research and Development Technology and Activities

VLPs. Our vaccine technology platform is based on VLPs, which are self-assembling protein structures that resemble viruses. These are noninfectious particles that, for many viral diseases, have been shown in animal and human studies to make effective vaccines. VLPs closely mimic natural virus particles with repeating protein structures that can elicit broad and strong antibody and cellular immune responses, but lack the genetic material required for replication. VLP technology is a proven technology that is employed in currently marketed products such as Merck's Gardasil®. Our proprietary VLPs are more advanced than earlier approaches and they include multiple proteins and lipids and can be tailored to induce robust and broad immune responses similar to natural infections. Our advanced VLP technology has the potential to develop vaccines for a wide range of human infectious diseases where there are significant unmet medical needs, some of which have not been addressed by other technologies. We have used formal criteria based upon medical need, technical feasibility and commercial value to select vaccine candidates. We believe that our influenza vaccines are designed to address many of the significant unmet needs related to seasonal and pandemic influenza. There are several points of differentiation of our influenza vaccines when compared to traditional egg-based, or new mammalian-based approaches that form the basis to address unmet medical needs and capitalize on commercial opportunities. Our influenza VLPs contain components that provide a broad and robust immune response. Specifically, the VLPs contain the viral components hemagglutinin (HA), neuraminidase (NA) and matrix protein (M1). Traditional egg-based vaccines contain meaningful levels of HA, but not of NA or M1. The HA sequence in our VLPs is the same as in the wild-type virus and could prove more effective/immunogenic than influenza vaccines produced using egg or mammalian cell lines, which alter HA. In addition the NA and M1 in our VLPs may play a role in reducing the severity of the disease by inducing antibody responses and cell mediated immunity. NA and M1 are both highly conserved, and immunity to these viral components should help provide additional protection throughout an entire influenza season, even as strains mutate. Data from our Phase IIa trial in healthy adults showed that 50 to 73% of the volunteers immunized with our VLP vaccine had a 4-fold increase in the antibody that blocks NA activity. Finally, because of the VLP structure and components, they may have greater immunogenicity in two vulnerable populations — pediatric and elderly patients.

VLP Vaccine Manufacturing. Currently approved influenza vaccines are produced by growing virus in chicken eggs, from which the virus is extracted and further processed. This 50-year-old egg-based production method requires four to six months of lead time for production of a new strain of virus and significant investment in fixed production facilities, with production yields that vary from strain to strain. In addition, sometimes the influenza virus strain must be changed in order for it to be produced efficiently in the egg. The vaccine shortage during the 2004 influenza season (caused in part by a contamination issue at a facility in the United Kingdom) highlighted the limitations of current production methods and the need for increased vaccine

manufacturing capacity. It also heightened concerns regarding manufacturers' capacity to respond to a pandemic, when the number of vaccine doses required will be higher than the number required for seasonal influenza vaccines and manufacturing lead times will be even shorter. This concern was borne out again in the 2009 H1N1 pandemic as, even with expedited regulatory approvals for companies that already had approved vaccines, production of H1N1 vaccines took six months before significant doses were distributed.

Our production process involves the use of genetic information and no viral seed is required. This shortens the time of creating a new vaccine by several weeks compared to the egg-based process. Furthermore, the production process for manufacturing our VLP vaccines is also unique because the equipment we use in the cell culture process is largely portable and disposable. A facility to produce VLP-based vaccines can be constructed and validated in significantly less time as compared to traditional egg-based facilities.

We produce VLPs using a baculovirus expression system in insect cells with disposable low cost equipment that can be readily dispersed both nationally and internationally. By not requiring significant production batch sizes, production capacity can be employed quickly; estimated to be built and validated within twelve to eighteen months compared to the current approved manufacturing technology that can take four years or more to deploy.

Other Projects. We are working on certain other vaccine projects with sponsoring organizations. These projects, described below, are currently funded and controlled by other parties. As is typical with these research contracts, we do not currently have commercial rights to these products.

SARS VLP Vaccine. Severe acute respiratory syndrome (SARS) is a viral respiratory illness cased by a corona virus. In 2005, the National Institutes of Health (NIH) awarded us a $1.1 million, three year grant to develop a vaccine to prevent SARS. We successfully completed the NIH grant in January 2009 and successfully demonstrated that a SARS VLP vaccine candidate was effective in inducing immunity in an animal model that fully protected against a lethal challenge with SARS virus.

E-Selectin Tolerogen. In collaboration with the National Institute of Neurological Disorders and Stroke and the NIH, we have been developing E-selectin-based molecularly-derived products for the prevention of strokes.

Competition

The biopharmaceutical industry and the vaccine market are intensely competitive and are characterized by rapid technological progress. There are a number of companies developing and selling vaccines for pandemic and seasonal influenza employing current technology with some modifications, as well as new technologies. Our technology is based upon utilizing the baculovirus expression system in insect cells to make VLPs. We believe this system offers many advantages when compared to other technologies and is uniquely suited for developing pandemic and seasonal influenza vaccines as well as other infectious diseases. The fact that we do not rely on the use of adjuvants, chemical substances that can boost the human immune system, leads us to believe we have a clearer regulatory path toward approval of our vaccines with regulatory agencies. The table below provides a list of major vaccine competitors and corresponding influenza vaccine technologies.

Company	Competing Technology Description
sanofi pasteur, Inc.	Inactivated sub-unit (egg-based)
MedImmune Vaccines, Inc. (a subsidiary of Astra-Zeneca, Inc.)	Nasal, live attenuated (egg-based)
GlaxoSmithKline Biologicals	Inactivated (egg-based)
Novartis, Inc.	Inactivated sub-unit (cell and egg-based)
Merck & Co.	Inactivated sub-unit (egg-based)

In general, competition among pharmaceutical products is based in part on product efficacy, safety, reliability, availability, price and patent position. An important factor is the relative timing of the market introduction of our products and our competitors' products. Accordingly, the speed with which we can develop products, complete the clinical trials and approval processes and supply commercial quantities of the products to the market is an important competitive factor. Our competitive position also depends upon our ability to show differentiation in the seasonal influenza space with a product that is more efficacious, particularly in the elderly population, and/or be less expensive and quicker to manufacture. It also depends upon our ability to

attract and retain qualified personnel, obtain patent protection or otherwise develop proprietary products or processes and secure sufficient capital resources for the often substantial period between technological conception and commercial sale.

There are many seasonal influenza vaccines currently approved and marketed. Competition in the sale of these seasonal influenza vaccines is intense. Therefore, newly developed and approved products must be differentiated from existing vaccines in order to have commercial success. In order to show differentiation in the seasonal influenza space, a product must be more efficacious, particularly in the elderly population, and/or be less expensive and quicker to manufacture. Many of our competitors are working on new products and new generations of current products, often by adding an adjuvant that is used to increase the efficacy of the current product, each of which is intended to be more efficacious than products currently being marketed. Our seasonal influenza product may not prove to be more efficacious than current products or products under development by our competitors. Further, our manufacturing system may not provide enough savings of time or money to provide the required differentiation for commercial success.

Patents and Proprietary Rights

We generally seek patent protection for our technology and product candidates in the United States and abroad. The patent position of biopharmaceutical firms generally is highly uncertain and involves complex legal and factual questions. Our success will depend, in part, on whether we can:

- obtain patents to protect our own technologies and products;
- obtain licenses to use the technologies of third-parties, which may be protected by patents;
- protect our trade secrets and know-how; and
- operate without infringing the intellectual property and proprietary rights of others.

Patent Rights; Licenses. We have intellectual property (patents, licenses, know-how) related to our vaccines, manufacturing process and other technologies. Currently, we have or have rights to over 99 United States patents and corresponding foreign patents and patent applications relating to vaccines and biologics. Our core vaccine-related intellectual property extends beyond 2027.

In March 2007, we secured additional intellectual property through a license agreement with the University of Massachusetts using their proprietary paramyxoviruses as a core for building VLP vaccines. In July 2007, we entered into a non-exclusive license agreement with Wyeth Holdings Corporation to obtain rights to a family of patent applications covering VLP technology for use in human vaccines in certain fields of use.

Consistent with statutory guidelines issued under the Federal Technology Transfer Act of 1986 designed to encourage the dissemination of science and technology innovation and provide sharing of technology that has commercial potential, our collaborative research efforts with the United States government and with other private entities receiving federal funding provide that developments and results must be freely published, that information or materials supplied by us will not be treated as confidential and that we will be required to negotiate a license to any such developments and results in order to commercialize products. There can be no assurance that we will be able to successfully obtain any such license at a reasonable cost, or that such developments and results will not be made available to our competitors on an exclusive or non-exclusive basis.

Trade Secrets. To a more limited extent, we rely on trade secret protection and confidentiality agreements to protect our interests. It is our policy to require employees, consultants, contractors, manufacturers, collaborators, and other advisors to execute confidentiality agreements upon the commencement of employment, consulting or collaborative relationships with us. We also require signed confidentiality agreements from any entity that is to receive confidential information from us. With respect to employees, consultants and contractors, the agreements generally provide that all inventions made by the individual while rendering services to us shall be assigned to us as our property.

Government Regulations

The development, production and marketing of pharmaceutical and biological products developed by Novavax or our collaborators are subject to regulation for safety, efficacy and quality by numerous governmental authorities in the United States and other countries. In the United States, the development, manufacturing and marketing of human pharmaceuticals and vaccines are subject to extensive regulation under the Federal Food, Drug, and Cosmetic Act, and biological products are subject to regulation under provisions of that Act and the Public Health Service Act. The FDA assesses the safety and efficacy of products and regulates, among other things, the testing, manufacture, labeling, storage, record keeping, advertising and promotion. The process of obtaining FDA approval for a new product is costly and time-consuming.

Vaccine clinical development follows the same general pathway as drugs and other biologics. Before applying for FDA approval to market any new drug product candidates, we must first submit an IND that explains to the FDA the results of pre-clinical testing conducted in laboratory animals, the method of manufacture and quality control tests for release and what we propose to do for human testing. At this stage, the FDA decides whether it is reasonably safe to move forward with testing the product in humans. We must then conduct Phase I human clinical trials and larger-scale Phase II and III human clinical trials that demonstrate the safety and efficacy of our products to the satisfaction of the FDA. Once these trials are complete, a Biologics License Application (BLA) (the biologic equivalent to a New Drug Application (NDA)) can be filed with the FDA requesting approval of the vaccine for marketing based on the vaccine's effectiveness and safety.

During the FDA's review of the BLA, the proposed manufacturing facility undergoes a pre-approval inspection during which production of the vaccine as it is in progress is examined in detail. Vaccine approval also requires the provision of adequate product labeling to allow health care providers to understand the vaccine's proper use, including its potential benefits and risks, to communicate with patients and parents and to safely deliver the vaccine to the public. Until a vaccine is given to the general population, all potential adverse events cannot be anticipated. Thus, many vaccines undergo Phase IV studies after a BLA has been approved and the vaccine is licensed and on the market.

In addition to obtaining FDA approval for each product, each domestic manufacturing establishment must be registered with the FDA, is subject to FDA inspection and must comply with cGMP regulations. To supply products for use either in the United States or outside the United States, including clinical trials, United States and foreign manufacturing establishments, including third-party facilities, must comply with cGMP regulations and are subject to periodic inspection by the FDA or by corresponding regulatory agencies in their home country.

The development process for a new drug or biological product typically takes a long period of time to complete. Pre-clinical studies may take several years to complete and there is no guarantee that the FDA will permit an IND based on those studies to become effective or the product to advance to clinical testing. Clinical trials may take several years to complete. After the completion of the required phases of clinical trials, if the data indicate that the drug or biologic product is safe and effective, a BLA or NDA (depending on whether the product is a biologic or pharmaceutical product) is filed with the FDA to approve the marketing and commercial shipment of the drug. This process takes substantial time and effort and the FDA may not accept the BLA or NDA for filing. Even if filed and accepted, the FDA might not grant approval. FDA approval of a BLA or NDA may take up to two years and may take longer if substantial questions about the filing arise. The FDA may require post-marketing testing and surveillance to monitor the safety of the applicable products.

In addition to regulatory approvals that must be obtained in the United States, an investigational product is also subject to regulatory approval in other countries in which it is intended to be marketed. No such product can be marketed in a country until the regulatory authorities of that country have approved an appropriate marketing application. FDA approval does not assure approval by other regulatory authorities. In addition, in many countries, the government is involved in the pricing of the product. In such cases, the pricing review period often begins after market approval is granted.

We are also subject to regulation under the Occupational Safety and Health Act, the Environmental Protection Act, the Toxic Substances Control Act, the Resource Conservation and Recovery Act and other present and potential federal, state or local regulations. These and other laws govern our use, handling and

disposal of various biological and chemical substances used in, and waste generated by, our operations. Our research and development involves the controlled use of hazardous materials, chemicals and viruses. Although we believe that our safety procedures for handling and disposing of such materials comply with the standards prescribed by state and federal regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, we could be held liable for any damages that result, and any such liability could exceed our resources. Additionally, for formulations containing controlled substances, we are subject to Drug Enforcement Act regulations.

There have been a number of federal and state proposals during the last few years regarding the pricing of pharmaceutical and biological products, government control and other changes to the healthcare system of the United States. It is uncertain what legislative proposals will be adopted or what actions federal, state or private payers for medical goods and services may take in response to any healthcare reform proposals or legislation. We cannot predict the effect medical or healthcare reforms may have on our business, and no assurance can be given that any such reforms will not have a material adverse effect.

Manufacturing

We have constructed a 10,000 square foot cGMP facility to produce clinical trial material as well as modest commercialization quantities of our VLP vaccines at our corporate headquarters. Construction for the pilot plant facility commenced in the fourth quarter of 2007 and was completed within 120 days of ground breaking. The total cost of the project, including demolition, construction and installation of laboratory and production equipment, was approximately $5 million. The facility had existing mechanical systems in place (pharmaceutical air and water system) that were not included in the total cost. Any plans to further expand our manufacturing capabilities at our corporate headquarters, including the facilities necessary to expand manufacturing quantities, test and package an adequate supply of finished products in order to meet any long-term commercial needs, will require additional resources and will be subject to ongoing government approval and oversight.

We have not manufactured any of our vaccine product candidates at a commercial level and the process requires further scale-up and yield improvement. In October 2009, we engaged Xcellerex, Inc. (Xcellerex) to perform scale-up activities and manufacture our 2009 H1N1 vaccine candidate for potential sale in Mexico. The agreement with Xcellerex expired by its own terms on February 15, 2010. Although the H1N1 manufacturing campaign with Xcellerex did not result in the manufacturing of acceptable vaccine to Novavax, we did achieve proof of concept by scaling up to a commercial grade bioreactor. The success in scaling up our VLP's in stir tank bioreactors potentially provides an additional path to large-scale, commercially viable vaccine production. We may encounter unexpected expenses or delays as we, or third-party vendors, work to scale-up and improve efficiencies of our manufacturing process.

Sources of Supply

Most of the raw materials and other supplies required in our business are generally available from various suppliers in quantities adequate to meet our needs. In some cases, we have only qualified one supplier for certain of our manufacturing components. We have plans in place to qualify multiple suppliers for all critical supplies before the time we would put any of our product candidates into commercial production. One of our major suppliers is GE Healthcare (GEHC) which supplies disposable components used in our manufacturing process. GEHC utilizes a sophisticated, in depth process to qualify multiple vendors for the products that are supplied to us. All the materials and vendors that supply manufacturing materials to the Company are audited for compliance with cGMP standards.

Business Development

We believe our proprietary VLP technology affords us a range of traditional and non-traditional commercialization options that are broader than those of existing vaccine companies. We strive to create sustainable value by working to obtain non-dilutive funding for conducting Phase III trials for both seasonal and pandemic influenza, to continue development of our vaccine product candidates until such vaccines can be licensed on a regional basis, to retain commercial rights in major markets and generate product sales revenue and, in certain markets, to commercialize our products through partners and other strategic relationships.

Examples of our strategic relationships are our collaboration with GEHC, our joint venture with Cadila Pharmaceuticals, Ltd. and our relationship with Avimex.

We have entered into a co-marketing agreement with GEHC for a pandemic influenza vaccine solution for select international countries. The collaboration incorporates GEHC's bioprocess solutions and design expertise with Novavax's VLP manufacturing platform.

On March 31, 2009, we and Cadila Pharmaceuticals Ltd., a company incorporated under the laws of India (Cadila) entered into a Joint Venture Agreement (the JVA) pursuant to which we and Cadila formed CPL Biologicals Private Limited, a joint venture (the JV), of which 80% is ultimately owned by Cadila and 20% is owned by Novavax. The JV will develop and commercialize our H1N1 pandemic and seasonal influenza vaccine candidates and Cadila's biogeneric products and other diagnostic products for the territory of India. We also contributed to the JV technology for the development of several other VLP vaccine candidates against diseases of public health concern in the territory, such as hepatitis E and chikungunya fever. Cadila has committed to contribute approximately $8 million over three years to support the JV's operations. The JV will be responsible for clinical testing and registration of products that will be marketed and sold in India. In October 2009, the JV began construction of a state-of-the-art manufacturing facility that may be used to produce pandemic and seasonal influenza vaccines. The facility, which is 100% funded by Cadila, is expected to open in early 2010.

On June 30, 2009, we announced that we had signed a non-binding letter of intent to license our VLP vaccine technology to ROVI Pharmaceuticals of Spain (ROVI). On February 5, 2010, we terminated negotiations with ROVI. The decision to terminate negotiations was made because of the companies' inability to agree on acceptable terms of the proposed collaboration and to obtain the necessary funding commitments for the program. We are free to seek a new partner for our pandemic and seasonal influenza vaccine development efforts in Europe in the future.

On October 19, 2009, we entered into a Materials Transfer Agreement with Avimex, pursuant to which we supplied Avimex with certain amounts of our 2009 H1N1 vaccine candidate. Avimex used the H1N1 vaccine to conduct clinical trials and is currently seeking regulatory approval in Mexico. The agreement and the option to enter into a non-exclusive distribution agreement to distribute the 2009 H1N1 vaccine in Mexico both expired on their own terms on December 31, 2009. The second phase of the clinical trial is ongoing and the parties are continuing to cooperate in seeking regulatory approval in Mexico.

Employees

As of March 12, 2010, we had 93 full-time employees and 1 part-time employee for a total of 94 employees, 19 of whom hold M.D. or Ph.D. degrees and 21 of whom hold other advanced degrees. Of our total workforce, 73 are engaged primarily in research, development and manufacturing activities and 21 are engaged primarily in business development, finance and accounting and administrative functions. None of our employees are represented by a labor union or covered by a collective bargaining agreement and we consider our employee relations to be good.

Executive Officers

Our executive officers hold office until the first meeting of the Board of Directors following the Annual Meeting of Stockholders and until their successors are duly chosen and qualified, or until they resign or are removed from office in accordance with our By-laws.

The following table provides certain information with respect to our executive officers.

Name	Age	Principal Occupation and Other Business Experience During the Past Five Years
Stanley C. Erck	61	**Executive Chairman and Director** of Novavax since February 2010, and a Director since June 2009. From 2000 to 2008, Mr. Erck served as President and Chief Executive Officer of Iomai Corporation, a developer of vaccines and immune system therapies, which was acquired in 2008 by Intercell. He also previously held leadership positions at Procept, a publicly traded immunology company, Integrated Genetics, now known as Genzyme, and Baxter International. Mr. Erck also serves on the Board of Directors of BioCryst Pharmaceuticals, MaxCyte, Inc. and MdBio Foundation.
Rahul Singhvi, Sc.D.	45	**President and Chief Executive Officer and Director** of Novavax since August 2005. Senior Vice President and Chief Operating Officer of Novavax from April 2005 to August 2005 and Vice President, Pharmaceutical Development and Manufacturing Operations from April 2004 to April 2005. For 10 years prior to joining the Company, Dr. Singhvi served in several positions with Merck & Co., culminating as Director of the Merck Manufacturing Division from 1999 to 2004.
Frederick W. Driscoll	59	**Vice President, Chief Financial Officer and Treasurer** of Novavax since August 2009. Prior to joining the Company, Mr. Driscoll served as Chief Executive Officer of Genelabs Technologies, Inc. from September 2008 to January 2009, as Interim Chief Executive Officer from February 2008 to August 2008 and as Chief Financial Officer from September 2007 to February 2008. Prior to that, from 2000 to 2006, Mr. Driscoll was employed by OXIGENE, Inc., where he served as President and Chief Executive Officer from 2002 to 2006.
Raymond J. Hage, Jr.	42	**Senior Vice President, Commercial Operations** since October 2006. Senior Vice President and Chief Operating Officer from August 2005 to October 2006 and Vice President of Marketing and Corporate Development of Novavax from January 2004 to August 2005. Prior to joining the Company, Mr. Hage served in several positions including as an independent marketing consultant with CHS, Inc. in 2003, Director of Marketing with Cephalon, Inc. from 2002 to 2003 and for 10 years held various marketing and sales roles at Eli Lilly culminating as Director of U.S. Women's Health from 2001 to 2002.
Thomas Johnston	39	**Vice President, Strategy** of Novavax since April 2008. From March 2007 through August 2008, Mr. Johnston served as independent strategic business consultant for multiple industries including banking, government security and mobile telecommunications. Prior to this, Mr. Johnston served as VP of Emerging Technology for Fleet Bank, and additional roles within Microsoft Corporation and Comcast Corporation.
John Trizzino	50	**Senior Vice President, International and Government Alliances** of the Company since July 2009. Prior to joining the Company, Mr. Trizzino served as Vice President of the vaccine franchise at MedImmune, Inc. from 2006 to 2009, Senior Vice President of business development at ID Biomedical from 2004 to 2006, and served as Vice President within the Henry Schein, Inc. medical division in business development and General Manager of their GIV division from 1997 to 2004.

Availability of Information

Novavax was incorporated in 1987 under the laws of the State of Delaware. Our principal executive offices are located at 9920 Belward Campus Drive, Rockville, Maryland, 20850. Our telephone number is (240) 268-2000 and our website address is *www.novavax.com*. The contents of our website are not part of this Annual Report on Form 10-K.

We make available, free of charge and through our website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to any such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after filed with or furnished to the Securities and Exchange Commission.

Item 1A. Risk Factors

You should carefully consider the following risk factors in evaluating our business. There are a number of risk factors that could cause our actual results to differ materially from those that are indicated by forward-looking statements. Some of the risks described relate principally to our business and the industry in which we operate. Others relate principally to the securities market and ownership of our common stock. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties that we are unaware of, or that we currently deem immaterial, also may become important factors that affect us. If any of the following risks occur, our business, financial condition or results of operations could be materially and adversely affected. You should also consider the other information included in this Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

Risks Related to Our Business

We have a history of losses and our future profitability is uncertain.

Our expenses have exceeded our revenue since our formation in 1987, and our accumulated deficit at December 31, 2009 was $274.2 million. Our revenue for the last three fiscal years from continuing operations was $0.3 million in 2009, $1.1 million in 2008 and $1.5 million in 2007. We have recorded limited revenue from research contracts, licenses and agreements to provide vaccine candidates, services and technologies. We cannot be certain that we will be successful in entering into strategic alliances or collaborative arrangements with other companies that will result in significant revenue to offset our expenses. Our net losses for the last three fiscal years were $38.4 million in 2009, $36.0 million in 2008 and $34.8 million in 2007, including discontinued operations.

Our recent historical losses have predominantly resulted from research and development expenses for our vaccine product candidates, sales and marketing expenses, manufacturing-related expenses, costs related to protection of our intellectual property and for other general operating expenses. Our expenses have exceeded our revenue since inception. We believe our expenses will continue to increase, as a result of higher research and development efforts to support the development of our vaccines, particularly our pandemic and seasonal influenza vaccines.

We expect to continue to incur significant operating expenses and anticipate that our expenses and losses will increase in the foreseeable future as we seek to:

- initiate Phase III and complete Phase II clinical trials for our seasonal influenza vaccine;
- conduct additional pre-clinical studies for VZV and RSV product candidates and begin clinical trials for RSV;
- comply with the FDA's manufacturing facility requirements;
- scale-up our manufacturing process for commercial scale and cost efficiency; and
- maintain, expand and protect our intellectual property portfolio.

As a result, we expect our cumulative operating losses to increase until such time, if ever, that product sales, licensing fees, royalties, milestones, contract research and other sources generate sufficient revenue to fund our continuing operations. We cannot predict when, if ever, we might achieve profitability and cannot be certain that we will be able to sustain profitability, if achieved.

We have limited financial resources and we are not certain that we will be able to maintain our current level of operations or be able to fund the further development of our product candidates.

We do not expect to generate revenue from product sales, licensing fees, royalties, milestones, contract research or other sources in an amount sufficient to fund our operations for the foreseeable future, and we will therefore use our cash resources and expect to require additional funds to maintain our operations, continue our research and development programs, commence future pre-clinical studies and clinical trials, seek regulatory approvals and manufacture and market our products. We will seek such additional funds through public or private equity or debt financings, collaborative licensing and development arrangements, government grants and other sources. While we continue to apply for grants from academic institutions, non-profits and governmental entities, there are no assurances that we would be successful. We cannot be certain that adequate additional funding will be available to us on acceptable terms, if at all. If we cannot raise the additional funds required for our anticipated operations, we may be required to delay significantly, reduce the scope of or eliminate one or more of our research or development programs, downsize our general and administrative infrastructure, or seek alternative measures to avoid insolvency, including arrangements with collaborative partners or others that may require us to relinquish rights to certain of our technologies, product candidates or products. If we raise additional funds through future offerings of shares of our common stock or other securities, such offerings would cause dilution of your percentage ownership in the Company which could be substantial. Future offerings also could have a material and adverse effect on the price of our common stock.

The current capital and credit market conditions may adversely affect our access to capital, cost of capital, and ability to execute our business plan as scheduled.

Access to capital markets is critical to our ability to operate. Traditionally, biopharmaceutical companies have funded their research and development expenditures through raising capital in the equity markets. Declines and uncertainties in these markets in the past have severely restricted raising new capital and have affected companies' ability to continue to expand or fund existing research and development efforts. We require significant capital for research and development for our product candidates and clinical trials. The general economic and capital market conditions, both in the United States and worldwide, have been extremely volatile over the past eighteen months and have adversely affected our access to capital and increased the cost of capital, and any recovery will likely be very slow. There is no certainty that the capital and credit markets will recover to the point where we could raise additional capital on terms similar to the terms that companies raised capital prior to the deterioration. If these economic conditions continue or become worse, our future cost of equity or debt capital and access to the capital markets could be adversely affected. In addition, our inability to access the capital markets on favorable terms due to our low stock price, or upon a potential delisting from the NASDAQ Global Market if we fail to satisfy a listing requirement, could affect our ability to execute our business plan as scheduled. Moreover, we rely and intend to rely on third-parties, including our clinical research organizations, third-party manufacturers and certain other important vendors and consultants. As a result of the global economic situation, there may be a disruption or delay in the performance of our third-party contractors and suppliers. If such third-parties are unable to adequately satisfy their contractual commitments to us in a timely manner, our business could be adversely affected.

We may not be able to win government, academic institution or non-profit grants.

From time to time, we may apply for grants from academic institutions, government agencies and non-profit entities and, most recently, we responded to the United States Government RFP solicitation number HHS BARDA-09-32 for a contract award for the advanced development of recombinant influenza vaccines. Such grants or contracts can be highly attractive because they provide capital to fund the ongoing development of our technologies and product candidates without diluting our stockholders. However, there is often significant competition for these grants. Grantors may have requirements to apply for or to otherwise be eligible to receive certain grants that our competitors may be able to satisfy that we cannot. In addition, grantors may make arbitrary decisions as to whether to make grants, to whom the grants will be awarded and the size of the grants to each awardee. Even if we are able to satisfy the award requirements, there is no guarantee that we will be a successful awardee. Therefore, we may not be able to win any grants, including BARDA in a timely manner, if at all, which could delay the start of our Phase III program in seasonal influenza.

A portion of our investments are auction rate securities which present potential liquidity concerns.

As of December 31, 2009, we had $5.1 million invested in three auction rate securities, which were classified as short-term investments available-for-sale and carried at their estimated fair value of $4.2 million. Auction rate securities are long-term debt instruments that provide liquidity through a competitive bidding process known as a "Dutch Auction" that resets the applicable interest rates at pre-determined calendar intervals. Although two auction rate securities were redeemed during the year ended December 31, 2009, as a result of the issues that presently exist in the credit markets, we may be unable to liquidate some or all of our remaining auction rate securities when we are in need of the cash to fund operations at prices that are acceptable to us. Even if we are able to liquidate the investments, the sales may be at a loss. In addition, given the complexity of auction rate securities and their valuations, our estimates of their fair value may differ from the actual amount we would be able to collect in the ultimate sale. It is uncertain as to when the liquidity issues relating to these investments will improve.

Our collaborations with regional partners, such as Cadila and Avimex, expose us to additional risks associated with doing business outside the United States, and any adverse event could have a material negative impact on our operations.

We have formed a joint venture with Cadila in India and have entered into other agreements and arrangements with companies in other countries. We plan to continue to enter into collaborations or partnerships with companies, non-profit organizations and local governments in other parts of the world. Risks of conducting business outside the United States include:

- multiple regulatory requirements could affect the ability to develop, manufacture and sell products in such local markets;
- compliance with anti-bribery laws such as the United States Foreign Corrupt Practices Act and similar anti-bribery laws in other jurisdictions;
- trade protections measures and import and export licensing requirements;
- different labor regulations;
- changes in environmental, health and safety laws;
- exchange rates;
- potentially negative consequences from changes in or interpretations of tax laws;
- political instability and actual or anticipated military or potential conflicts;
- economic instability, inflation, recession and interest rate fluctuations;
- minimal or diminished protection of intellectual property in some countries; and
- possible nationalization and expropriation.

These risks, individually or in the aggregate, could have a material adverse effect on our business, financial conditions, results of operations and cash flows.

Our strategy to enter into regional relationships may hinder our ability to engage in a larger transaction.

We have entered into regional collaborations to develop our product candidates in certain parts of the world. Our relationships with Cadila and Avimex are examples of this strategy. We expect that many of these relationships will involve the licensing of our technology to our partner or entering into a distribution agreement, frequently on an exclusive basis. Generally, these exclusive agreements are restricted to certain territories. Because we have entered into exclusive license and distribution agreements, larger companies may not be interested, or able, to enter into collaborations with us on a worldwide scale. Also, these regional relationships may make us an unattractive target for an acquisition.

We are a biopharmaceutical company and face significant risk in developing, manufacturing and commercializing our products.

We focus our research and development activities on vaccines, an area in which we have particular strengths and a technology that appears promising. The outcome of any research and development program is highly uncertain. Only a small fraction of biopharmaceutical development programs ultimately result in commercial products or even product candidates and a number of events could delay our development efforts and negatively impact our ability to obtain regulatory approval for, and to manufacture, market and sell, a product candidate. Product candidates that initially appear promising often fail to yield successful products. In many cases, pre-clinical or clinical studies will show that a product candidate is not efficacious or that it raises safety concerns or has other side effects that outweigh its intended benefit. Success in pre-clinical or early clinical trials may not translate into success in large-scale clinical trials. Further, success in clinical trials will likely lead to increased investment, accelerating cumulative losses, to bring such products to market. Even if clinical trial results are positive, we may face challenges when scaling-up the manufacturing process to commercial levels. Even after a product is approved and launched, general usage or post-marketing studies may identify safety or other previously unknown problems with the product, which may result in regulatory approvals being suspended, limited to narrow indications or revoked, which may otherwise prevent successful commercialization. Intense competition in the vaccine industry could also limit the successful commercialization of our products.

Many of our competitors have significantly greater resources and experience, which may negatively impact our commercial opportunities and those of our current and future licensees.

The biotechnology and pharmaceutical industries are subject to intense competition and rapid and significant technological change. We have many potential competitors, including major drug and chemical companies, specialized biotechnology firms, academic institutions, government agencies and private and public research institutions. Many of our competitors have significantly greater financial and technical resources, experience and expertise in:

- research and development;
- pre-clinical testing;
- designing and implementing clinical trials;
- regulatory processes and approvals;
- production and manufacturing; and
- sales and marketing of approved products.

Principal competitive factors in our industry include:

- the quality and breadth of an organization's technology;
- management of the organization and the execution of the organization's strategy;
- the skill and experience of an organization's employees and its ability to recruit and retain skilled and experienced employees;
- an organization's intellectual property portfolio;
- the range of capabilities, from target identification and validation to drug discovery and development to manufacturing and marketing; and
- the availability of substantial capital resources to fund discovery, development and commercialization activities.

Large and established companies such as Merck & Co., Inc., GlaxoSmithKline PLC, Novartis, Inc., sanofi pasteur, Inc. and MedImmune Inc. (a subsidiary of Astra-Zeneca, Inc.), among others, compete in the vaccine market. In particular, these companies have greater experience and expertise in securing government

contracts and grants to support their research and development efforts, conducting testing and clinical trials, obtaining regulatory approvals to market products, and manufacturing such products on a broad scale and marketing approved products.

There are many seasonal influenza vaccines currently approved and marketed. Competition in the sale of these seasonal influenza vaccines is intense. Therefore, newly developed and approved products must be differentiated from existing vaccines in order to have commercial success. In order to show differentiation in the seasonal influenza space, a product must be more efficacious, particularly in the elderly population, and/or be less expensive and quicker to manufacture. Many of our competitors are working on new products and new generations of current products, often by adding an adjuvant that is used to increase the efficacy of the current product, each of which is intended to be more efficacious than products currently being marketed. Our seasonal influenza product may not prove to be more efficacious than current products or products under development by our competitors. Further, our manufacturing system may not provide enough savings of time or money to provide the required differentiation for commercial success.

Smaller or early-stage companies and research institutions may also prove to be significant competitors, particularly through collaborative arrangements with large and established pharmaceutical or other companies. As these companies develop their technologies, they may develop proprietary positions, which may prevent or limit our product development and commercialization efforts. We will also face competition from these parties in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and subject registration for clinical trials, and in acquiring and in-licensing technologies and products complementary to our programs or potentially advantageous to our business. If any of our competitors succeed in obtaining approval from the FDA or other regulatory authorities for their products sooner than we do or for products that are more effective or less costly than ours, our commercial opportunity could be significantly reduced.

In order to effectively compete, we will have to make substantial investments in development, testing, manufacturing and sales and marketing or partner with one or more established companies. There is no assurance that we will be successful in gaining significant market share for any product or product candidate. Our technologies and products also may be rendered obsolete or non-competitive as a result of products introduced by our competitors to the marketplace more rapidly and at a lower cost.

If we lose or are unable to attract key management or other personnel, we may experience delays in product development.

We depend on our senior executive officers, as well as key scientific and other personnel. The loss of these individuals could harm our business and significantly delay or prevent the achievement of research, development or business objectives. Employment with our Chief Medical Officer and Vice President of Manufacturing ended in November 2009 and January 2010, respectively. While we are searching for replacements, we may not be able to attract qualified individuals on terms acceptable to us. We appointed John J. Trizzino as Senior Vice President, International and Government Alliances, in July 2009. Our Chief Financial Officer, Frederick Driscoll, assumed this responsibility in August 2009. In February 2010 Stanley Erck was appointed Executive Chairman of the Board. This lack of management continuity, the resulting lack of long-term history with our Company and the learning curve that executives experience when they join our management team, could result in operational and administrative inefficiencies and added costs. If we were to experience additional turnover at the executive level, these risks would be exacerbated.

We may not be able to attract qualified individuals for other key management or other personnel positions on terms acceptable to us. Competition for qualified employees is intense among pharmaceutical and biotechnology companies, and the loss of qualified employees, or an inability to attract, retain and motivate additional highly skilled employees required for the expansion of our activities, could hinder our ability to complete human studies successfully and develop marketable products.

We also rely from time-to-time on outside advisors who assist us in formulating our research and development and clinical strategy. We may not be able to attract and retain these individuals on acceptable terms, which could have a material adverse effect on our business, financial condition and results of operations.

We do not currently have a majority of independent directors and are, therefore, not in compliance with NASDAQ's listing requirements.

Because two independent directors resigned in 2009 and Mr. Stanley Erck was appointed Executive Chairman on February 15, 2010 rendering him no longer independent, the majority of our Board of Directors is no longer independent. After disclosing this fact to NASDAQ as required, we received a notice from NASDAQ confirming that we are no longer in compliance with the NASDAQ requirements set forth in Listing Rule 5605(b)(1), which requires that the Company's Board of Directors be comprised of a majority of independent directors. We have 45 days to submit a plan to NASDAQ to regain compliance. The notification has no immediate effect on the listing of Novavax's common stock on The NASDAQ Global Market. The Company's common stock continues to trade on the NASDAQ Global Market under the symbol NVAX.

Over recent months, the Nominating and Corporate Governance Committee of Novavax's Board of Directors has been identifying, evaluating and recruiting potential candidates for election to the Board of Directors. Novavax expects to elect two independent directors and thus cure this non-compliance before its 2010 Annual Meeting of Stockholders. We may not be able to attract and recruit qualified individuals to serves as directors. Certain qualified individuals may demand more compensation than we are willing to pay and we may not have two new independent directors on a timely basis. If we are unable to add two new independent directors and we do not receive an extension of time from the NASDAQ, our listing on The NASDAQ Global Market may be affected.

We may have product liability exposure.

The administration of drugs to humans, whether in clinical trials or after marketing clearances are obtained, can result in product liability claims. We maintain product liability insurance coverage in the total amount of $20 million aggregate for all claims arising from the use of products in clinical trials prior to FDA approval. Coverage is relatively expensive, and the market pricing can significantly fluctuate. Therefore, we may not be able to maintain insurance at a reasonable cost. There can be no assurance that we will be able to maintain our existing insurance coverage or obtain coverage for the use of our other products in the future. This insurance coverage and our resources may not be sufficient to satisfy all liabilities resulting from product liability claims. A successful claim may prevent us from obtaining adequate product liability insurance in the future on commercially desirable items, if at all. Even if a claim is not successful, defending such a claim would be time-consuming and expensive, may damage our reputation in the marketplace, and would likely divert management's attention.

Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for our products;
- impairment of our business reputation;
- withdrawal of clinical trial participants;
- costs of related litigation;
- substantial monetary awards to subjects or other claimants;
- loss of revenue; and
- inability to commercialize our product candidates.

There are outstanding loans owed by certain of our former directors which may not be repaid.

Two of our former directors have outstanding notes due to the Company. The notes were initially delivered by the former directors to us in March 2002 as payment of the exercise price of options. As security, the former directors pledged shares of our common stock as collateral. As of December 31, 2009, the outstanding principal and interest for these two notes was $2.0 million. Both notes are currently in default.

We are uncertain about the collectability of these notes. At our current market prices, we do not expect to recover the full amount outstanding under either note upon a sale of pledged shares alone. We continue to actively work to collect the amounts outstanding and reserve our rights to seek legal remedies currently available to us. There are no assurances that the former directors will be able to repay the notes in full.

Raising additional capital by issuing securities or through collaboration and licensing arrangements may cause dilution to existing stockholders or require us to relinquish rights to our technologies or product candidates.

If we are unable to partner with a third-party to advance the development of one or more of our vaccine candidates, we will need to raise money through additional debt or equity financings. To the extent that we raise additional capital by issuing equity securities, our stockholders will experience immediate dilution which may be significant. To the extent that we raise additional capital through licensing arrangements or arrangements with collaborative partners, we may be required to relinquish, on terms that may not be favorable to us, rights to some of our technologies or product candidates that we would otherwise seek to develop or commercialize ourselves. In addition, current economic conditions may also negatively affect the desire or ability of potential collaborators to enter into transactions with us. They may also have to delay or cancel research and development projects or reduce their overall budgets.

Product Development Risks

Because our vaccine product development efforts depend on new and rapidly evolving technologies, we cannot be certain that our efforts will be successful.

Our vaccine work depends on new, rapidly evolving technologies and on the marketability and profitability of our products. Commercialization of our vaccine products could fail for a variety of reasons, and include the possibility that:

- our VLP technology, any or all of the products based on VLP technology or our proprietary manufacturing process will be ineffective or unsafe, or otherwise fail to receive necessary regulatory clearances or commercial viability;
- we are unable to scale-up our manufacturing capabilities in a cost effective manner;
- the products, if safe and effective, will be difficult to manufacture on a large-scale or uneconomical to market;
- our pilot plant manufacturing facility will fail to continue to pass regulatory inspections;
- proprietary rights of third-parties will prevent us or our collaborators from exploiting technologies, manufacturing or marketing products; and
- third-party competitors will gain greater market share due to superior products or marketing capabilities.

We have not completed the development of vaccine products and we may not succeed in obtaining the FDA approval necessary to sell additional products.

The development, manufacture and marketing of our pharmaceutical and biological products are subject to government regulation in the United States and other countries. In the United States and most foreign countries, we must complete rigorous pre-clinical testing and extensive human clinical trials that demonstrate the safety and efficacy of a product in order to apply for regulatory approval to market the product. None of our vaccine products have yet gained regulatory approval in the United States or elsewhere. We also have product candidates in human clinical trials and pre-clinical laboratory or animal studies.

The steps required by the FDA before our proposed investigational products may be marketed in the United States include:

- performance of pre-clinical (animal and laboratory) tests;
- submissions to the FDA of an IND which must become effective before human clinical trials may commence;
- performance of adequate and well-controlled human clinical trials to establish the safety and efficacy of the investigational product in the intended target population;
- performance of a consistent and reproducible manufacturing process intended for commercial use, including appropriate manufacturing data and regulatory inspections;

- submission to the FDA of a BLA or a NDA; and
- FDA approval of the BLA or NDA before any commercial sale or shipment of the product.

The processes are expensive and can take many years to complete, and we may not be able to demonstrate the safety and efficacy of our products to the satisfaction of regulatory authorities. The start of clinical trials can be delayed or take longer than anticipated for many and varied reasons, many of which are out of our control. Safety concerns may emerge that could lengthen the ongoing trials or require additional trials to be conducted. Regulatory authorities may also require additional testing, and we may be required to demonstrate that our proposed products represent an improved form of treatment over existing therapies, which we may be unable to do without conducting further clinical studies. Moreover, if the FDA or foreign regulatory body grants regulatory approval of a product, the approval may be limited to specific indications or limited with respect to its distribution. Expanded or additional indications for approved products may not be approved, which could limit our revenue. Foreign regulatory authorities may apply similar limitations or may refuse to grant any approval. Consequently, even if we believe that pre-clinical and clinical data are sufficient to support regulatory approval for our product candidates, the FDA and foreign regulatory authorities may not ultimately grant approval for commercial sale in any jurisdiction. If our vaccine candidates are not approved, our ability to generate revenue will be limited and our business will be adversely affected.

If we are unable to manufacture our vaccines in sufficient quantities, at sufficient yields or are unable to obtain regulatory approvals for a manufacturing facility for our vaccines, we may experience delays in product development, clinical trials, regulatory approval and commercial distribution.

Completion of our clinical trials and commercialization of our vaccine product candidates require access to, or development of, facilities to manufacture our product candidates at sufficient yields and at commercial scale. We have limited experience manufacturing any of our product candidates in the volumes that will be necessary to support large-scale clinical trials or commercial sales. Efforts to establish capabilities may not meet initial expectations as to scheduling, scale-up, reproducibility, yield, purity, cost, potency or quality.

If we are unable to manufacture our product candidates in clinical quantities or, when necessary, in commercial quantities and at sufficient yields, then we must rely on third-parties. Other third-party manufacturers must also receive FDA approval before they can produce clinical material or commercial products. Our vaccines may be in competition with other products for access to these facilities and may be subject to delays in manufacture if third-parties give other products greater priority. We may not be able to enter into any necessary third-party manufacturing arrangements on acceptable terms, or on a timely basis. In addition, we have to enter into technical transfer agreements and share our know-how with the third-party manufacturers, which can be time-consuming and may result in delays.

Influenza vaccines are intensely seasonal in nature. If a vaccine is not available early enough in the influenza season, we would likely have difficulty selling the vaccine. Further, pandemic outbreaks present only short-term opportunities for the Company. There is no way to predict when there will be a pandemic outbreak, the strain of the influenza or how long the pandemic will last. For these reasons, any delay in the delivery of an influenza vaccine could result in lower sales volumes, lower sale prices, or no sales. Because the strain of the seasonal influenza changes annually, inventory of seasonal vaccine cannot be sold during a subsequent influenza season. Any delay in the manufacture of our influenza vaccines could adversely affect our ability to sell the vaccines.

Our reliance on contract manufacturers may adversely affect our operations or result in unforeseen delays or other problems beyond our control. Because of contractual restraints and the limited number of third-party manufacturers with the expertise, required regulatory approvals and facilities to manufacture our bulk vaccines on a commercial scale, replacement of a manufacturer may be expensive and time-consuming and may cause interruptions in the production of our vaccine. A third-party manufacturer may also encounter difficulties in production. These problems may include:

- difficulties with production costs, scale-up and yields;
- availability of raw materials and supplies;
- quality control and assurance;

- shortages of qualified personnel;
- compliance with strictly enforced federal, state and foreign regulations that vary in each country where product might be sold; and
- lack of capital funding.

As a result, any delay or interruption could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We must identify products and product candidates for development with our VLP technology and establish successful third-party relationships.

The near and long-term viability of our vaccine product candidates will depend in part on our ability to successfully establish new strategic collaborations with pharmaceutical and biotechnology companies, non-profit organizations and government agencies. Establishing strategic collaborations and obtaining government funding is difficult and time-consuming. Potential collaborators may reject collaborations based upon their assessment of our financial, regulatory or intellectual property position or based on their internal pipeline; government agencies may reject contract or grant applications based on their assessment of public need, the public interest, our products' ability to address these areas, or other reasons beyond our expectations or control. If we fail to establish a sufficient number of collaborations or government relationships on acceptable terms, we may not be able to commercialize our vaccine product candidates or generate sufficient revenue to fund further research and development efforts.

Even if we establish new collaborations or obtain government funding, these relationships may never result in the successful development or commercialization of any vaccine product candidates for several reasons, including the fact that:

- we may not have the ability to control the activities of our partner and cannot provide assurance that they will fulfill their obligations to us, including with respect to the license, development and commercialization of products and product candidates, in a timely manner or at all;
- such partners may not devote sufficient resources to our products and product candidates or properly maintain or defend our intellectual property rights;
- any failure on the part of our partners to perform or satisfy their obligations to us could lead to delays in the development or commercialization of our products and product candidates, and affect our ability to realize product revenue; and
- disagreements, including disputes over the ownership of technology developed with such collaborators, could result in litigation, which would be time-consuming and expensive, and may delay or terminate research and development efforts, regulatory approvals, and commercialization activities.

Our collaborators will be subject to the same regulatory approval of the manufacturing facility and process as Novavax. Before we could begin commercial manufacturing of any of our product candidates, we and our collaborators must pass a pre-approval inspection before FDA approval and comply with the FDA's cGMP. If our collaborators fail to comply with these requirements, our product candidates would not be approved. If our collaborators fail to comply with these requirements after approval, we would be subject to possible regulatory action and may be limited in the jurisdictions in which we are permitted to sell our products.

If we or our partners fail to maintain our existing agreements or in the event we fail to establish agreements as necessary, we could be required to undertake research, development manufacturing and commercialization activities solely at our own expense. These activities would significantly increase our capital requirements and, given our lack of sales, marketing and distribution capabilities, significantly delay the commercialization of products and product candidates.

Because we depend on third-parties to conduct some of our laboratory testing, human studies, and manufacturing, we may encounter delays in or lose some control over our efforts to develop products.

We are dependent on third-party research organizations to conduct some of our laboratory testing, human studies and manufacturing activities. If we are unable to obtain any necessary services on acceptable terms, we may not complete our product development efforts in a timely manner. We may lose some control over these activities and become too dependent upon these parties. These third-parties may not complete testing or manufacturing activities on schedule, within budget, or when we request. We may not be able to secure and maintain suitable research organizations to conduct our laboratory testing, human studies and manufacturing activities. We have not manufactured any of our product candidates at a commercial level and may need to identify additional third-party manufacturers to scale-up and manufacture our products.

We are responsible for confirming that each of our clinical trials is conducted in accordance with its general investigational plan and protocol. Moreover, the FDA and foreign regulatory agencies require us to comply with regulations and standards, commonly referred to as good clinical practices, for conducting, recording and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the trial participants are adequately protected. The FDA and foreign regulatory agencies also require us to comply with good manufacturing practices. Our reliance on third-parties does not relieve us of these responsibilities and requirements. If these third-parties do not successfully carry out their contractual duties or regulatory obligations or meet expected deadlines, if the third-parties need to be replaced or if the quality or accuracy of the data they obtain is compromised or the product they manufacture is contaminated due to the failure to adhere to our clinical and manufacturing protocols or regulatory requirements or for other reasons, our pre-clinical development activities of clinical trials may be extended, delayed, suspended or terminated, and we may not be able to obtain regulatory approval of, or commercially manufacture, our product candidates.

Our collaborations may not be profitable.

We have entered into a co-marketing agreement with GEHC for a pandemic influenza vaccine solution for select international countries. The collaboration incorporates GEHC's bioprocess solutions and design expertise with Novavax's VLP manufacturing platform. We have formed a joint venture with Cadila in India. In connection with this joint venture, we agreed to a Master Services Agreement under which we will purchase $7.5 million of services from Cadila or pay Cadila all or a portion of the shortfall before March 2012. We cannot predict when, if at all, these relationships will lead to approved products, sales, or otherwise provide revenue to the Company or become profitable.

Even though we have received governmental support in the past, we may not continue to receive support at the same level or at all.

The United States government, through its various agencies, has provided grants to fund certain research and development efforts. There can be no assurances that we will continue to receive the same level of funding from the United States government, if at all. For example, the grants awarded to the Company to conduct research related to HIV and SARS have expired and have not been renewed. We have responded to the United States government (HHS BARDA) RFP for advanced development of recombinant influenza vaccines. However, for various reasons, including public need, program requirements, timing and other factors beyond our control, we may not receive any funds under any government programs.

We have limited marketing capabilities, and if we are unable to enter into collaborations with marketing partners or develop our own sales and marketing capability, we may not be successful in commercializing any approved products.

We currently have no sales, marketing or distribution capabilities. As a result, we will depend on collaborations with third-parties that have established distribution systems and sales forces. To the extent that we enter into co-promotion or other licensing arrangements, our revenue will depend upon the efforts of third-parties, over which we may have little or no control. If we are unable to reach and maintain agreements with one or more pharmaceutical companies or collaborators, we may be required to market our products directly.

Developing a marketing and sales force is expensive and time-consuming and could delay a product launch. We cannot be certain that we will be able to attract and retain qualified sales personnel or otherwise develop this capability.

Our product candidates may never achieve market acceptance even if we obtain regulatory approvals.

Even if we receive regulatory approvals for the commercial sale of our product candidates, the commercial success of these product candidates will depend on, among other things, their acceptance by physicians, patients, third-party payers such as health insurance companies and other members of the medical community as a vaccine and cost-effective alternative to competing products. If our product candidates fail to gain market acceptance, we may be unable to earn sufficient revenue to continue our business. Market acceptance of, and demand for, any product that we may develop and commercialize will depend on many factors, including:

- our ability to provide acceptable evidence of safety and efficacy;
- the prevalence and severity of adverse side effects;
- whether our vaccines are differentiated from other vaccines based on immunogenicity;
- availability, relative cost and relative efficacy of alternative and competing treatments;
- the effectiveness of our marketing and distribution strategy;
- publicity concerning our products or competing products and treatments; and
- our ability to obtain sufficient third-party insurance coverage or reimbursement.

In particular, there are significant challenges to market acceptance for seasonal influenza vaccines. For our seasonal vaccine to be accepted, we must demonstrate differentiation from other seasonal vaccines that are currently approved and marketed. This can mean that the vaccine is more effective in certain populations, such as the elderly, or cheaper and quicker to produce. While we are currently conducting Phase II trials in the elderly, we have not yet received any data and there are no assurances that our vaccine will be more efficacious than other vaccines.

If our product candidates do not become widely accepted by physicians, patients, third-party payers and other members of the medical community, our business, financial condition and results of operations would be materially and adversely affected.

If reforms in the health care industry make reimbursement for our potential products less likely, the market for our potential products will be reduced, and we could lose potential sources of revenue.

Our success may depend, in part, on the extent to which reimbursement for the costs of vaccines will be available from third-party payers such as government health administration authorities, private health insurers, managed care programs and other organizations. Over the past decade, the cost of health care has risen significantly, and there have been numerous proposals by legislators, regulators and third-party health care payers to curb these costs. Some of these proposals have involved limitations on the amount of reimbursement for certain products. Similar federal or state health care legislation may be adopted in the future and any products that we or our collaborators seek to commercialize may not be considered cost-effective. Adequate third-party insurance coverage may not be available for us to establish and maintain price levels that are sufficient for realization of an appropriate return on our investment in product development. Moreover, the existence or threat of cost control measures could cause our corporate collaborators to be less willing or able to pursue research and development programs related to our product candidates.

Regulatory Risks

We may fail to obtain regulatory approval for our products on a timely basis or comply with our continuing regulatory obligations after approval is obtained.

Delays in obtaining regulatory approval can be extremely costly in terms of lost sales opportunities, losing any potential marketing advantage of being early to market and increased trial costs. The speed with which we begin and complete our pre-clinical trials necessary to begin human studies, human clinical trials and our applications for marketing approval will depend on several factors, including the following:

- our ability to manufacture or obtain sufficient quantities of materials for use in necessary pre-clinical studies and clinical trials;
- prior regulatory agency review and approval;
- Institutional Review Board approval of the protocol and the informed consent form;
- the rate of subject or patient enrollment and retention, which is a function of many factors, including the size of the subject or patient population, the proximity of subjects and patients to clinical sites, the eligibility criteria for the study and the nature of the protocol;
- negative test results or side effects experienced by trial participants;
- analysis of data obtained from pre-clinical and clinical activities, which are susceptible to varying interpretations and which interpretations could delay, limit or prevent further studies or regulatory approval;
- the availability of skilled and experienced staff to conduct and monitor clinical studies and to prepare the appropriate regulatory applications; and
- changes in the policies of regulatory authorities for drug or vaccine approval during the period of product development.

We have limited experience in conducting and managing the pre-clinical studies and clinical trials necessary to obtain regulatory marketing approvals. We may not be permitted to continue or commence additional clinical trials. We also face the risk that the results of our clinical trials may be inconsistent with the results obtained in pre-clinical studies or clinical trials of similar products, or that the results obtained in later phases of clinical trials may be inconsistent with those obtained in earlier phases. A number of companies in the biopharmaceutical and product development industry have suffered significant setbacks in advanced clinical trials, even after experiencing promising results in early animal and human testing.

Regulatory agencies may require us or our collaborators to delay, restrict or discontinue clinical trials on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk. In addition, we or our collaborators may be unable to submit applications to regulatory agencies within the time frame we currently expect. Once submitted, applications must be approved by various regulatory agencies before we or our collaborators can commercialize the product described in the application. All statutes and regulations governing the conduct of clinical trials are subject to change in the future, which could affect the cost of such clinical trials. Any unanticipated costs or delays in our clinical studies could delay our ability to generate revenue and harm our financial condition and results of operations.

Failure to obtain regulatory approval in foreign jurisdictions would prevent us from marketing our products internationally.

We intend to have our product candidates marketed outside the United States. In furtherance of this objective, we have entered into relationships with Cadila in India and Avimex in Mexico. In order to market our products in the European Union, Mexico, India, Asia and many other non-United States jurisdictions, we must obtain separate regulatory approvals and comply with numerous and varying regulatory requirements. To date, we have filed for marketing approval for our 2009 H1N1 vaccine candidate in Mexico but may not receive the approval necessary to commercialize our vaccine candidate in Mexico or any market or may receive approval only after the commercial opportunity has passed. The approval procedure varies among countries and can involve additional testing and data review. The time required to obtain foreign regulatory

approval may differ from that required to obtain FDA approval. The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval. We may not obtain foreign regulatory approvals on a timely basis, if at all. Approval by a regulatory agency, such as the FDA, does not ensure approval by any other regulatory agencies, for example in other foreign countries. However, a failure or delay in obtaining regulatory approval in one jurisdiction may have a negative effect on the regulatory approval process in other jurisdictions, including approval by the FDA. The failure to obtain regulatory approval in foreign jurisdictions could harm our business.

Even if regulatory approval is received for our product candidates, the later discovery of previously unknown problems with a product, manufacturer or facility may result in restrictions, including withdrawal of the product from the market.

Even if a product gains regulatory approval, such approval is likely to limit the indicated uses for which it may be marketed, and the product and the manufacturer of the product will be subject to continuing regulatory review, including adverse event reporting requirements and the FDA's general prohibition against promoting products for unapproved uses. Failure to comply with any post-approval requirements can, among other things, result in warning letters, product seizures, recalls, substantial fines, injunctions, suspensions or revocations of marketing licenses, operating restrictions and criminal prosecutions. Any of these enforcement actions, any unanticipated changes in existing regulatory requirements or the adoption of new requirements, or any safety issues that arise with any approved products, could adversely affect our ability to market products and generate revenue and thus adversely affect our ability to continue our business.

We also may be restricted or prohibited from marketing or manufacturing a product, even after obtaining product approval, if previously unknown problems with the product or its manufacture are subsequently discovered and we cannot provide assurance that newly discovered or developed safety issues will not arise following any regulatory approval. With the use of any vaccine by a wide patient population, serious adverse events may occur from time to time that initially do not appear to relate to the vaccine itself, and only if the specific event occurs with some regularity over a period of time does the vaccine become suspect as having a causal relationship to the adverse event. Any safety issues could cause us to suspend or cease marketing of our approved products, possibly subject us to substantial liabilities, and adversely affect our ability to generate revenue and our financial condition.

Because we are subject to environmental, health and safety laws, we may be unable to conduct our business in the most advantageous manner.

We are subject to various laws and regulations relating to safe working conditions, laboratory and manufacturing practices, the experimental use of animals, emissions and wastewater discharges, and the use and disposal of hazardous or potentially hazardous substances used in connection with our research, including infectious disease agents. We also cannot accurately predict the extent of regulations that might result from any future legislative or administrative action. Any of these laws or regulations could cause us to incur additional expense or restrict our operations.

Our facility in Maryland is subject to various local, state and federal laws and regulations relating to safe working conditions, laboratory and manufacturing practices, the experimental use of animals and the use and disposal of hazardous or potentially hazardous substances, including chemicals, microorganisms and various hazardous compounds used in connection with our research and development activities. In the United States, these laws include the Occupational Safety and Health Act, the Toxic Test Substances Control Act and the Resource Conservation and Recovery Act. We cannot eliminate the risk of accidental contamination or discharge or injury from these materials. Federal, state, and local laws and regulations govern the use, manufacture, storage, handling and disposal of these materials. We could be subject to civil damages in the event of an improper or unauthorized release of, or exposure of individuals to, these hazardous materials. In addition, claimants may sue us for injury or contamination that results from our use or the use by third-parties of these materials, and our liability may exceed our total assets. Compliance with environmental laws and regulations may be expensive, and current or future environmental regulations may impair our research, development or production efforts.

Although we have general liability insurance, these policies contain exclusions from insurance against claims arising from pollution from chemical or pollution from conditions arising from our operations. Our collaborators are working with these types of hazardous materials in connection with our collaborations. In the event of a lawsuit or investigation, we could be held responsible for any injury we or our collaborators cause to persons or property by exposure to, or release of, any hazardous materials. However, we believe that we are currently in compliance with all applicable environmental and occupational health and safety regulations.

Intellectual Property Risks

Our success depends on our ability to maintain the proprietary nature of our technology.

Our success in large part depends on our ability to maintain the proprietary nature of our technology and other trade secrets. To do so, we must prosecute and maintain existing patents, obtain new patents and pursue trade secret and other intellectual property protection. We also must operate without infringing the proprietary rights of third-parties or allowing third-parties to infringe our rights. We currently have or have rights to over 99 United States patents and corresponding foreign patents and patent applications covering our technologies. However, patent issues relating to pharmaceuticals and biologics involve complex legal, scientific and factual questions. To date, no consistent policy has emerged regarding the breadth of biotechnology patent claims that are granted by the United States Patent and Trademark Office or enforced by the federal courts. Therefore, we do not know whether our patent applications will result in the issuance of patents, or that any patents issued to us will provide us with any competitive advantage. We also cannot be sure that we will develop additional proprietary products that are patentable. Furthermore, there is a risk that others will independently develop or duplicate similar technology or products or circumvent the patents issued to us.

There is a risk that third-parties may challenge our existing patents or claim that we are infringing their patents or proprietary rights. We could incur substantial costs in defending patent infringement suits or in filing suits against others to have their patents declared invalid or claim infringement. It is also possible that we may be required to obtain licenses from third-parties to avoid infringing third-party patents or other proprietary rights. We cannot be sure that such third-party licenses would be available to us on acceptable terms, if at all. If we are unable to obtain required third-party licenses, we may be delayed in or prohibited from developing, manufacturing or selling products requiring such licenses.

Although our patent filings include claims covering various features of our products and product candidates, including composition, methods of manufacture and use, our patents do not provide us with complete protection against the development of competing products. Some of our know-how and technology is not patentable. To protect our proprietary rights in unpatentable intellectual property and trade secrets, we require employees, consultants, advisors and collaborators to enter into confidentiality agreements. These agreements may not provide meaningful protection for our trade secrets, know-how or other proprietary information.

If we infringe or are alleged to infringe the intellectual property rights of third-parties, it will adversely affect our business, financial condition and results of operations.

Our research, development and commercialization activities, including any product candidates or products resulting from these activities, may infringe or be claimed to infringe patents owned by third-parties and to which we do not hold licenses or other rights. There may be rights we are not aware of, including applications that have been filed but not published that, when issued, could be asserted against us. These third-parties could bring claims against us, and that would cause us to incur substantial expenses and, if successful against us, could cause us to pay substantial damages. Further, if a patent infringement suit were brought against us, we could be forced to stop or delay research, development, manufacturing or sales of the product or biologic drug candidate that is the subject of the suit.

As a result of patent infringement claims, or in order to avoid potential claims, we may choose or be required to seek a license from the third-party. These licenses may not be available on acceptable terms, or at all. Even if we are able to obtain a license, the license would likely obligate us to pay license fees or royalties or both, and the rights granted to us might be non-exclusive, which could result in our competitors gaining access to the same intellectual property. Ultimately, we could be prevented from commercializing a product, or be forced to cease some aspect of our business operations, if, as a result of actual or threatened patent

infringement claims, we are unable to enter into licenses on acceptable terms. All of the issues described above could also impact our collaborators, which would also impact the success of the collaboration and therefore us.

There has been substantial litigation and other proceedings regarding patent and other intellectual property rights in the pharmaceutical and biotechnology industries. In addition to infringement claims against us, we may become a party to other patent litigation and other proceedings, including interference proceedings declared by the United States Patent and Trademark Office and opposition proceedings in the European Patent Office, regarding intellectual property rights with respect to our products and technology.

We may become involved in lawsuits to protect or enforce our patents or the patents of our collaborators or licensors, which could be expensive and time-consuming.

Competitors may infringe our patents or the patents of our collaborators or licensors. As a result, we may be required to file infringement claims to counter infringement for unauthorized use. This can be expensive, particularly for a company of our size, and time-consuming. In addition, in an infringement proceeding, a court may decide that a patent of ours is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover its technology. An adverse determination of any litigation or defense proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly and could put our patent applications at the risk of not issuing.

Interference proceedings brought by the United States Patent and Trademark Office may be necessary to determine the priority of inventions with respect to our patent applications or those of our collaborators or licensors. Litigation or interference proceedings may fail and, even if successful, may result in substantial costs and distraction to our management. We may not be able, alone or with our collaborators and licensors, to prevent misappropriation of our proprietary rights, particularly in countries where the laws may not protect such rights as fully as in the United States.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, during the course of this kind of litigation, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If investors perceive these results to be negative, the market price for our common stock could be significantly harmed.

We may need to license intellectual property from third-parties and, if our right to use the intellectual property we license is affected, our ability to develop and commercialize our product candidates may be harmed.

We expect that we will need to license intellectual property from third-parties in the future and that these licenses will be material to our business. We will not own the patents or patent applications that underlie these licenses, and we will not control the enforcement of the patents. We will rely upon our licensors to properly prosecute and file those patent applications and prevent infringement of those patents.

Our license agreement with Wyeth Holdings Corporation, which gives us rights to a family of patent applications covering VLP technology for use in human vaccines in certain fields of use, is non-exclusive. These applications are very significant to our business. Payments since inception, under this agreement, have aggregated $5.1 million as of December 31, 2009. If each milestone is achieved for any particular product candidate, we would be obligated to pay an aggregate of $14 million to Wyeth Holdings for each product candidate developed and commercialized under the agreement. Achievement of each milestone is subject to many risks, including those described in these “Risk Factors.” Annual license maintenance fees under the Wyeth Holdings agreement aggregate $0.3 million per year. Our license with the University of Massachusetts gives us exclusive rights to develop and commercialize vaccines incorporating certain virus-like particles for use in human vaccines.

While many of the licenses under which we have rights provide us with rights in specified fields, the scope of our rights under these and other licenses may be subject to dispute by our licensors or third-parties. In addition, our rights to use these technologies and practice the inventions claimed in the licensed patents and

patent applications are subject to our licensors abiding by the terms of those licenses and not terminating them. Any of our licenses may be terminated by the licensor if we are in breach of a term or condition of the license agreement, or in certain other circumstances.

Our product candidates and potential product candidates will require several components that may each be the subject of a license agreement. The cumulative license fees and royalties for these components may make the commercialization of these product candidates uneconomical.

If patent laws or the interpretation of patent laws change, our competitors may be able to develop and commercialize our discoveries.

Important legal issues remain to be resolved as to the extent and scope of available patent protection for biopharmaceutical products and processes in the United States and other important markets outside the United States, such as Europe and Japan. Foreign markets may not provide the same level of patent protection as provided under the United States patent system. We expect that litigation or administrative proceedings will likely be necessary to determine the validity and scope of certain of our and others' proprietary rights. Any such litigation or proceeding may result in a significant commitment of resources in the future and could force us to do one or more of the following: cease selling or using any of our products that incorporate the challenged intellectual property, which would adversely affect our revenue; obtain a license from the holder of the intellectual property right alleged to have been infringed, which license may not be available on reasonable terms, if at all; and redesign our products to avoid infringing the intellectual property rights of third-parties, which may be time-consuming or impossible to do. In addition, changes in, or different interpretations of, patent laws in the United States and other countries may result in patent laws that allow others to use our discoveries or develop and commercialize our products. We cannot provide assurance that the patents we obtain or the unpatented technology we hold will afford us significant commercial protection.

Risks Related to Our Common Stock and Organizational Structure

Because our stock price has been and will likely continue to be highly volatile, the market price of our common stock may be lower or more volatile than expected.

Our stock price has been highly volatile. The stock market in general and the market for biopharmaceutical companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. From January 1, 2009 through December 31, 2009, the closing price of our common stock has been as low as $0.56 per share and as high as $6.65 per share. The market price of our common stock may be influenced by many factors, including:

- future announcements about our Company or our collaborators or competitors, including the results of testing, technological innovations or new commercial products;
- clinical trial results;
- depletion of our cash reserves;
- sale of equity securities or issuance of additional debt;
- announcement by us of significant strategic partnerships, collaborations, joint ventures, capital commitments or acquisitions;
- changes in government regulations;
- developments in our relationships with our collaboration partners;
- announcements relating to health care reform and reimbursement levels for new vaccines;
- sales of substantial amounts of our stock by existing stockholders (including stock by insiders or 5% stockholders);
- development, spread or new announcements related to pandemic influenza, including H1N1 (swine) influenza;
- litigation;

- public concern as to the safety of our products;
- significant set-backs or concerns with the industry or the market as a whole; and
- the other factors described in this "Risk Factors" section.

The stock market has experienced extreme price and volume fluctuations that have particularly affected the market price for many emerging and biopharmaceutical companies. These fluctuations have often been unrelated to the operating performance of these companies. These broad market fluctuations may cause the market price of our common stock to be lower or more volatile than expected.

We have never paid dividends on our capital stock, and we do not anticipate paying any such dividends in the foreseeable future.

We have never paid cash dividends on our common stock. We currently anticipate that we will retain all of our earnings for use in the development of our business and do not anticipate paying any cash dividends in the foreseeable future. As a result, capital appreciation, if any, of our common stock would be the only source of gain for stockholders until dividends are paid, if at all.

Provisions of our Certificate of Incorporation and By-laws, Delaware law, and our Shareholder Rights Plan could delay or prevent the acquisition of the Company, even if such acquisition would be beneficial to stockholders, and could impede changes in our Board.

Our organizational documents could hamper a third-party's attempt to acquire, or discourage a third-party from attempting to acquire control of, the Company. We have also adopted a shareholder rights plan, or "poison pill," that empowers our Board to delay or negotiate, and thereby possibly thwart, any tender offer or takeover attempt the Board opposes. Stockholders who wish to participate in these transactions may not have the opportunity to do so. These provisions also could limit the price investors are willing to pay in the future for our securities and make it more difficult to change the composition of our Board in any one year. These provisions include the right of the Board to issue preferred stock with rights senior to those of common stock without any further vote or action by stockholders, the existence of a staggered Board with three classes of directors serving staggered three-year terms and advance notice requirements for stockholders to nominate directors and make proposals.

The Company also is afforded the protections of Section 203 of the Delaware General Corporation Law, which will prevent us from engaging in a business combination with a person who acquires at least 15% of our common stock for a period of three years from the date such person acquired such common stock, unless advance board or stockholder approval was obtained.

Any delay or prevention of a change of control transaction or changes in our Board of Director or management could deter potential acquirers or prevent the completion of a transaction in which our stockholders could receive a substantial premium over the then current market price for their shares.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We have current operations in one leased facility. We lease approximately 51,200 square feet in Rockville, Maryland, which serves as our corporate headquarters and includes administrative offices, vaccine research and development, as well as a manufacturing facility. We continue to lease approximately 32,900 square feet of administrative office and research and development space at our former corporate headquarters in Malvern, Pennsylvania, all of which is currently subleased. We believe that our corporate facility in Rockville, Maryland is sufficient for our current needs. We have additional space in our current facility to accommodate our anticipated growth over the next several years.

A summary of our current facilities is set forth below.

Property Location	Approximate Square Footage	
Rockville, MD	51,200	Corporate headquarters and vaccine research and development
Malvern, PA	32,900	Former corporate headquarters and research and development
Total square footage	84,100	
Malvern, PA sublease	(32,900)	
Net square footage	51,200	

Item 3. Legal Proceedings

In March 2010, we instituted collection proceedings against Mr. Mitch Kelly in the state of New York and Mr. Denis O'Donnell in the Commonwealth of Massachusetts. Mr. Kelly and Mr. O'Donnell are former directors of the Company that have outstanding notes due to the Company in the aggregate principal amount of $1,572,000. Both notes are currently in default.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Our common stock trades on The NASDAQ Global Market under the symbol "NVAX". The following table sets forth the range of high and low closing sale prices for our common stock as reported on The NASDAQ Global Market for each quarter in the two most recent years:

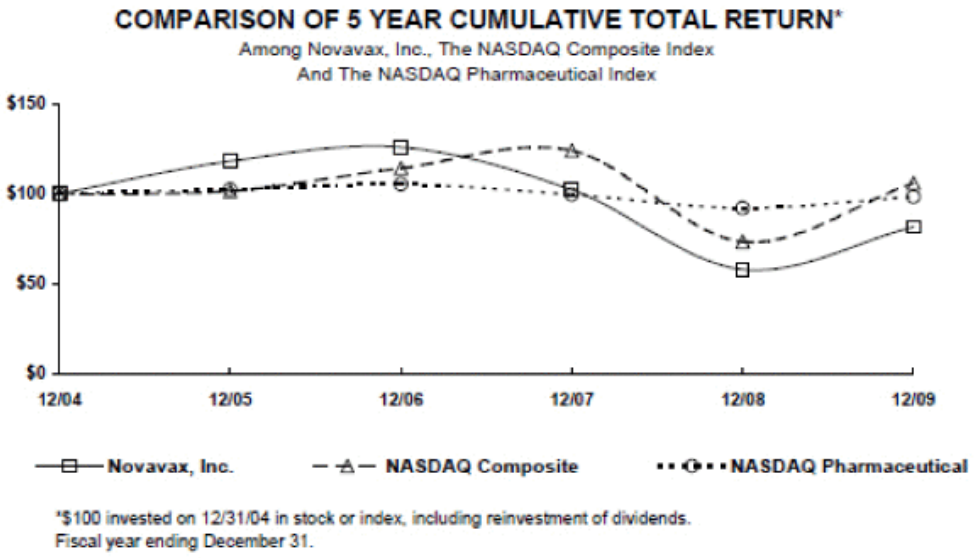
Quarter Ended	High	Low
December 31, 2009	$ 4.41	$ 2.53
September 30, 2009	$ 6.65	$ 2.51
June 30, 2009	$ 3.28	$ 0.76
March 31, 2009	$ 2.04	$ 0.56
December 31, 2008	$ 3.03	$ 1.22
September 30, 2008	$ 3.42	$ 2.05
June 30, 2008	$ 3.10	$ 2.24
March 31, 2008	$ 3.71	$ 2.30

On March 11, 2010, the last sale price reported on The NASDAQ Global Market for our common stock was $2.48. Our common stock was held by approximately 519 stockholders of record as of March 11, 2010, one of which is Cede & Co., a nominee for Depository Trust Company (or DTC). All of the shares of common stock held by brokerage firms, banks and other financial institutions as nominees for beneficial owners are deposited into participant accounts at DTC, and are therefore considered to be held of record by Cede & Co. as one stockholder. We have not paid any cash dividends on our common stock since our inception. We do not anticipate declaring or paying any cash dividends in the foreseeable future.

Securities Authorized for Issuance Under Our Equity Compensation Plans

Information regarding our equity compensation plans, including both stockholder approved plans and non-stockholder approved plans, is included in Item 12 of this Annual Report on Form 10-K.

The graph below compares the cumulative total stockholders return on our common stock for the last five fiscal years with the cumulative total return on the NASDAQ Stock Market (United States and Foreign) Index and the NASDAQ Pharmaceutical Index (which includes Novavax) over the same period, assuming the investment of $100 in our common stock, the NASDAQ Stock Market (United States and Foreign) Index and the NASDAQ Pharmaceutical Index on December 31, 2004, and reinvestments of all dividends.



Value of $100 invested on 12/31/04 in stock or index, including reinvestment of dividends, for fiscal years ended December 31:

	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09
Novavax, Inc.	$ 100	$118.10	$125.77	$102.15	$ 57.98	$ 81.60
NASDAQ Stock Market (United States and Foreign)	$ 100	$101.41	$114.05	$123.94	$ 73.43	$ 105.89
NASDAQ Pharmaceutical Index	$ 100	$102.23	$105.16	$ 99.56	$ 91.99	$ 98.21

This graph is not "soliciting material", is not deemed "filed" with the Securities and Exchange Commission and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Item 6. Selected Financial Data

The following table sets forth selected financial data for each of the years in the five-year period ended December 31, 2009. The information below should be read in conjunction with our financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Annual Report on Form 10-K. These historical results are not necessarily indicative of results that may be expected for future periods.

	For the Years Ended December 31,				
	2009	2008	2007	2006	2005
	(In Thousands, Except per Share Amounts)				
Statements of Operations Data:					
Revenue	$ 325	$ 1,064	$ 1,513	$ 1,738	$ 5,343
Loss from continuing operations	(38,374)	(36,322)	(28,590)	(19,577)	(6,319)
(Loss) income from discontinued operations	—	273	(6,175)	(3,491)	(4,855)
Net loss	$(38,374)	$(36,049)	$(34,765)	$(23,068)	$ (11,174)
Basic and diluted net loss per share:					
Loss per share from continuing operations	(0.45)	(0.53)	(0.47)	(0.33)	(0.15)
Loss per share from discontinued operations	—	—	(0.10)	(0.06)	(0.11)
Basic and diluted net loss per share	$ (0.45)	$ (0.53)	$ (0.57)	$ (0.39)	$ (0.26)
Shares used in computing basic and diluted net loss per share	85,555	68,174	61,101	58,664	42,758

	As of December 31,				
	2009	2008	2007	2006	2005
Balance Sheet Data:					
Cash and short-term investments	$ 42,950	$ 33,900	$ 46,489	$ 73,595	$ 31,893
Total current assets	44,503	35,096	49,016	77,342	37,611
Working capital	36,476	7,379	42,810	72,003	32,735
Total assets	85,605	76,625	91,291	121,877	84,382
Long-term debt, less current portion	406	480	21,629	22,458	29,678
Accumulated deficit	(274,150)	(235,776)	(199,727)	(164,962)	(141,894)
Total stockholders' equity	74,465	45,489	63,065	94,001	49,652

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements contained herein or as may otherwise be incorporated by reference herein constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements relating to future financial or business performance, conditions or strategies and other financial and business matters, including expectations regarding operating expenses, use of cash, and clinical developments and anticipated milestones, including a BARDA contract, Phase III studies and seeking approval in Mexico, and include words such as "expect(s)", "intends", "plans", "seeks", "estimates", "could", "should", "feel(s)", "believe(s)", "will", "would", "may", "can", "anticipate(s)", "potential", and similar expressions or the negative of these terms, are based upon management's current expectations and beliefs. Such forward-looking statements are not guarantees of future performance, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from those expressed or implied by such forward-looking statements.

Factors that may cause actual results to differ materially from the results discussed in the forward-looking statements or historical experience include, among other things, the following: our ability to progress any product candidates into pre-clinical or clinical trials; the scope, initiation, rate and progress of our pre-clinical studies and clinical trials and other research and development activities; clinical trial results; even if the data from pre-clinical studies or clinical trials is positive, the product may not prove to be safe and efficacious; regulatory approval is needed before any vaccines can be sold in or outside the United States and, to date, no governmental authority has approved any of our vaccine candidates for sale; influenza is seasonal in nature, and if approval or commercial launch after approval is not timely in relation to the influenza season, we may not be able to manufacture or sell our influenza vaccines on terms favorable to us until the next influenza season, if at all; we have not manufactured any of our vaccine candidates at a commercial level; we utilize a unique manufacturing process and the scale-up of that process may prove difficult and costly; our dependence on third parties to manufacture and distribute our vaccines; risks associated with conducting business outside of the United States; our ability to enter into future collaborations with industry partners and the terms, timing and success of any such collaboration; our ability to obtain adequate financing in the future through product licensing, co-promotional arrangements, public or private equity or debt financing or otherwise; the inability to win any government grants, including BARDA in a timely manner or at all and other factors referenced herein.

All forward-looking statements contained in this annual report are based on information available to the Company on the date hereof, and the Company assumes no obligation to update any such forward-looking statements, except as specifically required by law. Accordingly, past results and trends should not be used to anticipate future results or trends.

Overview

Novavax, Inc., a Delaware corporation ("Novavax," the "Company," "we," or "us"), was incorporated in 1987, and is a clinical-stage biopharmaceutical company focused on developing novel, highly potent recombinant vaccines. These vaccines leverage our virus-like-particle (VLP) platform technology coupled with a unique disposable production technology.

VLPs are genetically engineered three-dimensional nanostructures which incorporate immunologically important lipids and recombinant proteins. Our VLPs resemble the virus, but lack the genetic material to replicate the virus. Our proprietary production technology uses insect cells rather than chicken eggs or mammalian cells. Our current product targets include vaccines against pandemic and seasonal influenza, including the H5N1 and H1N1 pandemic strains, Respiratory Syncytial Virus (RSV) and Varicella Zoster Virus (VZV), which causes shingles.

Summary of Significant Transactions in 2009

Joint Venture With Cadila

On March 31, 2009, we entered into a Joint Venture Agreement (the JVA) with Cadila Pharmaceuticals Ltd., a private company incorporated under the laws of India (Cadila) pursuant to which we and Cadila formed CPL Biologicals Private Limited, a joint venture (the JV), of which 80% is owned by Cadila and 20% is owned by Novavax. The JV will develop and commercialize our seasonal influenza and H1N1 pandemic vaccine candidates and Cadila's biogeneric products and other diagnostic products for the territory of India. The JV has the right to negotiate a definitive agreement for rights to certain future Novavax products (other than RSV) and certain future Cadila products in India, prior to Novavax or Cadila licensing such rights to a third party. We have the right to negotiate the licensing of vaccines developed by the JV using our technology for commercialization in every country except for India and vaccines developed by the JV using Cadila's technology for commercialization in certain other countries, including the United States. Cadila has committed to contribute approximately $8 million over three years to support the JV's operations. In connection with the JVA, on March 31, 2009, we also entered into a license agreement, an option to enter into a license agreement, a technical services agreement and a supply agreement with the JV and a master services agreement with Cadila. Because we do not control the JV, we account for our investment using the equity method. Since the carrying value of our contribution was $0 and there is no guarantee or commitment to provide future funding, we do not expect to record losses related to this investment in the future.

Also on March 31, 2009, we entered into a stock purchase agreement with Satellite Overseas (Holdings) Limited (SOHL), a subsidiary of Cadila, pursuant to which SOHL purchased 12.5 million shares of our common stock at the market price of $0.88 per share. We received net proceeds of approximately $10.6 million.

Convertible Notes

As of January 1, 2009, we had $22 million of senior convertible notes outstanding (the Notes). The Notes carried a 4.75% coupon; were convertible into shares of Novavax common stock at $4.00 per share; and matured on July 15, 2009. On April 29, 2009, we entered into amendment agreements (the 2009 Amendments) with holders of the outstanding Notes representing $17.0 million of the outstanding principal amount of the Notes to amend the terms of the Notes to allow for early retirement by paying 70% of the principal amount plus accrued and unpaid interest in cash totaling $12.1 million and paying the remaining 30% through issuance of 2,040,000 shares of common stock at $2.50 per share. On July 15, 2009, we paid the $5.0 million balance of the Notes by paying approximately $2.6 million of principal and accrued and unpaid interest in cash and issuing 1,016,939 shares of common stock to pay the remaining $2.6 million of principal and accrued and unpaid interest, based on a price of $2.5163 per share. As of July 15, 2009, the Notes were fully paid and extinguished.

H1N1 Mexico Transaction

On October 19, 2009, we entered into a Materials Transfer Agreement with Laboratorio Avi-Mex S.A. de C.V. (Avimex), pursuant to which we supplied Avimex with certain amounts of our 2009 H1N1 vaccine candidate and made payments to Avimex related to our clinical trial. Avimex used the H1N1 vaccine to conduct clinical trials and is currently seeking regulatory approval in Mexico. Avimex made a milestone payment to us and is obligated to pay us a transfer fee for the H1N1 vaccine based on our production cost. The agreement and the option to enter into a non-exclusive distribution agreement to distribute the 2009 H1N1 vaccine in Mexico both expired by its terms on December 31, 2009. The second phase of the clinical trial is ongoing and the parties are continuing to cooperate in seeking regulatory approval in Mexico.

On October 20, 2009, we entered into a binding term sheet (as amended, the Xcellerex Agreement) with Xcellerex, Inc. Pursuant to the Xcellerex Agreement, Xcellerex performed scale-up and manufacturing activities related to our 2009 H1N1 vaccine candidate for potential sale in Mexico. Although the H1N1 manufacturing campaign with Xcellerex did not result in the manufacture of acceptable vaccine to Novavax, we did achieve proof of concept by scaling up to a commercial grade bioreactor. The success in scaling up our VLP's in stir tank bioreactors potentially provides an additional path to large scale, commercially viable vaccine production. As consideration, we paid Xcellerex a fixed payment and supplied materials. The Xcellerex Agreement expired by its terms on February 15, 2010.

Underwritten Public Offering

On November 25, 2009, we issued 6,800,000 shares of our common stock at $3.30 per share in an underwritten public offering. We received net proceeds from the sale of the shares, after underwriting discounts, commissions and estimated offering expenses, of approximately $21 million.

At the Market Sales Issuances

On January 12, 2009, we entered into an At the Market Sales Agreement (the January Sales Agreement) with Wm Smith & Co. (Wm Smith), under which we may sell an aggregate of up to $25 million in gross proceeds of our common stock from time to time through Wm Smith, as the agent for the offer and sale of the common stock. During 2009, we sold 7,489,207 shares at a range of $1.75 – $5.03 and received net proceeds of approximately $22 million under the January Sales Agreement.

On September 15, 2009, we entered into a second At Market Issuance Sales Agreement (the September Sales Agreement), with Wm Smith, under which we may sell an aggregate of up to $10 million in gross proceeds of our common stock from time to time through Wm Smith. We have not sold any common stock under the September Sales Agreement.

On March 15, 2010, we terminated the January Sales Agreement and the September Sales Agreement and entered into a sales agreement with McNicoll, Lewis & Vlak LLC, as sales agent, under which we may sell an aggregate of $50 million in gross proceeds of our common stock. Our Board of Directors has authorized the sale of up to 25 million shares of our common stock pursuant to this agreement.

Critical Accounting Policies and Use of Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States.

The preparation of our consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and equity and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates, particularly estimates relating to accounting for the valuation of our short-term investments, stock-based compensation, long-lived assets, goodwill, and valuation of net deferred tax assets have a material impact on our financial statements and are discussed in detail throughout our analysis of the results of operations discussed below.

We base our estimates on historical experience and various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets, liabilities and equity that are not readily apparent from other sources. Actual results and outcomes could differ from these estimates and assumptions.

Short-Term Investments

Our short-term investments are carried at fair value and unrealized gains and losses on these securities, if determined to be temporary, are included in accumulated other comprehensive income (loss) in stockholders' equity. We assess the recoverability of our short-term investments and, if an impairment is indicated, we measure the amount of such impairment by comparing the fair value to the carrying value. Other-than-temporary impairments are included in the consolidated statements of operations. We invested in auction rate securities for short periods of time as part of our cash management program. Recent uncertainties in the credit markets have prevented us from liquidating certain holdings of auction rate securities as the amount of securities submitted for sale during the auction has exceeded the amount of purchase orders. Although an event of an auction failure does not necessarily mean that a security is impaired, we consider various factors to assess the fair value and the classification of the securities as short-term assets. Fair value was determined with the assistance of an independent valuation firm using two valuation methods — a discounted cash flow method and a market comparable method. Certain factors used in these methods include, but are not necessarily limited to, comparable securities traded on secondary markets, timing of the failed auction, specific security

auction history, quality of underlying collateral, rating of the security and the bond insurer, our ability and intent to retain the securities for a period of time to allow for anticipated recovery in the market value, and other factors.

Stock-Based Compensation

We account for our stock-based compensation in accordance with Accounting Standards Codification (ASC) 718, *Compensation — Stock Compensation*. This standard requires us to measure the cost of employee services received in exchange for equity share options granted based on the grant-date fair value of the options. Employee stock-based compensation is estimated at the date of grant based on the award's fair value using the Black-Scholes option-pricing model and is recognized as expense on a straight-line basis over the requisite service period. The Black-Scholes option-pricing model requires the use of certain assumptions, the most significant of which are our estimates of the expected volatility of the market price of our stock, the expected term of the award, and the risk-free interest rate. Our estimate of the expected volatility is based on historical volatility over the look-back period corresponding to the expected life. The expected term represents the period during which our stock-based awards are expected to be outstanding. In 2009, we estimated this amount based on historical experience of similar awards, giving consideration to the contractual terms of the awards, vesting requirements, and expectation of future employee behavior, including post-vesting exercise and forfeiture history. Our estimate of the risk-free interest rate is based on United States Treasury debt securities with maturities close to the expected term of the option as of the date of grant. We review our valuation assumptions at each grant date and, as a result, our assumptions in future periods may change. Also, the accounting estimate of stock-based compensation expense is reasonably likely to change from period to period as further stock options are granted and adjustments are made for stock option forfeitures and cancellations.

Research and Development

Research and development costs are expensed as incurred. Such costs include internal research and development expenditures (such as salaries and benefits, raw materials and supplies) and contracted services (such as sponsored research, consulting and testing services) of proprietary research and development activities and similar expenses associated with collaborative research agreements.

Impairments of Long-Lived Assets

We account for the impairment of long-lived assets and long-lived assets to be disposed by performing a periodic evaluation of the recoverability of the carrying value of long-lived assets and identifiable intangibles and whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Examples of events or changes in circumstances that indicate that the recoverability of the carrying value of an asset should be assessed include, but are not limited to, the following: a significant decrease in the market value of an asset, a significant change in the extent or manner in which an asset is used, a significant physical change in an asset, a significant adverse change in legal factors or in the business climate that could affect the value of an asset, an adverse action or assessment by a regulator, an accumulation of costs significantly in excess of the amount originally expected to acquire or construct an asset, a current period operating or cash flow loss combined with a history of operating or cash flow losses, and/or a projection or forecast that demonstrates continuing losses associated with an asset used for the purpose of producing revenue. We consider historical performance and anticipated future results in our evaluation of potential impairment. Accordingly, when indicators of impairment are present, we evaluate the carrying value of these assets in relation to the operating performance of the business and future undiscounted cash flows expected to result from the use of these assets. Impairment losses are recognized when the sum of expected future cash flows is less than the assets' carrying value.

Goodwill

Goodwill originally resulted from a business acquisition in 2000. Assets acquired and liabilities assumed were recorded at their fair values; the excess of the purchase price over the identifiable net assets acquired is recorded as goodwill. Goodwill is not amortized, but is subject to impairment tests annually, or more frequently should indicators of impairment arise. We utilize both the market approach and the income approach to determine if we have an impairment of our goodwill. The market approach serves as the primary approach and is based on market value of invested capital. The concluded fair value significantly exceeded the carrying

value of our goodwill at December 31, 2009 and 2008. The income approach is used as a confirming look to the market approach. Goodwill impairment is deemed to exist if the carrying value of a reporting unit exceeds its estimated fair value. We perform the required annual impairment test as of December 31 of each year on the carrying amount of our goodwill.

Given the current economic conditions and the uncertainties regarding their impact on us, there can be no assurance that the estimates and assumptions made for purposes of our goodwill impairment testing at December 31, 2009 will prove to be accurate predictions of the future, or that any change in the assumptions or the current economic conditions will not trigger another goodwill impairment test before December 31, 2010. If our assumptions are not achieved or economic conditions deteriorate further, we may be required to record goodwill impairment charges in future periods.

Income Taxes

We recognize deferred tax assets and liabilities for expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities. Income tax receivables and liabilities, and deferred tax assets and liabilities, are recognized based on the amounts that more likely than not would be sustained upon ultimate settlement with taxing authorities.

Developing our provision for income taxes and analyzing our tax positions requires significant judgment and knowledge of federal and state income tax laws, regulations and strategies, including the determination of deferred tax assets and liabilities and any valuation allowances that may be required for deferred tax assets.

We assess the likelihood of realizing our deferred tax assets to determine whether an income tax valuation allowance is required. Based on such evidence that can be objectively verified, we determine whether it is more likely than not that all or a portion of the deferred tax assets will be realized. The main factors that we consider include: cumulative losses in recent years; income/losses expected in future years; and the applicable statute of limitations.

Tax benefits associated with uncertain tax positions are recognized in the period in which one of the following conditions is satisfied: (1) the more likely than not recognition threshold is satisfied; (2) the position is ultimately settled through negotiation or litigation; or (3) the statute of limitations for the taxing authority to examine and challenge the position has expired. Tax benefits associated with an uncertain tax position are reversed in the period in which the more likely than not recognition threshold is no longer satisfied.

A valuation allowance is established when necessary to reduce net deferred tax assets to the amount expected to be realized. We concluded that the realization of deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain. Accordingly, our net deferred tax assets have been fully offset by a valuation allowance.

Recently Adopted Accounting Guidance

In June 2009, the Financial Accounting Standards Board (FASB) issued ASC 105, *Generally Accepted Accounting Principles*, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles (GAAP). Pursuant to the provisions of ASC 105, we have updated references to GAAP in our financial statements issued beginning for the period ended September 30, 2009. The adoption of ASC 105 did not impact our financial position or results of operations.

Effective January 1, 2009, we prospectively adopted ASC 820, *Fair Value Measurements and Disclosures*, with respect to fair value measurements required for our nonfinancial assets and nonfinancial liabilities. The adoption did not have a material effect on our financial position or results of operations.

In April 2009, ASC 805, *Business Combinations*, was amended for provisions related to the initial recognition and measurement, subsequent measurement and disclosure of assets and liabilities arising from contingencies in a business combination. Under the amended guidance, assets acquired and liabilities assumed in a business combination that arise from contingencies should be recognized at fair value on the acquisition date if fair value can be determined during the measurement period. If fair value cannot be determined, companies should typically account for the acquired contingencies using existing guidance. This amendment did not have a material effect on our financial position or results of operations.

In April 2009, ASC 820 was amended to provide additional guidance for estimating fair value when the volume and level of activity for the asset or liability have significantly decreased. This amendment also includes guidance on identifying circumstances that indicate a transaction is not orderly. This amendment was effective for the quarter ended June 30, 2009 and the adoption of this amendment did not have a material effect on our financial position or results of operations.

In April 2009, ASC 320, *Investments — Debt & Equity Securities*, was amended to provide guidance for other-than-temporary impairments of debt securities. The amendment provides that financial asset impairment indicators should be based on the Company's intent to sell the security instead of the Company's ability to hold the security, and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This amendment was effective for the quarter ended June 30, 2009 and the adoption of this amendment did not have a material effect on our financial position or results of operations.

In May 2009, the FASB issued ASC 855, *Subsequent Events*. ASC 855 establishes general standards of accounting for, and disclosure of, events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. In particular, ASC 855 establishes (i) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. We have evaluated all subsequent events through the date of issuance of our financial statements. We adopted ASC 855 for the quarter ended June 30, 2009 and the adoption did not have any effect on our financial condition or results of operations.

Recent Accounting Guidance Not Yet Adopted

In June 2009, the FASB issued authoritative guidance on the consolidation of variable interest entities, which is effective for the Company beginning January 1, 2010. The new guidance requires revised evaluations of whether entities represent variable interest entities, ongoing assessments of control over such entities, and additional disclosures for variable interests. We believe adoption of this new guidance will not have a material impact on our financial position and results of operations.

In September 2009, ASU 2009-13, *Revenue Recognition* (Topic 605) — *Multiple-Deliverable Revenue Arrangements,* was issued and will change the accounting for multiple-deliverable arrangements to enable vendors to account for products or services (deliverables) separately rather than as a combined unit. Specifically, this guidance amends the criteria in Subtopic 605-25, *Revenue Recognition — Multiple-Element Arrangements,* for separating consideration in multiple-deliverable arrangements. This guidance establishes a selling price hierarchy for determining the selling price of a deliverable, which is based on: (a) vendor-specific objective evidence; (b) third-party evidence; or (c) estimates. This guidance also eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. In addition, this guidance significantly expands required disclosures related to a vendor's multiple-deliverable revenue arrangements. ASU 2009-13 is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010 with early adoption permitted. The impact of ASU 2009-13 on our consolidated financial statements will depend on the nature and terms of our revenue arrangements entered into or materially modified after the adoption date. However, based on our current customer arrangements, we do not believe the adoption of this ASU will have a material impact on our consolidated financial statements.

In January 2010, the FASB issued ASU 2010-06, *Fair Value Measurements and Disclosures (Topic 820) — Improving Disclosures about Fair Value Measurements*, which amends Topic 820 to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements related to Level 3 measurements. ASU 2010-06 also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. The ASU is effective for the first reporting period beginning after December 15, 2009, except for the requirements to provide the Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010, and for

interim periods within those fiscal years. Early adoption is permitted. We believe the adoption of this amendment will not have a material effect on our financial position or results of operations.

Results of Operations for Fiscal Years 2009, 2008 and 2007 (amounts in tables are presented in thousands, except per share information)

The following is a discussion of the historical consolidated financial condition and results of operations of Novavax, Inc. and its wholly owned subsidiary and should be read in conjunction with the consolidated financial statements and notes thereto set forth in this Annual Report on Form 10-K. Additional information concerning factors that could cause actual results to differ materially from those in our forward-looking statements is contained from time to time in our SEC filings. Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation.

Revenue:

	2009	2008	2007	Change 2008 to 2009	Change 2007 to 2008
Revenue:					
Total revenue	$ 325	$ 1,064	$ 1,513	$ (739)	$ (449)

Revenue for 2009 was $0.3 million as compared to $1.1 million for 2008, a decrease of $0.8 million, or 69%. The decrease in revenue in 2009, as compared to 2008, was due to lower contract research and development revenue primarily as a result of timing of work under a government contract.

Revenue for 2008 was $1.1 million as compared to $1.5 million for 2007, a decrease of $0.4 million, or 30%. The decrease in revenue during 2008, as compared to 2007, was principally due to lower contract research and development revenue as a result of the completion of a government contract in 2008.

Operating Expenses:

	2009	2008	2007	Change 2008 to 2009	Change 2007 to 2008
Operating Expenses:					
Research and development	$25,780	$24,334	$17,821	$ 1,446	$ 6,513
General and administrative	11,928	11,090	13,963	838	(2,873)
Total operating expenses	$37,708	$35,424	$31,784	$ 2,284	$ 3,640

Research and Development Expenses

Research and development expenses increased to $25.8 million for 2009 from $24.3 million for 2008, an increase of $1.5 million, or 6%, primarily due to higher research and development spending to support our clinical trials related to our H1N1 and seasonal influenza product candidates. The increase is primarily a result of increased outside-testing costs of $1.9 million, partially offset by a decrease in facility costs of $0.4 million related to the exiting of our Taft Court facility in 2008.

Research and development expenses increased to $24.3 million for 2008 from $17.8 million for 2007, an increase of $6.5 million, or 37%. This increase was due primarily to higher research and development spending to support our strategic focus on creating differentiated, value-added vaccines that leverage our proprietary VLP technology. Outside-testing costs (including outsourced clinical trial costs, sponsored research and consulting agreements) associated with expanded pre-clinical testing, human clinical trials, process development, manufacturing and quality-related programs necessary to move our influenza vaccine candidates into human clinical trials and license fees paid to Wyeth account for $2.9 million of the increase. The remaining increase of $3.6 million can be attributed to an increase in employee-related costs of $1.1 million, an increase in facility costs of $1.5 million and $0.4 million accrued in 2008 related to future lease payments for our Taft Court facility. The costs associated with our Taft Court facility resulted from our decision to consolidate our research and development and manufacturing activities into our Belward Campus Drive facility.

General and Administrative Expenses

General and administrative expenses were $11.9 million in 2009 compared to $11.1 million in 2008, an increase of $0.8 million, or 8%. The increase in expenses is primarily due to increased employee-related costs of $0.5 million and professional fees of $0.4 million.

General and administrative expenses were $11.1 million in 2008 compared to $14.0 million in 2007, a decrease of $2.9 million, or 21%. The decrease was primarily due to reclassification and related accounting for notes receivable due from former directors to show these notes as reductions of equity in the December 31, 2008 consolidated balance sheet. General and administrative expenses in 2008 included a $1.2 million credit to eliminate the previously recorded allowance we established for these notes receivable. General and administrative expenses for 2008 were also favorably impacted by lower facility costs of approximately $0.6 million and decreased employee costs of approximately $0.3 million as we implemented our plan to consolidate all operations into our Belward Campus Drive facility.

Other Income (Expense):

	2009	2008	2007	Change 2008 to 2009	Change 2007 to 2008
Other Income (Expense):					
Interest income	$ 285	$ 959	$ 3,287	$ (674)	$ (2,328)
Interest expense	(786)	(1,683)	(1,606)	897	(77)
Impairment of short-term investments	(1,338)	(1,238)	—	(100)	(1,238)
Realized gains on short-term investments	848	—	—	848	—
Total other income (expense)	$ (991)	$(1,962)	$ 1,681	$ 971	$ (3,643)

We had total other expense of $1.0 million for 2009 compared to total other expense of $2.0 million for 2008, a change of $1.0 million, or 49%. Interest income decreased $0.7 million, or 70%, to $0.3 million in 2009 from $1.0 million in 2008 primarily due to the decline in our cash, cash equivalents and short-term investment balances and a decrease in the rates of return on our investments. Interest expense decreased $0.9 million, or 53%, to $0.8 million in 2009 from $1.7 million in 2008 as a result of our payment of the Notes in 2009. In 2009, we recorded an impairment of $1.3 million relating to our auction rate securities, which was partially offset by realized gains of $0.8 million relating to redemptions of several auction rate securities. At December 31, 2009, we have recorded $0.8 million in unrealized gains on the auction rate securities held by us at year-end in other comprehensive income on the consolidated balance sheet.

We had total other expense of $2.0 million for 2008 compared to total other income of $1.7 million for 2007, a change of $3.7 million, or 217%. Interest income decreased to $1.0 million in 2008 from $3.3 million in 2007 due in part to the correction of a matter described above (in General and Administrative Expenses) related to notes receivable from former directors along with a decrease in our cash, cash equivalents and short-term investment balances. For 2008, interest income included a $0.5 million adjustment to reverse cumulative interest income related to the notes receivable from former directors, as discussed above. Interest expense increased to $1.7 million in 2008 from $1.6 million in 2007. The increase in interest expense was primarily due to the increase in the amortization of debt discount of $0.3 million, related to an amendment of the convertible notes, which occurred in June 2007. Additionally, we recorded a $1.2 million impairment on our short-term investments in 2008, related to an other-than-temporary impairment loss on our auction rate securities.

Discontinued Operations:

In February 2008, we sold certain assets related to our former Estrasorb business to Graceway Pharmaceuticals, LLC (Graceway) in exchange for an upfront payment. In connection with the sale, we agreed to manufacture and supply additional units of Estrasorb for Graceway, which we completed in August 2008. The results of operations of our former Estrasorb business are reported as discontinued operations in the consolidated statements of operations and are summarized in the table below.

	2008	2007	Change 2008 to 2007
Discontinued Operations:			
Revenue	$ 3,776	$ 1,913	$ 1,863
Total operating expenses	3,503	8,088	(4,585)
Income (loss)	$ 273	$(6,175)	$ (6,448)

We recorded income from discontinued operations of $0.3 million in 2008 compared to a loss of $6.2 million in 2007. Revenue from discontinued operations increased to $3.8 million in 2008 from $1.9 million in 2007, an increase of $1.9 million, or 97%, primarily due to the recognition of revenue related to the Graceway agreements.

Operating expenses from discontinued operations decreased to $3.5 million in 2008 from $8.1 million in 2007 primarily due to a decrease in costs of products sold of $3.8 million. Cost of products sold in 2007 included an additional $1.8 million in idle plant capacity costs and a $2.2 million impairment charge related to the fixed assets at our manufacturing facility.

Net Loss:

	2009	2008	2007	Change 2008 to 2009	Change 2007 to 2008
Net Loss:					
Net loss	$(38,374)	$(36,049)	$(34,765)	$ (2,325)	$ (1,284)
Net loss per share	$ (0.45)	$ (0.53)	$ (0.57)	$ 0.08	$ 0.04
Weighted shares outstanding	85,555	68,174	61,101	17,381	7,073

Net loss for 2009 was $38.4 million, or $0.45 per share, as compared to $36.0 million, or $0.53 per share, for 2008, an increased net loss of $2.4 million. The increased net loss was primarily due to higher research and development spending to support our clinical trials related to our H1N1 and seasonal influenza product candidates, partially offset by reduced total other expenses in 2009.

Net loss for 2008 was $36.0 million, or $0.53 per share, as compared to $34.8 million, or $0.57 per share, for 2007, an increased net loss of $1.2 million. The increased net loss was primarily due to an increase in operating expenses of $3.6 million, a decrease in total other income of $3.6 million, partially offset by a loss from discontinued operations of $6.2 million in 2007.

The increase in weighted shares outstanding for 2009 and 2008 is primarily a result of sales of our common stock in the aggregate of 27,884,098 shares and 6,686,650 shares, respectively.

Liquidity Matters and Capital Resources

Our future capital requirements depend on numerous factors including, but not limited to, the commitments and progress of our research and development programs, the progress of pre-clinical and clinical testing, the time and costs involved in obtaining regulatory approvals, the costs of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights, and manufacturing costs. We plan to continue to have multiple vaccines and products in various stages of development and we believe our research and development, as well as general and administrative expenses and capital requirements will fluctuate depending upon the timing of certain events, such as the scope, initiation, rate and progress of our pre-clinical studies and clinical trials and other research and development activities.

As of December 31, 2009, we had $38.8 million in cash and cash equivalents and $4.2 million in short-term investments as compared to $26.9 million and $7.0 million, respectively, at December 31, 2008. The following table summarizes cash flows for the years ended December 31, 2009 and 2008 (in thousands):

	2009	2008	Change 2008 to 2009
Summary of Cash Flows:			
Net cash (used in) provided by:			
Operating activities	$(32,830)	$(24,310)	$ (8,520)
Investing activities	2,355	29,906	(27,551)
Financing activities	42,294	16,992	25,302
Net increase in cash and cash equivalents	11,819	22,588	(10,769)
Cash and cash equivalents at beginning of year	26,938	4,350	22,588
Cash and cash equivalents at end of year	$ 38,757	$ 26,938	$ 11,819

Net cash used in operating activities increased to $32.8 million in 2009 from $24.3 million for 2008, primarily due to our increased loss in 2009 and the receipt in 2008 of $3.0 million in lease incentives and $2.5 million of cash provided by our discontinued operations, both of which did not recur in 2009.

During 2009 and 2008, our investing activities consisted primarily of purchases and maturities of short-term investments, capital expenditures and $1.4 million of cash provided by our discontinued operations in 2008. Capital expenditures for 2009 and 2008 were $0.7 million and $5.7 million, respectively. The decrease in capital expenditures was primarily due to the completion of our GMP pilot manufacturing facility, which was ready for use in early 2009. We used our short-term investments in 2008 to help fund operations. For 2010, we expect the level of capital expenditures to increase modestly.

The increase in our financing activities consists primarily of increased sales of our common stock, partially offset by the repayment of our Notes in 2009.

We have entered into agreements with outside providers to support our clinical development. As of December 31, 2009, $7.6 million remains unpaid on certain of these agreements in the event our outside providers complete their services in 2010. However, under the terms of the agreements, we have the option to terminate, but we would be obligated to pay the provider for all costs incurred through the effective date of termination.

We have licensed certain rights from Wyeth Holdings Corporation (Wyeth) and the University of Massachusetts Medical School (UMMS). The Wyeth license provides for an upfront payment, annual license fees, milestone payments and royalties on any product sales, is a non-exclusive, worldwide license to a family of patent applications covering VLP technology for use in human vaccines in certain fields of use. Payments under the agreement to Wyeth from 2007 through 2009 aggregated $5.1 million. Based on the clinical and commercial milestones, which could possibly occur in 2010, we would make a milestone payment to Wyeth of $4 million in the next twelve months. However, it is difficult for us to predict at this time whether such milestones will be achieved in 2010. The UMMS license, which provides for milestone payments and royalties on product sales, is an exclusive worldwide license of VLP technology to develop VLP vaccines for the prevention of any viral diseases in humans. As of December 31, 2009, our payments made to UMMS in the aggregate are not material. Also, we believe that all payments under the UMMS agreement will not be material in the next twelve months.

Based on our cash, cash equivalents and short-term investment balances as of December 31, 2009, and our current business operations, we believe we will have adequate capital resources available to operate at planned levels for at least the next twelve months. Additional capital will be required in the future to develop our product candidates through clinical development, manufacturing, and commercialization. We will seek additional capital through further public or private equity offerings, debt financing, additional strategic alliance and licensing arrangements, non-dilutive government contracts, collaborative arrangements, or some combination of these financing alternatives. Any capital raised by an equity offering will likely be substantially dilutive to the existing stockholders and any licensing or development arrangement may require us to give up rights to

a product or technology at less than its full potential value. Other than our At the Market Sales Agreement with McNicoll, Lewis & Vlak LLC, we have not secured any additional commitments for new financing nor can we provide any assurance that new financing will be available on commercially acceptable terms, if at all. If we are unable to obtain additional capital, we will assess our capital resources and will likely be required to delay, reduce the scope of, or eliminate one or more of our product research and development programs, downsize our organization, or reduce our general and administrative infrastructure.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2009 (in thousands):

Contractual Obligations:	Total	One Year or Less	2 – 3 Years	4 – 5 Years	More than 5 Years
Operating leases	$ 14,840	$ 2,043	$ 4,219	$ 4,330	$ 4,248
Notes payable	486	80	106	300	—
Purchase obligations	7,401	901	6,500	—	—
Total contractual obligations	$ 22,727	$ 3,024	$ 10,825	$ 4,630	$ 4,248

Our purchase obligations include our currently anticipated timing of future purchases for services pursuant to the master services agreement with Cadila. We are required to purchase from Cadila through March 2012 services for biologic research, pre-clinical development, clinical development, process development, manufacturing scale up, and general manufacturing related services. As of December 31, 2009, our remaining obligation to Cadila under the master services agreement is $7.4 million.

Off-Balance Sheet Arrangements

We are not involved in any off-balance sheet agreements that have or are reasonably likely to have a material future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The primary objective of our investment activities is to preserve our capital until it is required to fund operations while at the same time maximizing the income we receive from our investments without significantly increasing risk. As of December 31, 2009, we had cash and cash equivalents of $38.8 million, short-term investments of $4.2 million and working capital of $36.5 million.

Our exposure to market risk is confined to our investment portfolio. As of December 31, 2009, our short-term investments are classified as available-for-sale. We do not believe that a change in the market rates of interest would have any significant impact on the realizable value of our investment portfolio. Changes in interest rates may affect the investment income we earn on our investments and, therefore, could impact our cash flows and results of operations.

We had previously invested in auction rate securities for short periods of time as part of our cash management program. Short-term investments at December 31, 2009 consist of investments in three auction rate securities with a par value of $5.1 million and a fair value of $4.2 million. We recorded an other-than-temporary impairment charge of $1.3 million related to these securities in 2009, which was partially offset by realized gains of $0.8 million relating to redemptions of several auction rate securities. At December 31, 2009, we have recorded $0.8 million in unrealized gains on the auction rate securities held by us at year-end in other comprehensive income on the consolidated balance sheet. These investments are classified within current assets because we may need to liquidate these securities within the next year to fund our ongoing operations.

Interest and dividend income is recorded when earned and included in interest income. Premiums and discounts, if any, on short-term investments are amortized or accreted to maturity and included in interest income. The specific identification method is used in computing realized gains and losses on sale of our securities.

We are headquartered in the United States where we conduct the vast majority of our business activities. Accordingly, we have not had any material exposure to foreign currency rate fluctuations.

We do not have material debt and, as such, do not believe that we are exposed to any material interest rate risk as a result of our borrowing activities.

Item 8. Financial Statements and Supplementary Data

The information required by this item is set forth on pages F-1 to F-26.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the assistance of our chief executive officer and chief financial officer, have reviewed and evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of as of December 31, 2009. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their control objectives. Based on the evaluation of our disclosure controls and procedures as of December 31, 2009, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

Our management, including our chief executive officer and chief financial officer, has evaluated any changes in our internal control over financial reporting that occurred during the fourth quarter of 2009, and has concluded that there was no change that occurred during the fourth quarter of 2009 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the Company's principal executive officer and principal financial officer and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Such internal control includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2009. In making this assessment, our management used the criteria set forth in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its assessment, our management has determined that, as of December 31, 2009, our internal control over financial reporting is effective based on those criteria.

Grant Thornton LLP has issued an attestation report on our internal control over financial reporting. This report is included in the Report of Independent Registered Public Accounting Firm in Item 15.

Item 9B. Other Information

On October 6, 2009, we entered into a license agreement with CPL Biologicals Private Limited (CPLB). CPLB is a joint venture between us and Cadila Pharmaceuticals, Ltd (Cadila). Pursuant to the license agreement, we granted CPLB an exclusive, fully paid-up, royalty free license to use our technology to research, develop and commercialize a vaccine for the 2009 H1N1 influenza in the country of India. We have approval rights for all development and commercialization plans. The license will terminate upon written notice from CPLB, the mutual agreement of the parties, or upon our termination of the joint venture agreement with Cadila.

On March 15, 2010, we entered into an At Market Issuance Sales Agreement (the ATM Agreement), with McNicoll, Lewis & Vlak LLC (MLV), under which we may sell an aggregate of $50,000,000 in gross proceeds of our common stock from time to time through MLV, as the agent for the offer and sale of the common stock. MLV may sell the common stock by any method permitted by law, including sales deemed to be an “at the market” offering as defined in Rule 415 of the Securities Act, including without limitation sales made directly on The NASDAQ Global Market, on any other existing trading market for the common stock or to or through a market maker. MLV may also sell the common stock in privately negotiated transactions, subject to our prior approval. We will pay MLV a commission equal to 2% of the gross proceeds of the sales price of all common stock sold through it as sales agent under the ATM Agreement.

The ATM Agreement will terminate on the earliest of (1) the sale of all of the common stock subject to the ATM Agreement, or (2) termination of the ATM Agreement by us or MLV. MLV may terminate the ATM Agreement at any time in certain circumstances, including the occurrence of a material adverse change that, in MLV’s reasonable judgment, may impair its ability to sell the common stock, our failure to satisfy any condition under of the ATM Agreement or a suspension or limitation of trading of our common stock on NASDAQ. We may terminate the ATM Agreement at any time upon 30 days prior notice, and MLV may terminate the ATM Agreement at any time upon 60 days prior notice. Our Board of Directors has authorized the sale of up to 25 million shares of our common stock under the ATM Agreement.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

We incorporate herein by reference the information concerning our directors, officers and corporate governance to be included in our definitive Proxy Statement for our 2010 Annual Meeting of Stockholders to be held on June 16, 2010 (the 2010 Proxy Statement). We expect to file the 2010 Proxy Statement within 120 days after the close of the fiscal year ended December 31, 2009.

Item 11. Executive Compensation

We incorporate herein by reference the information concerning executive compensation to be contained in the 2010 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

We incorporate herein by reference the information concerning security ownership of certain beneficial owners and management and related stockholder matters to be contained in the 2010 Proxy Statement.

The following table provides our equity compensation plan information as of December 31, 2009. Under these plans, our common stock may be issued upon the exercise of options. See also the information regarding our stock options in Note 9 to the Consolidated Financial Statements included herewith.

Equity Compensation Plan Information

Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a) (c)
Equity compensation plans approved by security holders[(1)]	5,994,994	$ 3.01	2,712,580
Equity compensation plans not approved by security holders	N/A	N/A	N/A

(1) Includes our 2005 Stock Incentive Plan, 1995 Stock Option Plan and 1995 Director Stock Option Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

We incorporate herein by reference the information concerning certain related party transactions set forth in Note 14 to our Consolidated Financial Statements included herewith. We incorporate herein by reference the information concerning certain other relationships and related transactions and director independence to be contained in the 2010 Proxy Statement.

Item 14. Principal Accounting Fees and Services

We incorporate herein by reference the information concerning principal accountant fees and services to be contained in the 2010 Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of the Annual Report:

(1) *Index to Consolidated Financial Statements*

(2) *Consolidated Financial Statement Schedules*

Schedule II — Valuation and Qualifying Accounts

All other financial statement schedules are omitted because they are not applicable, not required under the instructions or all the information required is set forth in the financial statements or notes thereto.

(3) *Exhibits*

Exhibits marked with a single asterisk (*) are filed herewith.

Exhibits marked with a double plus sign (††) refer to management contracts, compensatory plans or arrangements.

Confidential treatment has been requested for portions of exhibits marked with a double asterisk (**).

Confidential treatment has been granted for portions of exhibits marked with a triple asterisk (***).

All other exhibits listed have previously been filed with the Commission and are incorporated herein by reference.

3.1	Amended and Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996, filed March 21, 1997), as amended by the Certificate of Amendment dated December 18, 2000 (Incorporated by reference to Exhibit 3.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000, filed March 29, 2001), as further amended by the Certificate of Amendment dated July 8, 2004 (Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, filed August 9, 2004), as further amended by the Certificate of Amendment dated May 13, 2009 (Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009)
3.2	Amended and Restated By-Laws of the Company, as amended on August 2, 2007 (Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed August 8, 2007)
4.1	Specimen stock certificate for shares of common stock, par value $.01 per share (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 10, File No. 0-26770, filed September 14, 1995)

4.2	Rights Agreement, dated as of August 8, 2002, by and between the Company and Equiserve Trust Company, which includes the Form of Summary of Rights to Purchase Series D Junior Participating Preferred Stock as Exhibit A, the Form of Right Certificate as Exhibit B and the Form of Certificate of Designation of Series D Junior Participating Preferred Stock as Exhibit C (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed August 9, 2002)
4.3	Registration Rights Agreement between Novavax, Inc. and Satellite Overseas (Holdings) Limited, dated March 31, 2009 (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009)
4.4	Form of Common Stock Purchase Warrant (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed July 30, 2008)
10.1††	Novavax, Inc. 1995 Stock Option Plan, as amended (Incorporated by reference to Appendix A of the Company's Definitive Proxy Statement filed March 31, 2003 in connection with the Annual Meeting held on May 7, 2003)
10.2††	Novavax, Inc. 1995 Director Stock Option Plan (Incorporated by reference to Exhibit 10.5 to the Company's Registration Statement in Form 10, File No. 0-26770, filed September 14, 1995)
10.3††	Novavax, Inc. Amended and Restated 2005 Stock Incentive Plan (Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, filed January 5, 2009)
10.4††	Amended and Restated Employment Agreement of Rahul Singhvi, effective July 20, 2009 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed July 22, 2009)
10.5††	Employment Agreement of Penny Heaton, dated October 2, 2008 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed October 10, 2008)
10.6††	Employment Agreement of Len Stigliano, dated October 2, 2008 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed October 10, 2008)
10.7††	Amended and Restated Employment Agreement, dated as of August 2, 2007, originally effective November 9, 2005, by and between the Company and Raymond J. Hage, Jr. (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, filed August 9, 2007)
10.8††	Amendment to the Amended and Restated Employment Agreement of Raymond Hage, dated October 2, 2008 (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed October 10, 2008)
10.9††	Second Amendment to Amended and Restated Employment Agreement of Raymond Hage, effective July 20, 2009 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed July 22, 2009)
10.10††	Employment Agreement of James Robinson, effective October 2, 2008 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed October 16, 2008)
10.11*††	Severance Agreement of James Robinson dated February 1, 2010
10.12††	Employment Agreement between Novavax, Inc. and Frederick Driscoll dated August 6, 2009 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed August 7, 2009)
10.13*††	Employment Agreement of Thomas Johnston dated September 23, 2008
10.14*††	Amendment to the Employment Agreement of Thomas Johnston dated as of July 20, 2009
10.15*††	Employment Agreement of John Trizzino dated July 16, 2009
10.16††	Consulting Agreement, dated as of April 27, 2007, effective as of March 7, 2007, between the Company and John Lambert (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, filed May 10, 2007)
10.17††	Consulting Agreement of Len Stigliano, effective January 28, 2009 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed February 20, 2009)

10.18††	Novavax, Inc. Amended and Restated Change in Control Severance Benefit Plan, (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed January 5, 2009)
10.19*††	Form of Indemnity Agreement, as of January 1, 2010
10.20	Lease Agreement, dated as of July 15, 2004, between Liberty Property Limited Partnership and the Company (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report in Form 10-Q for the quarter ended June 30, 2004, filed August 9, 2004)
10.21	Sublease Agreement, dated April 28, 2006, by and between the Company and Sterilox Technologies, Inc. (now PuriCore, Inc.) (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006, filed August 14, 2006)
10.22	Amendment dated as of October 25, 2006 to the Sublease Agreement, dated April 28, 2006, by and between the Company and Sterilox Technologies, Inc. (now PuriCore, Inc.) (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, filed November 14, 2006)
10.23	Second Amendment to Sublease Agreement between Novavax, Inc. and PuriCore, Inc., dated April 22, 2009 (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report for the quarter ended June 30, 2009, filed August 10, 2009)
10.24	Lease, commencing April 1, 2005, by and between United Health Care Services, Inc. and the Company (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, filed August 9, 2005)
10.25	Lease Agreement between GP Rock One, LLC and Novavax, Inc., dated as of May 7, 2007 (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report for the quarter ended June 30, 2008, filed August 11, 2008)
10.26	First Amendment to Lease Agreement between GP Rock One, LLC and Novavax, Inc., dated as of May 30, 2008 (Incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report for the quarter ended June 30, 2008, filed August 11, 2008)
10.27	Second Amendment to Lease Agreement between BMR-9920 Belward Campus Q, LLC (formerly GP Rock One, LLC) and Novavax, Inc., dated as of June 26, 2008 (Incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report for the quarter ended June 30, 2008, filed August 11, 2008)
10.28	License Agreement between IGEN, Inc. and the Company (Incorporated by reference to Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, filed April 1, 1996)
10.29***	Exclusive License Agreement, dated February 26, 2007, between the Company and the University of Massachusetts (Incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, filed March 14, 2007)
10.30***	License Agreement, dated July 5, 2007, between the Company and Wyeth Holdings Corporation (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, filed August 9, 2007)
10.31	Form of Investor Rights Agreement dated July 29, 2008 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed July 30, 2008)
10.32	Forbearance and Pledge Agreement among Denis O'Donnell and the Company, dated May 7, 2007, relating to Secured Promissory Note and Pledge Agreement, each dated March 21, 2002 and filed as Exhibits 10.11 and 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (Incorporated by reference to Exhibit 10.32 to the Company's Amendment No. 1 on Form 10-K/A for the year ended December 31, 2007, filed on December 12, 2008)

10.33	Amended and Restated Promissory Note by Mitchell J. Kelly to the Company, dated May 7, 2008, relating to Secured Promissory Note, dated March 21, 2002 and filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (Incorporated by reference to Exhibit 10.33 to the Company's Amendment No. 1 on Form 10-K/A for the year ended December 31, 2007, filed on December 12, 2008)
10.34	Amended and Restated Pledge Agreement among Mitchell J. Kelly and the Company, dated May 7, 2008, relating to Pledge Agreement, dated March 21, 2002 and filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (Incorporated by reference to Exhibit 10.34 to the Company's Amendment No. 1 on Form 10-K/A for the year ended December 31, 2007, filed on December 12, 2008)
10.35	At Market Issuance Sales Agreement, dated January 12, 2009, by and between Novavax, Inc. and Wm. Smith & Co. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed January 13, 2009)
10.36	At Market Issuance Sales Agreement, dated September 15, 2009, by and between Novavax, Inc. and Wm. Smith & Co. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on September 15, 2009)
10.37*	At Market Issuance Sales Agreement, dated March 15, 2010, by and between Novavax, Inc. and McNicoll, Lewis and Vlak, LLC
10.38	Stock Purchase Agreement between Novavax, Inc. and Satellite Overseas (Holdings) Limited, dated March 31, 2009 (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009)
10.39***	Amended and Restated Joint Venture Agreement between Novavax Inc. and Cadila Pharmaceuticals Limited, dated as of June 29, 2009 (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, filed on August 10, 2009)
10.40***	Amended and Restated Master Services Agreement between Novavax, Inc. and Cadila Pharmaceuticals Limited, dated as of June 29, 2009 (Incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, filed on August 10, 2009)
10.41***	Amended and Restated Supply Agreement between Novavax, Inc. and CPL Biologicals Limited, dated as of June 29, 2009 (Incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, filed on August 10, 2009)
10.42***	Amended and Restated Technical Services Agreement between Novavax, Inc. and CPL Biologicals Limited, dated as of June 29, 2009 (Incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, filed on August 10, 2009)
10.43***	Amended and Restated Seasonal / Other License Agreement between Novavax, Inc. and CPL Biologicals Limited, dated as of June 29, 2009 (Incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, filed on August 10, 2009)
10.44***	Amended and Restated Option to Obtain License between Novavax, Inc. and CPL Biologicals Limited, dated as of June 29, 2009 (Incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, filed on August 10, 2009)
10.45* **	H1N1 License to Agreement between Novavax, Inc. and CPL Biologicals Private Limited, dated October 6, 2009
10.46***	Materials Transfer Agreement by and between Novavax, Inc. and Laboratorio Avi-Mex S.A. de C.V., dated October 19, 2009 (Incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, filed on November 9, 2009)
14*	Code of Business Conduct and Ethics

23.1*	Consent of Grant Thornton LLP, Independent Registered Public Accounting Firm
31.1*	Certification of chief executive officer pursuant to Rule 13a-14(a) or 15d-14(e) of the Securities Exchange Act
31.2*	Certification of chief financial officer pursuant to Rule 13a-14(a) or 15d-14(e) of the Securities Exchange Act
32.1*	Certification of chief financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of chief financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOVAVAX, INC.

Date: March 16, 2010

By: /s/ Rahul Singhvi
President and Chief Executive Officer
and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Name	Title	Date
/s/ Rahul Singhvi Rahul Singhvi	President and Chief Executive Officer and Director (Principal Executive Officer)	March 16, 2010
/s/ Frederick W. Driscoll Frederick W. Driscoll	Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)	March 16, 2010
s/ Stanley Erck Stanley Erck	Executive Chairman of the Board of Directors	March 16, 2010
/s/ Gary C. Evans Gary C. Evans	Lead Independent Director	March 16, 2010
/s/ John Lambert John Lambert	Director	March 16, 2010
/s/ John O. Marsh, Jr. John O. Marsh, Jr.	Director	March 16, 2010
/s/ Michael A. McManus Michael A. McManus	Director	March 16, 2010
/s/ Rajiv Modi Rajiv Modi	Director	March 16, 2010

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders of
Novavax, Inc. and Subsidiary

We have audited the accompanying consolidated balance sheets of Novavax, Inc. (a Delaware corporation) and its subsidiary as of December 31, 2009 and 2008, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2009. Our audits of the basic financial statements included the financial statement schedule listed in the index appearing under Item 15(a)(2). We also have audited Novavax, Inc. and its subsidiary's internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Novavax, Inc. and its subsidiary's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule and an opinion on Novavax Inc. and its subsidiary's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Novavax, Inc. and subsidiary as of December 31, 2009 and 2008, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

In our opinion, Novavax, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control — Integrated Framework* issued by COSO.

/s/ Grant Thornton LLP

Baltimore, Maryland
March 16, 2010

NOVAVAX, INC.

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2009	2008
	(In Thousands, Except Share and per Share Information)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 38,757	$ 26,938
Short-term investments available-for-sale	4,193	6,962
Accounts and other receivables, net of allowance of $218 as of December 31, 2008	258	290
Prepaid expenses and other current assets	1,295	774
Current assets of discontinued operations	—	132
Total current assets	44,503	35,096
Property and equipment, net	7,801	8,228
Goodwill	33,141	33,141
Other non-current assets	160	160
Total assets	$ 85,605	$ 76,625
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,098	$ 1,750
Accrued expenses and other current liabilities	5,417	2,969
Current liabilities of discontinued operations	—	242
Current portion of notes payable	80	650
Convertible notes, current portion net of discount	—	21,778
Deferred revenue	150	—
Deferred rent	282	328
Total current liabilities	8,027	27,717
Non-current portion of notes payable	406	480
Deferred rent	2,707	2,939
Total liabilities	11,140	31,136
Commitments and contingences (see Note 13)	—	—
Stockholders' equity:		
Preferred stock, $0.01 par value, 2,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.01 par value, 200,000,000 shares authorized; and 100,717,890 shares issued and 100,262,460 shares outstanding at December 31, 2009 and 69,220,021 shares issued and 68,764,591 shares outstanding at December 31, 2008	1,007	692
Additional paid-in capital	350,810	284,595
Notes receivable from former directors	(1,572)	(1,572)
Accumulated deficit	(274,150)	(235,776)
Treasury stock, 455,430 shares at December 31, 2009 and 2008, cost basis	(2,450)	(2,450)
Accumulated other comprehensive income	820	—
Total stockholders' equity	74,465	45,489
Total liabilities and stockholders' equity	$ 85,605	$ 76,625

The accompanying notes are an integral part of these consolidated financial statements.

NOVAVAX, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31,		
	2009	2008	2007
	(In Thousands, Except per Share Information)		
Revenue	$ 325	$ 1,064	$ 1,513
Operating expenses:			
Research and development	25,780	24,334	17,821
General and administrative	11,928	11,090	13,963
Total operating expenses	37,708	35,424	31,784
Loss from continuing operations before other income (expense)	(37,383)	(34,360)	(30,271)
Other income (expense):			
Interest income	285	959	3,287
Interest expense	(786)	(1,683)	(1,606)
Impairment of short-term investments	(1,338)	(1,238)	—
Realized gains on short-term investments	848	—	—
Loss from continuing operations	(38,374)	(36,322)	(28,590)
Income (loss) from discontinued operations	—	273	(6,175)
Net loss	$ (38,374)	$ (36,049)	$ (34,765)
Basic and diluted net loss per share:			
Loss per share from continuing operations	$ (0.45)	$ (0.53)	$ (0.47)
Loss per share from discontinued operations	—	—	(0.10)
Net loss per share	$ (0.45)	$ (0.53)	$ (0.57)
Basic and diluted weighted average number of common shares outstanding	85,555	68,174	61,101

The accompanying notes are an integral part of these consolidated financial statements.

NOVAVAX, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2009, 2008 and 2007

	Common Stock		Additional Paid-in Capital	Notes Receivable from Former Directors	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount						
	(In Thousands, Except Share Information)							
Balance at December 31, 2006	**62,139,851**	**$ 622**	**$ 261,822**	**$ (1,031)**	**$ (164,962)**	**$ (2,450)**	**$ —**	**$ 94,001**
Non-cash compensation costs for stock options and restricted stock	—	—	1,857	—	—	—	—	1,857
Exercise of stock options	57,126	—	89	—	—	—	—	89
Restricted stock issued as compensation	160,000	2	(2)	—	—	—	—	—
Reclassification due to change in status of a director	—	—	—	1,031		—	—	1,031
Debt discount from modification of convertible debt	—	—	852	—	—	—	—	852
Net loss		—	—	—	(34,765)		—	(34,765)
Balance at December 31, 2007	**62,356,977**	**624**	**264,618**	**—**	**(199,727)**	**(2,450)**	**—**	**63,065**
Non-cash compensation costs for stock options and restricted stock	—	—	2,070	—	—	—	—	2,070
Exercise of stock options	176,394	1	328	—	—	—	—	329
Issuance of common stock, net of issuance costs of $420	6,686,650	67	17,436	—	—	—	—	17,503
Reclassification of former directors' notes receivable	—	—	143	(1,572)		—	—	(1,429)
Net loss		—	—	—	(36,049)		—	(36,049)
Balance at December 31, 2008	**69,220,021**	**692**	**284,595**	**(1,572)**	**(235,776)**	**(2,450)**	**—**	**45,489**
Non-cash compensation cost for stock options and restricted stock	—	—	1,533	—	—	—	—	1,533
Exercise of stock options	546,832	5	947	—	—	—	—	952
Restricted stock issued as compensation	10,000	—	—	—	—	—	—	—
Issuance of common stock to Cadila, net of issuance costs of $406	12,500,000	125	10,469	—	—	—	—	10,594
Issuance of common stock to Rovi, net of issuance costs of $23	1,094,891	11	2,966	—	—	—	—	2,977
Conversion of convertible debt	3,056,939	31	7,629	—	—	—	—	7,660
Issuance of common stock under ATM, net of issuance costs of $682	7,489,207	75	21,930	—	—	—	—	22,005
Issuance of common stock, net of issuance costs of $1,631	6,800,000	68	20,741	—	—	—	—	20,809
Unrealized gain on short-term investments	—	—	—	—	—	—	820	820
Net loss		—	—	—	(38,374)	—	—	(38,374)
Balance at December 31, 2009	**100,717,890**	**1,007**	**$ 350,810**	**$ (1,572)**	**$ (274,150)**	**$ (2,450)**	**$ 820**	**$ 74,465**

The accompanying notes are an integral part of these consolidated financial statements.

NOVAVAX, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2009	2008	2007
	(In Thousands)		
Operating Activities:			
Net loss:	$ (38,374)	$ (36,049)	$ (34,765)
Plus net loss (income) from discontinued operations	—	(273)	6,175
Net loss from continuing operation	(38,374)	(36,322)	(28,590)
Reconciliation of net loss to net cash used in operating activities:			
Depreciation and amortization	1,194	893	834
Amortization of deferred financing costs	147	258	259
Amortization of debt discount	222	409	221
Provision for bad debts	—	—	176
Loss on disposal of property and equipment	21	258	100
Impairment of long-lived assets	23	994	—
Amortization of net discounts on short-term investments	—	(181)	(2,320)
Reserve for notes receivable and accrued interest	—	(534)	875
Deferred rent	(279)	(123)	312
Non-cash expense for services	—	—	57
Non-cash stock-based compensation	1,533	2,070	1,800
Lease incentives received	—	3,000	—
Net impairment of short-term investments	490	1,238	—
Changes in operating assets and liabilities:			
Accounts and other receivables	32	438	(298)
Prepaid expenses and other current assets	(536)	674	219
Other non-current assets	—	18	432
Accounts payable and accrued expenses	2,547	141	206
Deferred revenue	150	—	—
Net cash used in operating activities from continuing operations	(32,830)	(26,769)	(25,717)
Net cash provided by (used in) in operating activities from discontinued operations	—	2,459	(1,025)
Net cash used in operating activities	(32,830)	(24,310)	(26,742)
Investing Activities:			
Capital expenditures	(745)	(5,689)	(1,961)
Proceeds from disposal of property and equipment	—	121	—
Purchases of short-term investments	—	(15,650)	(94,993)
Proceeds from maturities of short-term investments	3,100	49,770	121,608
Net cash provided by investing activities from continuing operations	2,355	28,552	24,654
Net cash provided by (used in) investing activities from discontinued operations	—	1,354	(3)
Net cash provided by investing activities	2,355	29,906	24,651
Financing Activities:			
Principal payments of notes payable	(15,043)	(1,040)	(809)
Proceeds from other borrowings	—	200	—
Net proceeds from sales of common stock	56,385	17,503	—
Proceeds from the exercise of stock options	952	329	89
Net cash provided by (used in) financing activities	42,294	16,992	(720)
Net increase (decrease) in cash and cash equivalents	11,819	22,588	(2,811)
Cash and cash equivalents at beginning of year	26,938	4,350	7,161
Cash and cash equivalents at end of year	$ 38,757	$ 26,938	$ 4,350
Supplemental disclosure of non-cash activities:			
Conversion of convertible debt and accrued interest to common stock	$ 7,660	$ —	$ —
Debt discount from modification of convertible debt	$ —	$ —	$ 852
Equipment purchases included in accounts payable	$ 66	$ —	$ 624
Financed insurance premiums	$ —	$ 570	$ 600
Supplemental disclosure of cash flow information:			
Cash interest payments	$ 817	$ 1,040	$ 1,073

The accompanying notes are an integral part of these consolidated financial statements.

NOVAVAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009, 2008 and 2007

Note 1 — Organization

Novavax, Inc. (the "Company"), is a clinical-stage biopharmaceutical company focused on developing novel, highly potent recombinant vaccines. These vaccines leverage the Company's virus-like-particle ("VLP") platform technology coupled with a unique disposable production technology. VLPs are genetically engineered three-dimensional nanostructures which incorporate immunologically important lipids and recombinant proteins. The Company's VLPs resemble the virus, but lack the genetic material to replicate the virus and its proprietary production technology uses insect cells rather than chicken eggs or mammalian cells. The Company's current product targets include vaccines against pandemic and seasonal influenza, including H5N1 and H1N1 pandemic strains, Respiratory Syncytial Virus ("RSV") and Varicella Zoster Virus ("VZV"), which causes shingles.

In 2009, the Company formed a joint venture with Cadila Pharmaceuticals Ltd., named CPL Biologicals Private Limited, to develop and manufacture vaccines, biological therapeutics and diagnostics in India (see Note 4).

Note 2 — Liquidity Matters

Since its inception, the Company has incurred, and continues to incur, significant losses from operations. At December 31, 2009, the Company had cash and cash equivalents of $38.8 million and short-term investments with a fair value of $4.2 million.

The Company's vaccine product candidates currently under development will require significant additional research and development efforts, including extensive pre-clinical and clinical testing and regulatory approval, prior to commercial use. There can be no assurance that the Company's research and development efforts will be successful or that any potential product candidates will prove to be safe and effective in clinical trials. Even if developed, these vaccine product candidates may not receive regulatory approval or be successfully introduced and marketed at prices that would permit the Company to operate profitably. The commercial launch of any vaccine product candidate is subject to certain risks including, but not limited to, manufacturing scale-up and market acceptance.

Based on the Company's cash, cash equivalents and short-term investment balances as of December 31, 2009 and its current business operations, the Company believes it will have adequate capital resources available to operate at planned levels for at least the next twelve months. Additional capital will be required in the future to develop its product candidates through clinical development, manufacturing, and commercialization. The Company will seek additional capital through further public or private equity offerings, debt financing, additional strategic alliance and licensing arrangements, non-dilutive government contracts, collaborative arrangements, or some combination of these financing alternatives. Any capital raised by an equity offering will likely be substantially dilutive to the existing stockholders and any licensing or development arrangement may require the Company to give up rights to a product or technology at less than its full potential value. Other than the Company's At the Market Sales Agreement with McNicoll, Lewis & Vlak LLC (see Note 7), we have not secured any additional commitments for new financing nor can the Company provide any assurance that new financing will be available on commercially acceptable terms, if at all. If the Company is unable to obtain additional capital, it will assess its capital resources and will likely be required to delay, reduce the scope of, or eliminate one or more of its product research and development programs, downsize the organization, or reduce its general and administrative infrastructure.

Note 3 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Fielding Pharmaceutical Company. All significant intercompany accounts and transactions have been eliminated in consolidation.

NOVAVAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009, 2008 and 2007

Note 3 — Summary of Significant Accounting Policies – (continued)

As a result of the Company's sale of its Estasorb business in 2008, the consolidated financial statements and the related note disclosures reflect the operations of the Estasorb business as a discontinued operation (see Note 11).

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates.

Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. In 2008, the Company corrected the classification and related accounting for notes receivable due from former directors to show these notes as a reduction to stockholders' equity in the December 31, 2008 consolidated balance sheet. As a result, the Company reduced its net loss by $0.7 million for the accumulated amounts previously reserved and recorded as general and administrative expenses of $1.2 million and a charge to interest income for the cumulative interest income of $0.5 million related to the notes receivable. The Company evaluated the impact of this correction in accordance with Accounting Standards Codification ("ASC") 250-10-355-1, *Materiality*. The amount of the adjustment when compared to the operating results for the year ended December 31, 2008, or any trend of income, is not considered by management to be material.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less from the date of purchase.

Short-Term Investments

Short-term investments at December 31, 2009 consist of investments in three auction rate securities with a par value of $5.1 million and a fair value of $4.2 million. In 2009 and 2008, the Company recorded other-than-temporary impairment charges related to these securities of $1.3 million and $1.2 million, respectively, because of the recent uncertainties in the credit markets and management's belief these securities cannot be sold at par value, but are saleable at a discount from their par value. In 2009, the Company realized gains of $0.8 million relating to redemptions of several auction rate securities from its portfolio.

The Company had invested in auction rate securities for short periods of time as part of its cash management program. Recent uncertainties in the credit markets have prevented the Company from liquidating certain holdings of auction rate securities as the amount of securities submitted for sale during the auction has exceeded the amount of purchase orders. Although an event of an auction failure does not necessarily mean that a security is impaired, the Company considered various factors to assess the fair value and the classification of the securities as short-term assets. Fair value was determined through an independent valuation using two valuation methods — a discounted cash flow method and a market comparable method. Certain factors used in these methods include, but are not necessarily limited to, comparable securities traded on secondary markets, timing of the failed auction, specific security auction history, quality of underlying collateral, rating of the security and the bond insurer, the Company's ability and intent to retain the securities for a period of time to allow for anticipated recovery in the market value, and other factors.

The Company has classified these securities as available-for-sale since the Company may need to liquidate these securities within the next year. The available-for-sale securities are carried at fair value and unrealized gains and losses on these securities, if determined to be temporary, are included in accumulated

NOVAVAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009, 2008 and 2007

Note 3 — Summary of Significant Accounting Policies – (continued)

other comprehensive income (loss) in stockholders' equity. Investments available for sale are evaluated periodically to determine whether a decline in value is "other-than-temporary." The term "other-than-temporary" is not intended to indicate a permanent decline in value. Rather, it means that the prospects for a near term recovery of value are not necessarily favorable, or that there is a lack of evidence to support fair values equal to, or greater than, the carrying value of the security. Management reviews criteria, such as the magnitude and duration of the decline, as well as the Company's ability to hold the securities until market recovery, to predict whether the loss in value is other-than-temporary. If a decline in value is determined to be other-than-temporary, the value of the security is reduced and the impairment is recorded in the consolidated statements of operations. The specific identification method is used in computing realized gains and losses on sale of the Company's securities.

Short-term investments classified as available-for-sale as of December 31, 2009 were comprised of (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Auction rate securities	$ 3,373	$ 820	$ —	$ 4,193
Total	$ 3,373	$ 820	$ —	$ 4,193

Financial Instruments and Concentration of Credit Risk

Financial instruments, which possibly expose the Company to concentration of credit risk, consist primarily of cash and cash equivalents and short-term investments. The Company's investment policy limits investments to certain types of instruments, including auction rate securities, high-grade corporate debt securities and money market instruments, places restrictions on maturities and concentrations in certain industries and requires the Company to maintain a certain level of liquidity. At times, the Company maintains cash balances in financial institutions, which may exceed federally insured limits. The Company has not experienced any losses relating to such accounts and believes it is not exposed to a significant credit risk on its cash and cash equivalents. The carrying value of cash and cash equivalents approximates their fair value based on their short-term maturities at December 31, 2009 and 2008.

Fair Value Measurements

The Company adopted ASC Topic 820, *Fair Value Measurements and Disclosures*, for financial assets and liabilities on January 1, 2008. The Company adopted ASC 820 for non-financial assets and liabilities on January 1, 2009.

ASC 820 discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow) and the cost approach (cost to replace the service capacity of an asset or replacement cost). The statement utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- *Level 1:* Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- *Level 3:* Unobservable inputs that reflect the reporting entity's own assumptions.

NOVAVAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009, 2008 and 2007

Note 3 — Summary of Significant Accounting Policies – (continued)

Financial assets and liabilities measured a fair market value on a recurring basis as of December 31, 2009 are summarized below (in thousands):

	Fair Value Measurement at December 31, 2009 Using Fair Value Hierarchy			
Assets	Level 1	Level 2	Level 3	Fair Value
Cash and cash equivalents	$ 38,757	$ —	$ —	$ 38,757
Short-term investments	—	4,193	—	4,193
Total	$ 38,757	$ 4,193	$ —	$ 42,950

The amounts in the Company's consolidated balance sheet for accounts receivable, accounts payable and notes payable approximate fair value due to their short-term nature.

Accounts Receivables

Accounts receivable are reported at their net realizable value. The Company maintains an allowance for doubtful accounts that is determined based on historical experience and management's expectations of future losses. Accounts deemed uncollectible are charged to the allowance based on specific identification. Accounts that are ultimately deemed uncollectible are written-off as a reduction of accounts receivable and the allowance for doubtful accounts.

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, generally three to ten years. Amortization of leasehold improvements is provided over the shorter of the estimated useful lives of the improvements or the term of the lease. Repairs and maintenance costs are expensed as incurred.

Property and equipment is comprised of the following at December 31 (in thousands):

	2009	2008
Construction in progress	$ 1,351	$ 5,394
Machinery and equipment	4,348	3,880
Leasehold improvements	4,531	637
Computer software and hardware	333	339
	10,563	10,250
Less accumulated depreciation and amortization	(2,762)	(2,022)
	$ 7,801	$ 8,228

Construction in progress is primarily related to costs incurred related to the completion of the Company's GMP pilot manufacturing facility, which was ready for use in January 2009 and the purchase of equipment that is awaiting final installation or validation prior to its use.

Depreciation expense was approximately $1.2 million, $0.9 million and $0.7 million for the years ended December 31, 2009, 2008 and 2007, respectively.

Goodwill and Intangible Assets

Goodwill originally resulted from a business acquisition in 2000. Assets acquired and liabilities assumed were recorded at their fair values; the excess of the purchase price over the identifiable net assets acquired was recorded as goodwill. Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to impairment tests annually, or more frequently should indicators of impairment arise. The Company utilizes both the market approach and the income approach to determine if it has an impairment of

NOVAVAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009, 2008 and 2007

Note 3 — Summary of Significant Accounting Policies – (continued)

its goodwill. The market approach serves as the primary approach and is based on market value of invested capital. The income approach is used as a confirming look to the market approach. Goodwill impairment is deemed to exist if the carrying value of a reporting unit exceeds its estimated fair value.

At December 31, 2009 and 2008, the Company used both the market approach and the income approach to determine if the Company had an impairment of its goodwill. The Company used a market approach to determine the market value of capitalization of its single reporting unit. Step one of the impairment test states that if the fair value of a reporting unit exceeds its carrying amount, goodwill is considered not to be impaired. The Company's forecasts were used to create a risk adjusted discounted cash flow analysis to indicate fair value. The fair value of the Company's reporting unit was compared to the carrying amount of the reporting unit. Under both approaches, the fair value of the reporting unit was higher than the carrying value, resulting in no impairment to goodwill at December 31, 2009 and 2008. Due to a significant decrease in its stock price during the first quarter of 2009, the Company also performed a goodwill impairment test as of March 31, 2009, and determined there was no impairment to goodwill.

Equity Method Investments

The Company has an equity investment in CPL Biologicals Private Limited. The Company accounts for this investment using the equity method (see Note 4). Under the equity method of accounting, investments are stated at initial cost and are adjusted for subsequent additional investments and the Company's proportionate share of earnings or losses and distributions up to the amount initially invested or advanced.

Long-Lived Assets and Discontinued Operations

The Company accounts for the impairment of its long-lived assets in accordance with ASC 360, *Property, Plant and Equipment*. This financial standard requires a periodic evaluation of the recoverability of the carrying value of long-lived assets and identifiable intangibles whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. The Company considers historical performance and anticipated future results in its evaluation of potential impairment. Accordingly, when indicators of impairment are present, the Company evaluates the carrying value of these assets in relation to the operating performance of the business and future undiscounted cash flows expected to result from the use of these assets. Impairment losses are recognized when the sum of expected future cash flows is less than the assets' carrying value.

In 2008, the Company was unable to sell the patent related to its MNP technology, previously recorded as assets held for sale, and recorded an impairment of $0.8 million.

Revenue Recognition

The Company performs research and development for United States government agencies. The Company recognizes revenue under research contracts when a contract has been executed, the contract price is fixed and determinable, delivery of services or products has occurred and collection of the contract price is considered probable. Revenue is earned under cost reimbursable and fixed price contracts. Direct contract costs are expensed as incurred.

Under cost reimbursable contracts, the Company is reimbursed for allowable costs and paid a fixed fee. Revenue on cost reimbursable contracts is recognized as costs are incurred plus a portion of the fee earned. Revenue for fixed price arrangements are recognized under the proportional performance method based upon the ratio of costs incurred to achieve contract milestones to total estimated cost. Losses on contracts, if any, are recognized in the period in which they become known.

NOVAVAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009, 2008 and 2007

Note 3 — Summary of Significant Accounting Policies – (continued)

For upfront payments and licensing fees related to contract research or technology, the Company follows provisions of ASC 605, *Revenue Recognition,* in determining if these payments and fees represent the culmination of a separate earnings process or if they should be deferred and recognized as revenue over the life of the related agreement.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with ASC Topic 718, *Compensation-Stock Compensation*, which requires grants of employee stock options and restricted stock awards to be recognized in the financial statements based upon their respective grant-date fair values. The Company recognizes compensation expense on a straight-line basis over the requisite service period (generally the vesting period) of the equity awards, which typically occurs ratably over periods ranging from six months to four years. See Note 9 for a further discussion on stock-based compensation.

The expected life of stock options granted was based on the Company's historical option exercise experience and post vesting forfeiture experience using the historical expected term from the vesting date. The expected volatility of the options granted was determined using historical volatilities based on stock prices over a look-back period corresponding to the expected life. The risk-free interest rate was determined using the yield available for zero-coupon United States government issues with a remaining term equal to the expected life of the options. The forfeiture rate was determined using historical pre-vesting forfeiture rates since the inception of the plans. The Company has never paid a dividend, and as such, the dividend yield is zero.

Restricted stock awards to employees and directors have been recorded as compensation expense over the expected vesting period based on the fair value at the award date and the number of shares ultimately expected to vest using the straight-line method of amortization. The Company accounts for share-based awards issued to non-employees by determining the fair value of equity awards given as consideration for services rendered to be recognized as compensation expense over the shorter of the vesting or service periods. In cases where services are not fully rendered, the equity award must be revalued on each subsequent reporting date until performance is complete with a cumulative catch-up adjustment recognized for any changes in their estimated fair value.

Research and Development Expenses

Research and development expenses are expensed as incurred. Such costs include internal research and development expenditures (such as salaries and benefits, raw materials, and supplies) and contracted services (such as sponsored research, testing and consulting services) of proprietary research and development activities and similar expenses associated with collaborative research agreements.

Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes*. Under the liability method, deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. A valuation allowance is established when necessary to reduce net deferred tax assets to the amount expected to be realized.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 3 — Summary of Significant Accounting Policies – (continued)

On January 1, 2007, the Company adopted a new financial pronouncement that gives guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and requires that the Company recognize in its financial statements the impact of a tax position, if that position is more likely than not to be sustained upon an examination, based on the technical merits of the position.

Interest and penalties related to income tax matters are recorded as income tax expense. At December 31, 2009 and 2008, the Company had no accruals for interest or penalties related to income tax matters.

Net Loss per Share

Net loss per share is computed using the weighted average number of shares of common stock outstanding. All outstanding warrants, stock options and unvested restricted stock awards totaling 9,428,319 shares at December 31, 2009 are excluded from the computation for 2009, as their effect is anti-dilutive.

Comprehensive Income (Loss)

The Company accounts for comprehensive income (loss) as prescribed by ASC 220, *Comprehensive Income*. Comprehensive income (loss) is the total net income (loss) plus all changes in equity during the period except those changes resulting from investment by and distribution to owners. Total comprehensive loss was $37.6 million, $36.0 million and $34.8 million for the years ended December 31, 2009, 2008 and 2007, respectively.

At December 31, 2009, the Company's other comprehensive income consists of $0.8 million related to the appreciation on previously impaired marketable securities in the later part of 2009. During 2008 and early 2009, the Company experienced a decrease in the value of these securities and recorded other-than-temporary impairment charges and adjusted the carrying value of these securities.

Segment Information

The Company manages its business as one operating segment: developing novel, highly potent recombinant vaccines. The Company does not operate separate lines of business with respect to its products or product candidates. Accordingly, the Company does not have separately reportable segments as defined by ASC 280, *Segment Reporting*.

Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued authoritative guidance on the consolidation of variable interest entities, which is effective for the Company beginning January 1, 2010. The new guidance requires revised evaluations of whether entities represent variable interest entities, ongoing assessments of control over such entities, and additional disclosures for variable interests. The Company believes adoption of this new guidance will not have a material impact on its financial position and results of operations.

In September 2009, ASU 2009-13, *Revenue Recognition* (Topic 605) — *Multiple-Deliverable Revenue Arrangements*, was issued and will change the accounting for multiple-deliverable arrangements to enable vendors to account for products or services (deliverables) separately rather than as a combined unit. Specifically, this guidance amends the criteria in Subtopic 605-25, *Revenue Recognition — Multiple-Element Arrangements,* for separating consideration in multiple-deliverable arrangements. This guidance establishes a selling price hierarchy for determining the selling price of a deliverable, which is based on: (a) vendor-specific objective evidence; (b) third-party evidence; or (c) estimates. This guidance also eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. In addition, this guidance significantly expands required disclosures related to a vendor's multiple-deliverable revenue arrangements. ASU 2009-13 is effective

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Note 3 — Summary of Significant Accounting Policies – (continued)

prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010 with early adoption permitted. The impact of ASU 2009-13 on the Company's consolidated financial statements will depend on the nature and terms of its revenue arrangements entered into or materially modified after the adoption date. However, based on the Company's current customer arrangements, the Company does not believe the adoption of this ASU will have a material impact on its consolidated financial statements.

In January 2010, the FASB issued ASU 2010-06, *Fair Value Measurements and Disclosures* (Topic 820) — *Improving Disclosures about Fair Value Measurements*, which amends Topic 820 to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements related to Level 3 measurements. ASU 2010-06 also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. The ASU is effective for the first reporting period beginning after December 15, 2009, except for the requirements to provide the Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Early adoption is permitted. The Company believes the adoption of this amendment will not have a material effect on its financial position or results of operations.

Note 4 — Joint Venture and H1N1 Mexico Transaction

Joint Venture With Cadila

On March 31, 2009, the Company entered into a Joint Venture Agreement (the "JVA") with Cadila Pharmaceuticals Ltd., a private company incorporated under the laws of India ("Cadila") pursuant to which the Company and Cadila formed CPL Biologicals Private Limited, a joint venture (the "JV"), of which 80% is owned by Cadila and 20% is owned by Novavax. The JV will develop and commercialize the Company's seasonal influenza and H1N1 pandemic vaccine candidates and Cadila's biogeneric products and other diagnostic products for the territory of India. The JV has the right to negotiate a definitive agreement for rights to certain future Novavax products (other than RSV) and certain future Cadila products in India, prior to Novavax or Cadila licensing such rights to a third party. Novavax has the right to negotiate the licensing of vaccines developed by the JV using Novavax's technology for commercialization in every country except for India and vaccines developed by the JV using Cadila's technology for commercialization in certain other countries, including the United States. Cadila has committed to contribute approximately $8 million over three years to support the JV's operations. In connection with the JVA, on March 31, 2009, the Company also entered into a license agreement, an option to enter into a license agreement, a technical services agreement and a supply agreement with the JV and a master services agreement with Cadila. Because the Company does not control the JV, the Company accounts for its investment using the equity method. Since the carrying value of the Company's contribution was $0 and there is no guarantee or commitment to provide future funding, the Company does not expect to record losses related to this investment in the future.

Also on March 31, 2009, the Company entered into a Stock Purchase Agreement with Satellite Overseas (Holdings) Limited ("SOHL"), a subsidiary of Cadila, pursuant to which SOHL purchased 12.5 million shares of the Company's common stock at the market price of $0.88 per share, resulting in net proceeds of approximately $10.6 million.

H1N1 Mexico Transaction

On October 19, 2009, the Company entered into a Materials Transfer Agreement with Laboratorio Avi-Mex S.A. de C.V. ("Avimex"), pursuant to which it supplied Avimex with certain amounts of its 2009 H1N1 vaccine candidate and made payments to Avimex related to the Company's clinical trial. Avimex used the H1N1 vaccine to conduct clinical trials and is currently seeking regulatory approval in Mexico. Avimex made a milestone payment to the Company and is obligated to pay the Company a transfer fee for the H1N1

NOVAVAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009, 2008 and 2007

Note 4 — Joint Venture and H1N1 Mexico Transaction – (continued)

vaccine based on the Company's production cost. The agreement and the option to enter into a non-exclusive distribution agreement to distribute the 2009 H1N1 vaccine in Mexico both expired by its terms on December 31, 2009. The second phase of the clinical trial is ongoing and the parties are continuing to cooperate in seeking regulatory approval in Mexico.

On October 20, 2009, the Company entered into a binding term sheet (as amended, the "Xcellerex Agreement") with Xcellerex, Inc. A director of the Company was also a director of Xcellerex at the time the term sheet was negotiated. This director did not participate in any Board of Directors meetings regarding this transaction. Pursuant to the Xcellerex Agreement, Xcellerex performed scale-up and manufacturing activities related to the Company's 2009 H1N1 vaccine candidate for potential sale in Mexico. Although the H1N1 manufacturing campaign with Xcellerex did not result in the manufacture of acceptable vaccine to the Company, the Company achieved proof of concept by scaling up to a commercial grade bioreactor. The success in scaling up its VLP's in stir tank bioreactors potentially provides an additional path to large scale, commercially viable vaccine production. As consideration, the Company paid Xcellerex a fixed payment and supplied materials. The Xcellerex Agreement expired by its terms on February 15, 2010.

Note 5 — Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following at December 31 (in thousands):

	2009	2008
Employee benefits and compensation	$ 1,726	$ 412
Research and development accruals	2,638	1,297
Other accrued expenses	1,038	782
Interest expense	15	478
Accrued expenses and other current liabilities	$ 5,417	$ 2,969

Note 6 — Long-Term Debt

Notes Payable

Notes payable consist of the following at December 31 (in thousands):

	2009	2008
Note payable; insurance financing; bears interest at 4.9% per annum; principal and interest due in monthly installments of $51,677 through September 2009	$ —	$ 570
Opportunity Grant Fund notes payable; non-interest bearing; principal only payments due in monthly installments of $6,667 through April 2012	186	260
Loan agreements; bear interest at 3% per annum; repayment is conditional	300	300
Total	486	1,130
Less current portion	(80)	(650)
Long-term portion	$ 406	$ 480

NOVAVAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009, 2008 and 2007

Note 6 — Long-Term Debt – (continued)

Opportunity Grant Fund Note Payable

In April 2007, the Company entered into a Settlement and Release Agreement with the Commonwealth of Pennsylvania, whereby the Company agreed to repay the original grant of $400,000 associated with its former corporate headquarters and product development activities in Malvern, Pennsylvania in 60 monthly installments of $6,667 each starting May 2007. Interest does not accrue on the outstanding balance.

Loan Agreements

In May 2008, the Company entered into loan agreements with the State of Maryland and Montgomery County whereby the repayment of the loan amounts and accrued interest is conditioned upon the Company meeting the capital investment and employment requirements during the term of the loans through 2013.

Convertible Notes

At December 31, 2008, the Company had convertible notes outstanding, net of a discount, totaling $21.8 million. These notes had a face value of $22 million, with interest at 4.75%, due July 15, 2009 and were convertible by the holders into 4,029,304 shares of the Company's common stock at $4.00 per share.

On April 29, 2009, the Company entered into amendment agreements (the "2009 Amendments") with holders of the outstanding Notes representing $17.0 million of the $22 million outstanding principal amount of the Notes to amend the terms of the Notes to allow for early retirement; 70% of this principal amount plus accrued and unpaid interest was paid in cash, totaling $12.1 million, and 30% was paid through issuance of 2,040,000 shares of common stock at $2.50 per share.

On July 15, 2009, the Company paid the $5.0 million balance of the Notes. Under the terms of the Notes, the Company paid approximately $2.6 million of principal and accrued and unpaid interest in cash and issued 1,016,939 shares of common stock to pay the remaining $2.6 million of principal and accrued and unpaid interest, based on a price of $2.5163 per share. As of July 15, 2009, the Notes were fully paid and extinguished.

Aggregate future minimum principal payments on long-term debt at December 31, 2009 are as follows (in thousands):

Year	Amount
2010	$ 80
2011	80
2012	26
2013	300
	$ 486

Note 7 — Sales of Common Stock

On November 25, 2009, the Company issued 6,800,000 shares of common stock at $3.30 per share in an underwritten public offering. The Company received net proceeds of approximately $21 million.

On June 30, 2009, the Company entered into a stock purchase agreement with ROVI Pharmaceuticals of Spain for the purchase of $3 million of common stock at $2.74 per share and issued approximately 1,094,891 shares of its common stock in this transaction.

On March 31, 2009, the Company entered into a stock purchase agreement with SOHL, pursuant to which SOHL purchased 12.5 million shares of common stock at the market price of $0.88 per share. The Company received net proceeds of approximately $10.6 million.

NOVAVAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009, 2008 and 2007

Note 7 — Sales of Common Stock – (continued)

On January 12, 2009, the Company entered into an At the Market Sales Agreement (the "January Sales Agreement") with Wm Smith & Co. ("Wm Smith"), under which the Company may sell an aggregate of up to $25 million in gross proceeds of its common stock from time to time through Wm Smith, as the agent for the offer and sale of the common stock. During 2009, the Company sold 7,489,207 shares at a range of $1.75-$5.03 and received net proceeds of approximately $22 million under the January Sales Agreement. On September 15, 2009, the Company entered into a second At Market Issuance Sales Agreement (the "September Sales Agreement"), with Wm Smith, under which the Company may sell an aggregate of up to $10 million in gross proceeds of the Company's common stock from time to time through Wm Smith. The Company has not sold any common stock under the September Sales Agreement.

On March 15, 2010, the Company terminated the January Sales Agreement and the September Sales Agreement and entered into a sales agreement with McNicoll, Lewis & Vlak LLC, as sales agent, under which the Company may sell an aggregate of $50 million of gross proceeds of the Company's common stock. The Company's Board of Directors has authorized the sale of up to 25 million shares of common stock pursuant to this agreement.

On July 31, 2008, the Company completed a registered direct offering of 6,686,650 units (the "Units"), with each unit consisting of one share of common stock and a warrant to purchase 0.5 shares of common stock at a price of $2.68 per unit (or $2.8425 per unit for units sold to affiliates of the Company). The warrants represent the right to acquire an aggregate of 3,343,325 shares of common stock at an exercise price of $3.62 per share and are exercisable between January 31, 2009 and July 31, 2013. The Company received net proceeds of approximately $17.5 million.

In connection with the sale of Units, the Company estimated the fair value attributable to the warrants of approximately $4.1 million as of the date of grant by applying the Black-Scholes pricing valuation model. The Black-Scholes pricing valuation model utilized the following assumptions: warrant issue date stock price of $2.52, expected volatility of 80.32%, expected term of 5.0 years, risk-free interest rate of 3.30%, and dividend yield of 0%. The fair value of the warrants was included in additional paid-in-capital on the Company's consolidated balance sheet.

Note 8 — Stockholders' Equity

On August 7, 2002, the Company adopted a Shareholder Rights Plan which provides for the issuance of rights to purchase shares of Series D Junior Participating Preferred Stock, par value $0.01 per share (the "Preferred Shares"), of the Company. Under the Shareholder Rights Plan, the Company distributed one preferred share purchase right (a "Right") for each outstanding share of common stock of the Company. The Rights were distributed to stockholders of record on August 16, 2002.

Each Right entitles the holder to purchase from the Company one-thousandth of a Preferred Share at a price of $40, subject to adjustment. The Rights become exercisable, with certain exceptions, 10 business days after any party, without prior approval of the Board of Directors, acquires or announces an offer to acquire beneficial ownership of 15% or more of the Company's outstanding common stock. In the event that any party acquires 15% or more of the Company's outstanding common stock, the Company enters into a merger or other business combination, or if a substantial amount of the Company's assets are sold after the time that the Rights become exercisable, the Rights provide that the holder will receive, upon exercise, shares of the common stock of the surviving or acquiring company, as applicable, having a market value of twice the exercise price of the Right.

The Rights expire August 7, 2012, and are redeemable by the Company at a price of $0.00025 per Right at any time prior to the time that any party acquires 15% or more of the Company's outstanding common stock. Until the earlier of the time that the Rights become exercisable, are redeemed or expire, the Company will issue one Right with each new share of common stock issued.

NOVAVAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 9 — Stock-Based Compensation

The Company has granted equity awards under several plans. Under the 2005 Stock Incentive Plan (the "2005 Plan"), approved in May 2005 and amended in June 2007 by the Company's stockholders, equity awards may be granted to officers, directors, employees, consultants and advisors to the Company and any present or future subsidiary to purchase a maximum of 5,565,724 shares of the Company's common stock. In addition, at the time of approval of the 2005 Plan, a maximum 5,746,468 shares of common stock subject to stock options outstanding under the Company's 1995 Stock Option Plan (the "1995 Plan") may revert to and become issuable under the 2005 Plan, if such options should expire or otherwise terminate unexercised. Although the term of the 1995 Plan has expired, stock options previously granted under the 1995 Plan remain in existence in accordance with their terms. No new awards will be made under the 1995 Plan.

Under the 2005 Plan, the 1995 Plan and the 1995 Director Stock Option Plan (the "1995 Director Plan") incentive stock options, having a maximum term of 10 years, can be or were granted at no less than 100% of the fair market value of the Company's stock at the time of grant and are generally exercisable over periods ranging from six months to four years. There is no minimum exercise price for non-statutory stock options. The 1995 Director Plan has expired. Stock options previously granted under the 1995 Director Plan remain in existence in accordance with their terms. No new awards will be made under the 1995 Directors Plan.

The Company recorded stock-based compensation expense in the consolidated statement of operation as follows (in thousands):

	Years Ended December 31,		
	2009	2008	2007
Research and development	$ 539	$ 750	$ 608
General and administrative	994	1,064	737
Total stock-based compensation expenses	$ 1,533	$ 1,814	$ 1,345

NOVAVAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009, 2008 and 2007

Note 9 — Stock-Based Compensation – (continued)

Stock Options Awards

The following is a summary of option activity under the 2005 Plan, the 1995 Plan and the 1995 Director Plan for the year ended December 31, 2009:

	2005 Stock Incentive Plan		1995 Stock Option Plan		1995 Director Stock Option Plan	
	Stock Options	Weighted-Average Exercise Price	Stock Options	Weighted-Average Exercise Price	Stock Options	Weighted-Average Exercise Price
Outstanding at January 1, 2009	4,604,509	$ 2.46	1,433,969	$ 5.43	40,000	$ 5.63
Granted	1,339,525	$ 1.99	—	$ —	—	$ —
Exercised	(541,832)	$ 1.72	(5,000)	$ 4.28	—	$ —
Canceled	(523,527)	$ 2.70	(342,650)	$ 4.45	(10,000)	$ 5.63
Outstanding at December 31, 2009	4,878,675	$ 2.38	1,086,319	$ 5.72	30,000	$ 5.63
Vested and expected to vest at December 31, 2009	4,471,134	$ 2.38	1,086,319	$ 5.72	30,000	$ 5.63
Shares exercisable at December 31, 2009	2,594,887	$ 2.38	1,086,319	$ 5.72	30,000	$ 5.63
Shares available for grant at December 31, 2009	2,712,580					

The fair value of the stock options granted for the years ended December 31, 2009, 2008 and 2007, was estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	2009	2008	2007
Weighted average fair value of options granted	$1.29	$1.59	$1.76
Risk-free interest rate	1.56% – 3.19%	1.97% – 3.29%	3.93% – 4.62%
Dividend yield	0%	0%	0%
Volatility	85.68 – 119.53%	81.14% – 87.78%	86.11% – 93.80%
Expected life (in years)	3.89 – 7.05	3.62 – 6.37	4.03 – 5.94
Expected forfeiture rate	21.07%	21.96%	20.34%

The aggregate intrinsic value and weighted-average remaining contractual term of stock options exercisable as of December 31, 2009 was approximately $1.8 million and 5.1 years, respectively. The aggregate intrinsic value and weighted-average remaining contractual term of options vested and expected to vest as of December 31, 2009 was $3.0 million and 6.5 years, respectively. The aggregate intrinsic value represents the total intrinsic value (the difference between the Company's closing stock price on the last trading day of 2009 and the exercise price, multiplied by the number of in-the-money options) that would have been received by

NOVAVAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009, 2008 and 2007

Note 9 — Stock-Based Compensation – (continued)

the option holders had all option holders exercised their options on December 31, 2009. This amount is subject to change based on changes to the fair market value of the Company's common stock. The aggregate intrinsic value of options exercised for 2009, 2008 and 2007 was $0.9 million, $0.1 million and $40,000, respectively.

Restricted Stock Awards

Under the 2005 Plan, the Company granted restricted stock awards subject to certain performance- or time-based vesting conditions which, if not met, would result in forfeiture of the shares and reversal of any previously recognized related stock-based compensation expense.

The following is a summary of restricted stock awards activity for the year ended December 31, 2009:

	Number of Shares	Per Share Weighted-Average Grant-Date Fair Value
Outstanding at January 1, 2009	148,332	$ 3.07
Restricted stock granted	10,000	$ 5.21
Restricted stock vested	(68,332)	$ 3.46
Restricted stock forfeited	—	$ 0.00
Outstanding at December 31, 2009	90,000	$ 3.04

As of December 31, 2009, there was approximately $2.0 million of total unrecognized compensation expense (net of estimated forfeitures) related to unvested options and restricted stock awards. This unrecognized compensation expense is expected to be recognized over a weighted average period of 1.4 years.

Note 10 — Employee Benefits

The Company maintains a defined contribution 401(k) retirement plan, pursuant to which employees who have completed 90 days of service may elect to contribute up to 15% of their compensation on a tax deferred basis up to the maximum amount permitted by the Internal Revenue Code of 1986, as amended.

The Company currently matches 25% of the first 6% of the participants' deferral. Contributions to the 401(k) plan vest equally over a three-year period. The Company has expensed, net of forfeitures, approximately $37,000, $77,000 and $59,000 in 2009, 2008 and 2007, respectively.

Note 11 — Discontinued Operations

In February 2008, the Company sold certain assets used in the production of Estrasorb, an estrogen product currently licensed by Graceway Pharmaceuticals, LLC ("Graceway"), to Graceway. In connection with the sale, the Company agreed to manufacture and supply additional units of Estrasorb for Graceway, which the Company completed and exited the facility in August 2008. The Company received an upfront payment from Graceway upon the execution of the transaction agreements. As part of the transaction, once the Company satisfied its supply obligations, the Company transferred to Graceway manufacturing equipment related to the production of Estrasorb, valued at $1.1 million on the closing date, which had been included as assets held for sale in the Company's consolidated balance sheet.

NOVAVAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009, 2008 and 2007

Note 11 — Discontinued Operations – (continued)

Due to the operations and cash flows of the Estrasorb business being eliminated from continuing operations of the Company, and the fact that the Company does not have any significant continuing involvement in the business, the operations of the Estrasorb business have been classified as discontinued operations for the years ended December 31, 2008 and 2007. Summarized operating results from the discontinued operations included in the Company's consolidated statements of operations are as follows (in thousands):

	2008	2007
Revenue	$ 3,776	$ 1,913
Income (loss) from discontinue operations	$ 273	$ (6,175)

The assets and liabilities of the discontinued operations in the Company's consolidated balance sheet are as follows as of December 31 (in thousands):

	2008
Prepaid expenses and other current assets	$ 132
Current assets of discontinued operations	$ 132
Accounts payable	$ 209
Accrued expenses and other current liabilities	33
Current liabilities of discontinued operations	$ 242

Note 12 — Income Taxes

The Company incurred a current tax liability for foreign and state income taxes of approximately $92,000 and $0 for the years ended December 31, 2009 and 2008, respectively. There is no deferred provision as the deferred tax asset has been entirely offset by a valuation allowance.

The components of the income tax provision (benefit) are as follows (in thousands):

	2009	2008
Current	$ 92	$ —
Deferred	—	—
Net provision	$ 92	$ —

Deferred tax assets (liabilities) consist of the following at December 31 (in thousands):

	2009	2008
Net operating losses	$ 87,698	$ 73,585
Research tax credits	3,880	3,278
Other	3,539	4,648
Total deferred tax assets	95,117	81,511
Other	(264)	(712)
Total deferred tax liabilities	(264)	(712)
Net deferred tax assets	94,853	80,799
Less valuation allowance	(94,853)	(80,799)
Deferred tax assets, net	$ —	$ —

NOVAVAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009, 2008 and 2007

Note 12 — Income Taxes – (continued)

The differences between the United States federal statutory tax rate and the Company's effective tax rate are as follows:

	2009	2008	2007
Statutory federal tax rate	(34)%	(34)%	(34)%
State income taxes, net of federal benefit	—%	(6)%	(7)%
Research and development credit	(1)%	(1)%	—%
Other	(4)%	—%	1%
Change in valuation allowance	39%	41%	40%
	—%	—%	—%

Realization of net deferred tax assets is dependent on the Company's ability to generate future taxable income, which is uncertain. Accordingly, a full valuation allowance was recorded against these assets as of December 31, 2009 and 2008 as management believes it is more likely than not that the assets will not be realizable.

As of December 31, 2009, the Company had tax return reported federal net operating losses and tax credits available as follows (in thousands):

	Amount
Federal net operating losses expiring through the year 2029	$ 237,569
Research tax credits expiring through the year 2029	4,576
Alternative-minimum tax credit (no expiration)	94

Utilization of the net operating loss carryforwards and credits may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. The Company has not performed a detailed analysis to determine whether an ownership change under Section 382 of the Internal Revenue Code occurred. The effect of an ownership change would be the imposition of an annual limitation on the use of net operating loss carryforwards and credits attributable to periods before the change and could result in a reduction in the total net operating losses and credits available.

Beginning in 2006, the windfall equity-based compensation deductions are tracked off balance sheet in conformity with ASC 360. During 2009, 2008 and 2007, the Company recorded $0.5 million, $0.2 million and $0.4 million, respectively, of windfall stock compensation deductions that are being tracked off balance sheet. If and when realized, the tax benefit associated with these deductions will be credited to additional paid-in capital. These excess benefit deductions are included in the total Federal net operating losses disclosed above.

NOVAVAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009, 2008 and 2007

Note 12 — Income Taxes – (continued)

Tabular Reconciliation of Unrecognized Tax Benefits (in thousands):

	Amount
Balance as of January 1, 2008	$ 6,113
Gross increases – tax positions in prior period	—
Gross decreases – tax position in prior period	(193)
Gross increases – current-period tax positions	619
Increases (decreases) from settlements	—
Unrecognized tax benefits as of December 31, 2008	$ 6,539
Gross increases – tax positions in prior period	—
Gross decreases – tax position in prior period	(2,105)
Gross increases – current-period tax positions	425
Increases (decreases) from settlements	—
Unrecognized tax benefits as of December 31, 2009	$ 4,859

To the extent these unrecognized tax benefits are ultimately recognized, it would affect the annual effective income tax rate.

The Company and its subsidiary file income tax returns in the United States federal jurisdiction and in various states. The Company had tax net operating losses and credits carryforwards that are subject to examination for a number of years beyond the year in which they are generated for tax purposes. Since a portion of these carryforwards may be utilized in the future, many of these attribute carryforwards remain subject to examination.

The Company's policy is to recognize interest and penalties related to income tax matters in income tax expense. As of December 31, 2009 and December 31, 2008, the Company had no accruals for interest or penalties related to income tax matters.

Note 13 — Commitments and Contingencies

Operating Leases

The Company conducts its operations from a leased facility, under an operating lease with a term expiring in 2017, in Rockville, Maryland. The lease obligates the Company to pay building operating costs. The Company also leased space in Malvern, Pennsylvania, its former corporate headquarters, under an operating lease with a term expiring in 2014. The Company has subleased this facility, under a sublease agreement expiring in 2011 and has granted the subtenant an option to renew the sublease for an additional three year term.

NOVAVAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009, 2008 and 2007

Note 13 — Commitments and Contingencies – (continued)

Future minimum rental commitments under non-cancelable leases as of December 31, 2009 are as follows (in thousands):

Year	Operating Leases	Sublease	Net Operating Leases
2010	$ 2,043	$ (339)	$ 1,704
2011	2,087	(259)	1,828
2012	2,132	—	2,132
2013	2,179	—	2,179
2014	2,151	—	2,151
Thereafter	4,248	—	4,248
Total minimum lease payments	$ 14,840	$ (598)	$ 14,242

Total rent expenses approximated $1.5 million, $2.7 million and $2.4 million for the years ended December 31, 2009, 2008 and 2007, respectively. Rent expense for the year ended December 31, 2008 includes an accrual of $0.4 million related to the exit of the Taft Court facility.

Purchase Obligations

On March 31, 2009, the Company and Cadila entered into a master services agreement (the "Master Services Agreement") pursuant to which the Company may request services from Cadila in the areas of biologics research, pre-clinical development, clinical development, process development, manufacturing scale up and general manufacturing related services in India. If, at the third anniversary of the Master Services Agreement, the amount of services provided by Cadila is less than $7.5 million, the Company will pay Cadila the portion of the shortfall amount that is less than or equal to $2.0 million and 50% of the portion of the shortfall amount that exceeds $2.0 million. When calculating the shortfall, the amount of services provided by Cadila includes amounts that have been paid under all project plans, the amounts that will be paid under ongoing executed project plans and amounts for services that had been offered to Cadila, that Cadila was capable of performing, but exercised its right not to accept such project. The term of the Master Services Agreement is five years, but may be terminated by either party if there is a material breach that is not cured within 30 days of notice or, at any time after three years, provided that 90 days prior notice is given to the other party. As of December 31, 2009, the Company's remaining obligation to Cadila under the Master Services Agreement is $7.4 million.

Contingencies

License Agreement With Wyeth Holdings Corporation

The Company entered into a license agreement in 2007 with Wyeth Holdings Corporation, a subsidiary of Wyeth ("Wyeth"). The license is a non-exclusive, worldwide license to a family of patent applications covering VLP technology for use in human vaccines in certain fields of use. The agreement provides for an upfront payment, annual license fees, milestone payments and royalties on any product sales. If each milestone is achieved for any particular product candidate, the Company would be obligated to pay an aggregate of $14.0 million to Wyeth for each product candidate developed and commercialized under the agreement. Annual license maintenance fees under the agreement total $0.3 million per annum. The royalty to be paid by the Company under the agreement, if a product is approved by the FDA for commercialization, will be based on single digit percentage of net sales. Payments under the agreement to Wyeth as of December 31, 2009 aggregated $5.1 million. The agreement will remain effective as long as at least one claim of the licensed patent rights cover the manufacture, sale or use of any product unless terminated sooner at the Company's option or by Wyeth for an uncured breach by the Company.

NOVAVAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009, 2008 and 2007

Note 13 — Commitments and Contingencies – (continued)

License Agreement With University of Massachusetts Medical School

The Company entered into an exclusive license agreement in 2007 with the University of Massachusetts ("UMMS"). The license is an exclusive, worldwide license of VLP technology to develop VLP vaccines for the prevention of any viral diseases in humans. The agreement provides for an upfront payment, annual license fees, milestone payments and royalties on any product sales. Payments under the agreement as of December 31, 2009 were not material. The agreement will remain effective as long as at least one claim of the licensed patent rights cover the manufacture, sale or use of any product unless terminated sooner at the Company's option or by either party for an uncured breach by the other party.

Supplies Provided by GE Healthcare Bio-Sciences Corp.

GE Healthcare Bio-Sciences Corp. ("GE") has supplied the Company consumables free-of-charge that were to be used by Xcellerex in the manufacturing activities related to its 2009 H1N1 vaccine candidate. The Company has arranged to reimburse GE for such consumables if it receives funding for the development or manufacture or receives payment for the commercial sale or supply of the vaccine. At December 31, 2009, the Company has not recorded this contingent liability since neither event has occurred and the likelihood of occurrence is currently not determinable.

Note 14 — Related Party Transactions

Dr. Rajiv Modi, a director of Novavax, is also a managing director of Cadila Pharmaceuticals Ltd. The Company and Cadila have formed a joint venture called CPL Biologicals Private Limited, of which the Company owns 20%. The Company and Cadila have also entered into a Master Services Agreement, pursuant to which Cadila may perform certain research, development and manufacturing services for the Company up to $7.5 million. A subsidiary of Cadila owns 12.5 million shares of the Company's outstanding common stock. During the year ended December 31, 2009, the Company incurred $0.1 million related to the Master Services Agreement.

Mr. John Lambert, the Company's former Executive Chairman of the Board of Directors, had a consulting agreement with the Company, pursuant to which he assisted the Company with issues regarding the development and commercialization of its vaccine product candidates. His annual compensation for these services was $220,000. The Company also pays Mr. Lambert $30,000 annually for his service as a board member and also has granted him equity awards. For the years ended December 31, 2009, 2008 and 2007, the Company recorded consulting expenses of $220,000, $220,000 and $180,000, respectively, in accordance with the consulting agreement. On March 8, 2010, Mr. Lambert's consulting agreement expired by its terms.

On February 15, 2010, the Board of Directors elected Mr. Stanley Erck as its new Executive Chairman. Mr. Erck will be paid a salary of $300,000 per annum and has been granted equity awards.

Two of the Company's former directors have outstanding notes due to the Company in the aggregate principal amount of $1,572,000, as reflected on the Company's balance sheet as of December 31, 2009. The notes, in the initial principal amount of $1,479,268, were initially delivered by the former directors to the Company in March 2002 as payment of the exercise price of options. In May 2008, one of the Notes was amended and restated to, among other things, include accrued interest in the principal amount, bringing the aggregate principal amount outstanding to $1,610,516. As of December 31, 2009, the Company received payments of $65,000. As security, the former directors pledged shares of the Company's common stock as collateral. The Company has the right to sell the pledged shares. As of December 31, 2009, the outstanding principal and interest for these two notes was $2.0 million. The Company has not accrued interest due to collection concerns. Both notes are currently in default and the Company is pursuing the collection of these promissory notes.

NOVAVAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009, 2008 and 2007

Note 15 — Quarterly Financial Information (Unaudited)

The Company's unaudited quarterly information for the years ended December 31, 2009 and 2008 is as follows:

	Quarter Ended			
	March 31	June 30	September 30	December 31
	(In Thousands, Except per Share Data)			
2009:				
Revenue	$ 21	$ 29	$ 201	$ 75
Net loss	$ (8,349)	$ (8,540)	$ (7,530)	$ (13,955)
Net loss per share	$ (0.12)	$ (0.10)	$ (0.08)	$ (0.15)
2008:				
Revenue	$ 458	$ 342	$ 194	$ 70
Loss from continuing operations	(7,103)	(8,314)	(10,330)	(10,575)
(Loss) income from discontinued operations	(652)	(1,058)	2,488	(505)
Net loss	$ (7,755)	$ (9,372)	$ (7,842)	$ (11,080)
Basic and diluted net loss per share:				
Loss from continuing operations	$ (0.12)	$ (0.14)	$ (0.16)	$ (0.11)
(Loss) income from discontinued operations	(0.01)	(0.01)	0.04	(0.04)
Net loss per share	$ (0.13)	$ (0.15)	$ (0.12)	$ (0.15)

The net income (loss) per share was calculated for each three-month period on a stand-alone basis. As a result, the sum of the net income (loss) per share for the four quarters does not equal the net income (loss) per share for the respective twelve-month period.

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NOVAVAX, INC.

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
December 31, 2009, 2008 and 2007
(in thousands)

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
Allowance for Doubtful Accounts:				
2009	$ 218	$ —	$ (218)	$ —
2008	168	54	(4)	218
2007	117	218	(167)	168
Sales Return and Rebate Allowance:				
2009	$ 118	$ 68	$ (146)	$ 40
2008	371	53	(306)	118
2007	252	250	(131)	371

Exhibit 10.11

AMENDED AND RESTATED GENERAL RELEASE OF CLAIMS AND RESTRICTIVE COVENANTS AGREEMENT

THIS AMENDED AND RESTATED GENERAL RELEASE OF CLAIMS AND RESTRICTIVE COVENANTS AGREEMENT (Agreement) is made and entered into by James M. Robinson (Employee), in consideration of the promises and mutual covenants contained herein, and in the severance offer from Novavax, Inc. (Employer) to Employee by memorandum dated January 25, 2010.

WHEREAS, Employer employs Employee as its Vice President, Technical Quality and Operations; and

WHEREAS, Employer and Employee will terminate their employment relationship as of January 11, 2010.

NOW THEREFORE, in consideration of the mutual promises set forth herein and in the January 25, 2010 memorandum, Employee agrees as follows:

1. **Consideration.** I am entering into this Agreement in consideration of the offer of Employer to me severance of $95,000 (minus all appropriate withholdings and deductions) and $10,155.64, which represents all accrued but unused vacation time through January 11, 2010, as well as other good and valuable consideration. The severance offer and this General Release of Claims and Restrictive Covenants constitute the "Agreement." I hereby accept the severance offer and agree to be bound by this Agreement.

2. **General Release of Claims.** I, for myself and my heirs, executors, administrators, assigns, agents and beneficiaries, if any, do hereby agree to execute and be bound by this General Release of Claims. I waive, release, and forever discharge Employer (as defined below) of and from any and all Claims (as defined below) arising from the beginning of time up to and including the date of this Agreement. I agree not to file a lawsuit or arbitration to assert any such Claim. Further, I agree that should any other person, organization or entity file a lawsuit or arbitration to assert any such Claim, I will not seek or accept any personal relief in such action.

Exclusions: Notwithstanding any other provision of this release, the following are **not** barred by the release: (a) Claims relating to the validity of this Agreement; (b) Claims by either party to enforce this Agreement; (c) Claims which legally may not be waived. In addition, this General Release of Claims will not operate to limit or bar my right to file an administrative charge of discrimination with the Equal Employment Opportunity Commission (EEOC) and to participate in an investigation by the EEOC, although the General Release of Claims does bar my right to recover any personal relief if I or anyone on my behalf seeks to file a subsequent lawsuit or arbitration on the same basis as the charge of discrimination.

The following provisions further explain this General Release of Claims and promise not to sue:

(a) **Definition of "Claims."** Except as stated above, "Claims" includes without limitation all actions or demands of any kind that I now have, or may have or claim to have in the future. More specifically, Claims include rights, causes of action, damages, penalties, losses, attorneys' fees, costs, expenses, obligations, agreements, judgments and all other liabilities of any kind or description whatsoever, either in law or in equity, whether known or unknown, suspected or unsuspected.

The nature of Claims covered by this General Release of Claims and promise not to sue includes without limitation all actions or demands in any way based on my employment with Employer, the terms and conditions of such employment or my separation from employment. More specifically, all of the following are among the types of Claims which are waived and barred by this General Release of Claims to the extent allowable under applicable law:

- Contract Claims, whether express or implied;
- Tort Claims, such as for defamation or emotional distress;
- Claims under federal, state and municipal laws, regulations, ordinance or court decisions of any kind including, but not limited to any action, under the Maryland Wage Payment and Collection law as codified at Ann. Code. Md. Labor and Employment, 3-501 *et seq*.;
- Claims of discrimination, harassment or retaliation, whether based on race, color, religion, gender, sex, age, sexual orientation, handicap and/or disability, national origin, whistleblowing or any other legally protected class;
- Claims under the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, the Family and Medical Leave Act, and similar state and local statutes, laws and ordinances;
- Claims under the Employee Retirement Income Security Act, the Occupational Safety and Health Act, the False Claims Act, and similar state and local statutes, laws and ordinances;
- Claims for wrongful discharge; and
- Claims for attorneys' fees, including litigation expenses and/or costs.

The foregoing description of claims is intended to be illustrative and is not exhaustive.

(b) **Definition of "Employer."** "Employer" includes without limitation Novavax, Inc. and its respective past, present and future parents, owners, affiliates, subsidiaries, divisions, predecessors, successors, assigns, employee benefit plans and trusts, if any. It also includes all past, present and future managers, members, principals, directors, officers, partners, agents, employees (except James M. Robinson), attorneys, representatives, consultants, associates, fiduciaries, plan sponsors, administrators and trustees of each of the foregoing.

3. Restrictive Covenants

(a) All Business to be Property of the Employer; Assignment of Intellectual Property.

(i) Employee agrees that any and all presently existing business of the Employer and all business developed by him or any other employee of the Employer including without limitation all contracts, fees, commissions, compensation, records, customer or client lists, agreements and any other incident of any business developed, earned or carried on by Employee for the Employer is and shall be the exclusive property of the Employer, and (where applicable) shall be payable directly to the Employer.

(ii) Employee hereby acknowledges that any plan, method, data, know-how, research, information, procedure, development, invention, improvement, modification, discovery, design, process, software and work of authorship, documentation, formula, technique, trade secret or intellectual property right whatsoever or any interest therein whether patentable or non-patentable, patents and applications therefor, trademarks and applications therefor or copyrights and applications therefor (herein sometimes collectively referred to as "Intellectual Property") made, conceived, created, invested, developed, reduced to practice and/or acquired by Employee solely or jointly with others is the sole and exclusive property of the Employer, as work for hire, and that he has no personal right in any such Intellectual Property. Employee hereby grants to the Employer his entire right, title and interest throughout the world in and to, all Intellectual Property, which was made, conceived, created, invested, developed, reduced to practice and/or acquired by him solely or jointly with others during his employment.

(iii) Employee shall cooperate fully with the Employer with respect to the procurement, maintenance and enforcement of copyrights, patents and other intellectual property rights (both in the United States and foreign countries) relating to Intellectual Property. Without limiting the foregoing, Employee agrees that to the extent copyrightable, any such original works of authorship shall be deemed to be "works for hire" and that the Employer shall be deemed the author thereof under the U.S. Copyright Act, provided that in the event and to the extent such works are determined not to constitute "works for hire" as a matter of law, Employee hereby irrevocably assigns and transfers to the Employer all right, title and interest in such works, including but not limited to copyrights thereof. Employee shall sign all papers, including, without limitation, copyright applications, patent applications, declarations, oaths, formal assignments, assignments of priority rights and powers of attorney, which the Employer may deem necessary or desirable in order to protect its rights and interests in any Intellectual Property (at the Employer's expense) and agrees that these obligations are binding upon his assigns, executors, administrators and other legal representatives. To that end, Employee shall provide current contact information to the Employer including, but not limited to, home address, telephone number and email address, and shall update his contact information whenever necessary.

(b) **Confidentiality**. Employee acknowledges his obligation of confidentiality with respect to all proprietary, confidential and non-public information of the Employer, including all Intellectual Property. By way of illustration, but not limitation, confidential and proprietary information shall be deemed to include any plan, method, data, know-how, research, information, procedure, development, invention, improvement, modification, discovery, process, work of authorship, documentation, formula, technique, product, idea, concept, design, drawing, specification, technique, trade secret or intellectual property right whatsoever or any interest therein whether patentable or non-patentable, patents and applications therefor, trademarks and applications therefor or copyrights and applications therefor, personnel data, records, marketing techniques and materials, marketing and development plans, customer names and other information related to customers, including prospective customers and contacts at customers, price lists, pricing policies and supplier lists of the Employer, in each case coming into Employee's possession during his employment, to which Employee had access, or which Employee discovered or developed (whether or not related to the business of the Employer at the time this Agreement is signed or any information Employee originatee, discovered or developed, in whole or in part) as a result of Employee's employment by the Employer. Employee shall not for a period of ten (10) years, use for any purpose disclose to any person whether Employee has such information in his memory or such information is embodied in writing, electronic or other tangible form.

All originals and copies of any of the foregoing, however and whenever produced, shall be the sole property of the Employer. All files, letters, memoranda, reports, records, data, sketches, drawings, program listings, or other written, photographic, or other tangible or electronic material containing confidential or proprietary information or Intellectual Property, whether created by Employee or others, which has come into Employee's custody or possession, shall be and are the exclusive property of the Employer. All electronic material containing confidential or proprietary information or Intellectual Property supplied to Employee by the Employer will be promptly delivered to the Employer and/or a person or entity identified by the Employer all such materials or copies of such materials and all tangible property of the Employer in Employee's custody or possession. After such delivery, Employee will not retain any such materials or copies or any such tangible property or any summaries or memoranda regarding same.

(c) **Non-Competition Covenant**. Employee agrees and warrants that, he will not, directly or indirectly, during the Non-Competition Period, as defined below, own, operate, join, control, participate in, or be connected as an officer, director, employee, partner, stockholder, consultant or otherwise, with any business or entity which competes with the business of the Employer (or its successors or assigns) as such business is now constituted or as it may be constituted at any time during the Non-Competition Period. The "Non-Competition Period" shall be a period of **six** months following termination of employment.

Employee and the Employer are of the belief that the period of time and the area herein specified are reasonable in view of the nature of the business in which the Employer is engaged and proposes to engage, the state of its business development and Employee's knowledge of this business.

(d) **Non-Solicitation Agreement**. Employee agrees and covenants that he will not, directly or indirectly, during the Non-Competition Period (as defined in Section c above) solicit, entice or attempt to entice away or interfere in any manner with the Employer's relationships or proposed relationships with any customer, officer, employee, consultant, proposed customer, vendor, supplier, proposed vendor or supplier or person or entity or person providing or proposed to provide research and/or development services to, on behalf of or with the Employer.

4. **Consideration Period.** I acknowledge that I have carefully read and I understand the provisions of this Agreement. I have been provided with a consideration period consisting of at least twenty-one (21) calendar days to consider the terms of this Agreement from the date this Agreement first was presented to me on January 25, 2010. I agree to notify Employer of my acceptance of this Agreement by delivering a signed and notarized copy to Employer, addressed to the attention of Jill Hoyt, Novavax, Inc., 9920 Belward Campus Drive, Rockville, Maryland 20850 on or before February 1, 2010. I agree that any change to this offer, whether material or immaterial, will not restart the running of the consideration period.

I understand that I may take the entire consideration period to consider this Agreement. I acknowledge that if I sign and return this Agreement before the end of the consideration period that I will have knowingly and voluntarily waived my right to consider the Agreement for the full consideration period and that I have executed this Agreement voluntarily and with full knowledge of its significance, meaning and binding effect. I may return this Agreement in less than the full consideration period only if my decision to shorten it was knowing and voluntary and was not induced in any way by Employer.

5. **Revocation Period.** I have seven (7) calendar days from the date I sign this Agreement to revoke it if I choose to do so. If I elect to revoke, I must give written notice of such revocation to Employer by delivering it to Jill Hoyt, Novavax, Inc., 9920 Belward Campus Drive, Rockville, Maryland 20850 in such a manner that it is actually received within the seven (7) calendar day period. I understand that if I revoke this Agreement, I will not be entitled to the benefits offered as consideration for this Agreement.

6. **Advice to Consult Legal Representative.** Employer recommends that I consult with an attorney of my own choosing, at my own expense, with regard to entering into this Agreement.

7. **Severability.** I agree that if any provision of this Agreement is or shall be declared invalid or unenforceable by a court of competent jurisdiction, then such provision will be modified only to the extent necessary to cure such invalidity, with a view to enforcing the parties' intention as set forth in this Agreement to the extent permissible. All remaining provisions of this Agreement shall not be affected thereby and shall remain in full force and effect.

8. **Choice of Law.** This Agreement shall be governed by the laws of the State of Maryland, without giving effect to choice of law principles of any state, except to the extent superseded by federal law (e.g., ERISA).

9. **Employee Certification - Validity of Agreement.** I certify that I have carefully read this Agreement and have executed it voluntarily and with full knowledge and understanding of its significance, meaning and binding effect. I further declare that I am competent to understand the content and effect of this Agreement and that my decision to enter into this Agreement has not been influenced in any way by fraud, duress, coercion, mistake or misleading information. I have not relied on any information except what is set forth in this Agreement.

10. **Effective Date.** I understand that this Agreement shall not become effective or enforceable until the expiration of the revocation period set forth above, provided that I do not elect to revoke it.

11. **Effect of Amendment.** For the convenience of the parties this Amendment and Restatement uses the same language as the General Release of Claims and Restrictive Covenants Agreement originally executed on February 1, 2010. I understand and agree that the execution of this Amended and Restated General Release of Claims and Restrictive Covenants Agreement does not restart the running of the consideration period or the revocation period as defined above in sections 4 and 5. I further understand that there is no consideration or revocation period at the execution of Amended and Restated General Release of Claims and Restrictive Covenants Agreement.

IN WITNESS WHEREOF, and with the intention of being legally bound hereby, I have executed this Agreement on the 11th day of March, 2010.

/s/ James M. Robinson
James M. Robinson

Sworn to and Subscribed Before Me
this 11th day of March, 2010.

/s/ Gerri Smith
Notary Public

Exhibit 10.13

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is dated as of **September 23, 2008**, between Novavax, Inc., a Delaware corporation having its principal office at 9920 Belward Campus Drive, Rockville, MD 20850, and **Thomas S. Johnston,** an individual with a mailing address of **18505 Cornflower Road, Boyds, MD 20841** ("Executive").

WHEREAS, Executive commenced employment with the Company on March 5, 2007 pursuant to an offer letter dated February 16, 2007; and

WHEREAS, Executive and the Company wish to enter into a more formal contractual relationship at this time.

The Company and Executive hereby agree as follows:

1. **Employment**. The Company hereby employs Executive and Executive hereby accepts employment as **Vice President, Strategy** upon the terms and conditions hereinafter set forth. As used throughout this Agreement, "Company" shall mean and include any and all of its present and future subsidiaries and any and all subsidiaries of a subsidiary. Executive warrants and represents that he is free to enter into and perform this Agreement and is not subject to any employment, confidentiality, non-competition or other agreement which prohibits, restricts, or would be breached by either his acceptance or his performance of this Agreement.

2. **Duties**. During the Term (as hereinafter defined), Executive shall devote his full business time to the performance of services as **Vice President, Strategy** of Novavax, Inc., performing such services, assuming such responsibilities and exercising such authority as are set forth in the Bylaws of the Company for such offices and assuming such other duties and responsibilities as prescribed by the President and CEO and Board of Directors. During the Term, Executive's services shall be completely exclusive to the Company and he shall devote his entire business time, attention and energies to the business of the Company and the duties which the Company shall assign to him from time to time. Executive agrees to perform his services faithfully and to the best of his ability and to carry out the policies and directives of the Company. Notwithstanding the foregoing, it shall not be a violation of this Agreement for the Executive to serve as a director of any company whose products do not compete with those of the Company and to serve as a director, trustee, officer, or consultant to a charitable or non-profit entity; provided that such service does not adversely affect Executive's ability to perform his obligations hereunder. Executive agrees to take no action which is in bad faith and prejudicial to the interests of the Company during his employment hereunder. Notwithstanding the location where Executive shall be based, as set forth in this Agreement, he also may be required from time to time to perform duties hereunder for reasonably short periods of time outside of said area.

3. **Term**. The term of this Agreement shall be for the period beginning on **October 2, 2008** and continuing until **October 2, 2009**, unless earlier terminated pursuant to Section 7 hereof (the "Term") and shall be renewable on the terms set forth herein upon agreement of the Company and Executive of the term of such renewal and the initial base compensation applicable to the renewal term. The parties acknowledge that the employment hereunder is employment at will.

4. **Compensation**.

(a) **Base Compensation**. For all Executive's services and covenants under this Agreement, the Company shall pay Executive an annual salary, which is $**210,000** as of this amendment and restatement, established by the Board of Directors or an authorized committee thereof (in accordance with the management processes) and payable in accordance with the Company's payroll policy as constituted from time to time. The Company may withhold from any amounts payable under this Agreement all required federal, state, city or other taxes and all other deductions as may be required pursuant to any law or government regulation or ruling.

(b) **Bonus Program**. The Company agrees to pay the Executive a performance and incentive bonus in respect of Executive's employment with the Company each year in an amount determined by the President and CEO and Board of Directors (or any committee of the Board of Directors authorized to make that determination) to be appropriate based upon Executive's, and the Company's, achievement of certain specified goals, with a target bonus of **40%**, or any other percentage determined by the Board of Directors, of Executive's base salary during the year to which the bonus relates. Such bonus shall be payable no later than two and one-half months following the year for which the bonus applies. The bonus shall be paid out partly in cash and partly in shares of restricted stock, in the discretion of the Board of Directors.

(c) **Stock Awards**. Executive will be eligible for additional stock awards based upon performance subject to the approval of the President and Chief Executive Officer and the Board of Directors.

5 . **Reimbursable Expenses**. Executive shall be entitled to reimbursement for reasonable expenses incurred by him in connection with the performance of his duties hereunder in accordance with such procedures and policies for executive officers as the Company has heretofore or may hereafter establish. The amount of expenses eligible for reimbursement during any calendar year shall not affect the expenses eligible for reimbursement in any other calendar year, and the reimbursement of an eligible expense shall be made as soon as practicable after Executive submits the request for reimbursement, but not later than December 31 following the calendar year in which the expense was incurred.

6 . **Benefits**. (a) Executive shall be entitled to four weeks of paid vacation time per year starting from **April 1, 2008**, calculated and administered in accordance with Company policies for executive officers in effect from time to time. The Executive shall be entitled to all other benefits associated with normal full time employment in accordance with Company policies.

(b) Executive shall be entitled to participate in the Company's Change of Control Severance Benefit Plan.

7. **Termination of Employment**.

(a) Notwithstanding any other provision of this Agreement, Executive's employment may be terminated, without such action constituting a breach of this Agreement:

(i) By the Company, for "Cause," as defined in Section 7(b) below;

(ii) By the Company, upon 30 days' notice to Executive, if he should be prevented by illness, accident or other disability (mental or physical) from discharging his duties hereunder for one or more periods totaling three consecutive months during any twelve-month period;

(iii) By the Executive with "Good Reason", as defined in Section 7(c) below, within 30 days of the occurrence or commencement of such Good Reason;

(iv) By the event of Executive's death during the Term.

(b) "Cause" shall mean (i) Executive's willful failure or refusal to perform in all material respects the services required of him hereby, (ii) Executive's willful failure or refusal to carry out any proper and material direction by the President and CEO or Board of Directors with respect to the services to be rendered by him hereunder or the manner of rendering such services, (iii) Executive's willful misconduct in the performance of his duties hereunder, (iv) Executive's commission of an act of fraud, embezzlement or theft or a felony involving moral turpitude, (v) Executive's use or disclosure of Confidential Information (as defined in Section 10 of this Agreement), other than for the benefit of the Company in the course of rendering services to the Company or (vi) Executive's engagement in any activity prohibited by Section 11 of this Agreement. For purposes of this Section 7, the Company shall be required to provide Executive a specific written warning with regard to any occurrence of subsections (b)(i), (ii) and (iii) above, which warning shall include a statement of corrective actions and a 30 day period for the Executive to respond to and implement such actions, prior to any termination of employment by the Company pursuant to Section 7(a)(i) above.

(c) "Good Reason" shall mean the Company's material reduction or diminution of Executive's responsibilities and authority, other than for Cause, without his consent.

8 . **Separation Pay**. (a) Subject to Executive's execution and delivery to the company of the Company's standard form of Separation and Release Agreement, the Company shall pay Executive an amount equal to the Separation Pay upon the occurrence of the applicable Separation Event but in no case later than two and one-half months following the year in which the Separation Event occurs. Separation Pay shall each be payable in accordance with the Company's payroll policy as constituted from time to time, and shall be subject to withholding of all applicable federal, state and local taxes and any other deductions required by applicable law. In the event of Executive's death, the Company's obligation to pay further compensation hereunder shall cease forthwith, except that Executive's legal representative shall be entitled to receive his fixed compensation for the period up to the last day of the month in which such death shall have occurred.

(b) Section 8(a) above shall not apply should Executive receive severance benefits under the Company's Change in Control Severance Benefit Plan.

9. "Separation Pay" shall mean a lump sum amount equal to **six** months of Executive's then effective salary.

(a) "Separation Event" shall mean:

(i) the Company's termination of Executive's employment by the Company without Cause, during the Term; or (ii) the termination of Executive's employment by the Executive for Good Reason.

10. **All Business to be Property of the Company; Assignment of Intellectual Property**.

(a) Executive agrees that any and all presently existing business of the Company and all business developed by him or any other employee of the Company including without limitation all contracts, fees, commissions, compensation, records, customer or client lists, agreements and any other incident of any business developed, earned or carried on by Executive for the Company is and shall be the exclusive property of the Company, and (where applicable) shall be payable directly to the Company.

(b) Executive hereby acknowledges that any plan, method, data, know-how, research, information, procedure, development, invention, improvement, modification, discovery, design, process, software and work of authorship, documentation, formula, technique, trade secret or intellectual property right whatsoever or any interest therein whether patentable or non-patentable, patents and applications therefor, trademarks and applications therefor or copyrights and applications therefor (herein sometimes collectively referred to as "Intellectual Property") made, conceived, created, invested, developed, reduced to practice and/or acquired by Executive solely or jointly with others during the Term is the sole and exclusive property of the Company, as work for hire, and that he has no personal right in any such Intellectual Property. Executive hereby grants to the Company (without any separate remuneration or compensation other than that received by him from time to time in the course of his employment) his entire right, title and interest throughout the world in and to, all Intellectual Property, which is made, conceived, created, invested, developed, reduced to practice and/or acquired by him solely or jointly with others during the Term.

(c) Executive shall cooperate fully with the Company, both during and after his employment with or engagement by the Company, with respect to the procurement, maintenance and enforcement of copyrights, patents and other intellectual property rights (both in the United States and foreign countries) relating to Intellectual Property. Without limiting the foregoing, Executive agrees that to the extent copyrightable, any such original works of authorship shall be deemed to be "works for hire" and that the Company shall be deemed the author thereof under the U.S. Copyright Act, provided that in the event and to the extent such works are determined not to constitute "works for hire" as a matter of law, Executive hereby irrevocably assigns and transfers to the Company all right, title and interest in such works, including but not limited to copyrights thereof. Executive shall sign all papers, including, without limitation, copyright applications, patent applications, declarations, oaths, formal assignments, assignments of priority rights and powers of attorney, which the Company may deem necessary or desirable in order to protect its rights and interests in any Intellectual Property (at the Company's expense) and agrees that these obligations are binding upon his assigns, executors, administrators and other legal representatives. To that end, Executive shall provide current contact information to the Company including, but not limited to, home address, telephone number and email address, and shall update his contact information whenever necessary.

11. **Confidentiality**. Executive acknowledges his obligation of confidentiality with respect to all proprietary, confidential and non-public information of the Company, including all Intellectual Property. By way of illustration, but not limitation, confidential and proprietary information shall be deemed to include any plan, method, data, know-how, research, information, procedure, development, invention, improvement, modification, discovery, process, work of authorship, documentation, formula, technique, product, idea, concept, design, drawing, specification, technique, trade secret or intellectual property right whatsoever or any interest therein whether patentable or non-patentable, patents and applications therefor, trademarks and applications therefor or copyrights and applications therefor, personnel data, records, marketing techniques and materials, marketing and development plans, customer names and other information related to customers, including prospective customers and contacts at customers, price lists, pricing policies and supplier lists of the Company, in each case coming into Executive's possession, or which Executive learns, or to which Executive has access, or which Executive may discover or develop (whether or not related to the business of the Company at the time this Agreement is signed or any information Executive originates, discovers or develops, in whole or in part) as a result of Executive's employment by (either full-time or part-time), or retention as a consultant of, the Company. Executive shall not, either during the Term or for a period of ten (10) years thereafter, use for any purpose other than the furtherance of the Company's business, or disclose to any person other than a person with a need to know such confidential, proprietary or non-public information for the furtherance of the Company's business who is obligated to maintain the confidentiality of such information, any information concerning any Intellectual Property, or other confidential, proprietary or non-public information of the Company, whether Executive has such information in his memory or such information is embodied in writing, electronic or other tangible form.

All originals and copies of any of the foregoing, however and whenever produced, shall be the sole property of the Company. All files, letters, memoranda, reports, records, data, sketches, drawings, program listings, or other written, photographic, or other tangible or electronic material containing confidential or proprietary information or Intellectual Property, whether created by me or others, which shall come into Executive's custody or possession, shall be and are the exclusive property of the Company to be used by Executive only in the performance of his duties for the Company. All electronic material containing confidential or proprietary information or Intellectual Property will be stored on a computer supplied to Executive by the Company and, under no circumstances, will it be transferred to a personal computer. Executive will promptly deliver to the Company and/or a person or entity identified by the Company all such materials or copies of such materials and all tangible property of the Company in Executive's custody or possession, upon the earlier of (i) a request by the Company or (ii) termination of employment or engagement by the Company. After such delivery, Executive will not retain any such materials or copies or any such tangible property or any summaries or memoranda regarding same.

12. **Non-Competition Covenant**. As the Executive has been granted options to purchase stock in the Company and as such has a financial interest in the success of the Company's business and as Executive recognizes that the Company would be substantially injured by Executive competing with the Company, Executive agrees and warrants that within the United States, he will not, unless acting with the Company's express prior written consent, directly or indirectly, while an employee of the Company and during the Non-Competition Period, as defined below, own, operate, join, control, participate in, or be connected as an officer, director, employee, partner, stockholder, consultant or otherwise, with any business or entity which competes with the business of the Company (or its successors or assigns) as such business is now constituted or as it may be constituted at any time during the Term of this Agreement; provided, however, that Executive may own, and exercise rights with respect to, less than one percent of the equity of a publicly traded company. The "Non-Competition Period" shall be a period of **six** months following termination of employment.

Executive and the Company are of the belief that the period of time and the area herein specified are reasonable in view of the nature of the business in which the Company is engaged and proposes to engage, the state of its business development and Executive's knowledge of this business; however, if such period or such area should be adjudged unreasonable in any judicial proceeding, then the period of time shall be reduced by such number of months or such area shall be reduced by elimination of such portion of such area, or both, as are deemed unreasonable, so that this covenant may be enforced in such area and during such period of time as is adjudged to be reasonable.

13. **Non-Solicitation Agreement**. Executive agrees and covenants that he will not, unless acting with the Company's express written consent, directly or indirectly, during the Term of this Agreement or during the Non-Competition Period (as defined in Section 12 above) solicit, entice or attempt to entice away or interfere in any manner with the Company's relationships or proposed relationships with any customer, officer, employee, consultant, proposed customer, vendor, supplier, proposed vendor or supplier or person or entity or person providing or proposed to provide research and/or development services to, on behalf of or with the Company.

14. **Notices**. All notices and other communications hereunder shall be in writing and shall be deemed to have been given on actual receipt after having been delivered by hand, mailed by first class mail, postage prepaid, or sent by Federal Express or similar overnight delivery services, as follows: (a) if to Executive, at the address shown at the head of this Agreement, or to such other person(s) or address(es) as Executive shall have furnished to the Company in writing and, if to the Company, to it at the address set forth in the preamble hereto with a copy to Jennifer L. Miller, Esq., Ballard Spahr Andrews & Ingersoll, LLP, 1735 Market Street, 51st Floor, Philadelphia, Pennsylvania 19103, or to such other person(s) or address(es) as the Company shall have furnished to Executive in writing.

15. **Assignability**. In the event of a change of control (as defined in the Company's Change of Control Severance Benefit Plan), the terms of this Agreement shall inure to the benefit of, and be assumed by, the acquiring person (as defined in the Company's Change of Control Severance Benefit Plan). This Agreement shall not be assignable by Executive, but it shall be binding upon, and to the extent provided in Section 8 shall inure to the benefit of, his heirs, executors, administrators and legal representatives.

16. **Entire Agreement**. This Agreement contains the entire agreement between the Company and Executive with respect to the subject matter hereof and there have been no oral or other prior agreements of any kind whatsoever as a condition precedent or inducement to the signing of this Agreement or otherwise concerning this Agreement or the subject matter hereof. Notwithstanding the foregoing, Executive acknowledges that he is required as a condition to continued employment, to comply at all times, with the Company's policies affecting employees, including the Company's published Code of Ethics, as in effect from time to time. Executive further acknowledges that the Non-Disclosure, Proprietary Information and Invention Assignment Agreement he signed upon becoming an employee or thereafter remains in full force and effect despite the execution of this Agreement and any changes in his employment status with the Company.

17. **Equitable Relief**. Executive recognizes and agrees that the Company's remedy at law for any breach of the provisions of Sections 10, 11, 12 or 13 hereof would be inadequate, and he agrees that for breach of such provisions, the Company shall, in addition to such other remedies as may be available to it at law or in equity or as provided in this Agreement, be entitled to injunctive relief and to enforce its rights by an action for specific performance. Should Executive engage in any activities prohibited by this Agreement, he agrees to pay over to the Company all compensation, remuneration or monies or property of any sort received in connection with such activities; such payment shall not impair any rights or remedies of the Company or obligations or liabilities of Executive which such parties may have under this Agreement or applicable law.

18. **Amendments**. This Agreement may not be amended, nor shall any change, waiver, modification, consent or discharge be effected except by written instrument executed by the Company and Executive.

19. **Severability**. If any part of any term or provision of this Agreement shall be held or deemed to be invalid, inoperative or unenforceable to any extent by a court of competent jurisdiction, such circumstances shall in no way affect any other term or provision of this Agreement, the application of such term or provision in any other circumstances, or the validity or enforceability of this Agreement. Executive agrees that the restrictions set forth in Sections 11 and 12 above (including, but not limited to, the geographical scope and time period of restrictions) are fair and reasonable and are reasonably required for the protection of the interests of the Company and its affiliates. In the event that any provision of Section 12 or 13 relating to time period and/or areas of restriction shall be declared by a court of competent jurisdiction to exceed the maximum time period or areas such court deems reasonable and enforceable, said time period and/or areas of restriction shall be deemed to become and thereafter be the maximum time period and/or areas which such court deems reasonable and enforceable.

20. **Paragraph Headings**. The paragraph headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation hereof.

21. **Governing Law**. This Agreement shall be governed by and construed and enforced in accordance with the law of the State of Maryland, without regard to the principles of conflict of laws thereof.

22. **Resolution of Disputes**. With the exception of proceedings for equitable relief brought pursuant to Section 17 of this Agreement, any disputes arising under or in connection with this Agreement including, without limitation, any assertion by any party hereto that the other party has breached any provision of this Agreement, shall be resolved by arbitration, to be conducted in Baltimore, Maryland, in accordance with the rules and procedures of the American Arbitration Association. The parties shall bear equally the cost of such arbitration, excluding attorneys' fees and disbursements which shall be borne solely by the party incurring the same; provided, however, that if the arbitrator rules in favor of Executive, Company shall be solely responsible for the payment of all costs, fees and expenses (including without limitation Executive's reasonable attorneys' fees and disbursements) of such arbitration. Any reimbursement made by Company pursuant to this Section 22 shall be payable as follows: (i) the amount of such expenses eligible for reimbursement in any calendar year shall not affect the expenses eligible for reimbursement in any other calendar year and (ii) all such reimbursements must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred. The provisions of this Section 22 shall survive the termination for any reason of the Term (whether such termination is by the Company, by Executive or upon the expiration of the Term).

23. **Indemnification; Insurance**. The Executive shall be entitled to liability and expense indemnification and reimbursement to the fullest extent permitted by the Company's current By-laws and Certificate of Incorporation, whether or not the same are subsequently amended. During the Term, the Company will use commercially reasonable efforts to maintain in effect directors' and officers' liability insurance no less favorable to Executive than that in effect as of the date of this Agreement.

24. **Survival**. Sections 8 through 23 shall survive the expiration or earlier termination of this Agreement, for the period and to the extent specified therein.

IN WITNESS WHEREOF, the parties have executed or caused to be executed under seal this Agreement as of the date first above written.

NOVAVAX, INC.

[SEAL]

By:/s/ Rahul Singhvi
Name: Rahul Singhvi
Title: President & Chief Executive Officer

Executive:

/s/ Thomas S. Johnston

Thomas S. Johnston

Exhibit 10.14

FIRST AMENDMENT TO THE
EMPLOYMENT AGREEMENT

This Amendment (the "Amendment"), dated as of July 20, 2009 to the Employment Agreement (the "Agreement") dated as of September 23, 2008, between Novavax, Inc., a Delaware corporation (the "Company") having its principal office at 9920 Belward Campus Drive, Rockville, MD 20850 and Thomas S. Johnston, an individual ("Executive").

Background

Executive is employed as Vice President, Strategy of Company, and is responsible for the functions and duties assigned to this position, and Company wishes to assure itself of the services of Executive. Executive and the Company are therefore amending the Agreement to extend the Term. All capitalized terms not defined herein shall have the meaning set forth in the Agreement.

Terms

NOW, THEREFORE, in consideration of the premises and mutual covenants and obligations hereinafter set forth, intending to be legally bound hereby, the parties hereto agree as follows:

1. Term. Section 3 of the Agreement is hereby deleted in its entirety and replaced with the following:

Term. The term of this Agreement shall be for the period beginning on July 20, 2009 and continuing until September 1, 2010, unless earlier terminated pursuant to Section 7 hereof (the "Term") and shall be renewed automatically for additional twelve-month periods on the terms set forth herein, as they may be modified from time to time by mutual agreement, unless one of the Company or the Executive provides notice of termination at least 30 days before the expiration of the then current term. The parties acknowledge that the employment hereunder is employment at will.

2. Resolution of Disputes. Section 22 of the Agreement is hereby deleted in its entirety and replaced with the following:

"With the exception of proceedings for equitable relief brought pursuant to Section 17 of this Agreement, any disputes arising under or in connection with this Agreement including, without limitation, any assertion by any party hereto that the other party has breached any provision of this Agreement, shall be resolved by arbitration, to be conducted in Baltimore, Maryland, in accordance with the rules and procedures of the American Arbitration Association. The parties shall bear equally the cost of such arbitration, excluding attorneys' fees and disbursements which shall be borne solely by the party incurring the same; provided, however, that if the arbitrator rules in favor of Executive on at least one material component of the dispute, Company shall be solely responsible for the payment of all costs, fees and expenses (including without limitation Executive's reasonable attorney's fees and disbursements) of such arbitration. The Company shall reimburse Executive for any such fees and expenses incurred by Executive in any calendar year within a reasonable time following Executive's submission of a request for such reimbursement, which in no case shall be later than the end of the calendar year following the calendar year in which such expenses were incurred. Executive shall submit any such reimbursement request no later than the June 30th next following the calendar year in which the fees and expenses are incurred. In the event the arbitrator rules against Executive, Executive shall repay the Company the amount of such reimbursed expenses no later than 180 days following the date as of which such arbitrator's decision becomes final. The provisions of this Section 22 shall survive the termination for any reason of the Term (whether such termination is by the Company, by Executive or upon the expiration of the Term)."

3. Other Provisions. All of the other terms and conditions of the Agreement, not inconsistent with the terms of this Amendment, shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this Agreement the date and year first written above.

NOVAVAX, INC.

[SEAL]

By: /s/ Rahul Singhvi
Name: Rahul Singhvi
Title: President and Chief Executive Officer

Thomas S. Johnston
Thomas S. Johnston

Exhibit 10.15

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is dated as of **July 16, 2009**, between Novavax, Inc., a Delaware corporation having its principal office at 9920 Belward Campus Drive, Rockville, MD 20850, and **John J. Trizzino,** an individual with a mailing address of **14228 Cervantes Avenue, Darnestown, MD 20874** ("Executive").

WHEREAS, Executive will commence employment with the Company on or about July 16, 2009 pursuant to an offer letter dated July 16, 2009; and

The Company and Executive hereby agree as follows:

1. **Employment**. The Company hereby employs Executive and Executive hereby accepts employment as **Senior Vice President, International and Government Alliances** upon the terms and conditions hereinafter set forth. Executive will report directly to the President and Chief Executive Officer and participate as a full member of the Executive Committee as a corporate officer. As used throughout this Agreement, "Company" shall mean and include any and all of its present and future subsidiaries and any and all subsidiaries of a subsidiary. Executive warrants and represents that he is free to enter into and perform this Agreement and is not subject to any employment, confidentiality, non-competition or other agreement which prohibits, restricts, or would be breached by either his acceptance or his performance of this Agreement.

2. **Duties**. During the Term (as hereinafter defined), Executive shall devote his full business time to the performance of services as **Senior Vice President, International and Government Alliances** of Novavax, Inc., performing such services related to managing the government RFP processes, managing the execution of agreements and contracts with regional partners and assuming such responsibilities and exercising such authority as are set forth in the Bylaws of the Company for such offices and assuming such other duties and responsibilities as prescribed by the President and CEO and Board of Directors. During the Term, Executive's services shall be completely exclusive to the Company and he shall devote his entire business time, attention and energies to the business of the Company and the duties which the Company shall assign to him from time to time. Executive agrees to perform his services faithfully and to the best of his ability and to carry out the policies and directives of the Company. Notwithstanding the foregoing, it shall not be a violation of this Agreement for the Executive to serve as a director of any company whose products do not compete with those of the Company and to serve as a director, trustee, officer, or consultant to a charitable or non-profit entity; provided that such service does not adversely affect Executive's ability to perform his obligations hereunder. Executive agrees to take no action which is in bad faith and prejudicial to the interests of the Company during his employment hereunder. Notwithstanding the location where Executive shall be based, as set forth in this Agreement, he also may be required from time to time to perform duties hereunder for reasonably short periods of time outside of said area.

3. **Term**. The term of this Agreement shall be for the period beginning on **July 16, 2009** and continuing until **September 1, 2010**, unless earlier terminated pursuant to Section 7 hereof (the "Term") and shall be renewed automatically for additional twelve-month periods on the terms set forth herein, as they may be modified from time to time by mutual agreement, unless one of the Company or the Executive provides notice of termination at least 30 days before the expiration of the then current term. The parties acknowledge that the employment hereunder is employment at will.

4. **Compensation**.

(a) **Base Compensation**. For all Executive's services and covenants under this Agreement, the Company shall pay Executive an annual salary, which is $**285,000** as of this amendment and restatement, established by the Board of Directors or an authorized committee thereof (in accordance with the management processes) and payable in accordance with the Company's payroll policy as constituted from time to time. The Company may withhold from any amounts payable under this Agreement all required federal, state, city or other taxes and all other deductions as may be required pursuant to any law or government regulation or ruling.

(b) **Bonus Program**. The Company agrees to pay the Executive a performance and incentive bonus in respect of Executive's employment with the Company each year in an amount determined by the President and CEO and Board of Directors (or any committee of the Board of Directors authorized to make that determination) to be appropriate based upon Executive's, and the Company's, achievement of certain specified goals (to be established at the beginning of the bonus period), with a target bonus of **40%**, or any other percentage determined by the Board of Directors, of Executive's base salary during the year to which the bonus relates based on performance. Such bonus shall be payable no later than two and one-half months following the year for which the bonus applies. The bonus shall be paid out partly in cash and partly in shares of restricted stock, in the discretion of the Board of Directors.

(c) **Stock Awards**. Subject to approval by the Board of Directors (or any committee of the Board of Directors authorized to make that determination), the Company will grant Executive (a) stock options to purchase 220,000 shares of the Company's Common Stock ($.01 par value) at an exercise price equal to the closing price of the Company's Common Stock on the later date of Executive's date of hire or the date of such Board of Directors' approval. Each of these awards will vest as to one-third of the award on each of the first three (3) anniversaries of Executive's date of employment. Executive will be eligible to be considered for additional stock awards based upon performance, the amount and terms of any such award subject to the approval of the President and Chief Executive Officer and the Board of Directors.

5. **Reimbursable Expenses**. Executive shall be entitled to reimbursement for reasonable expenses incurred by him in connection with the performance of his duties hereunder in accordance with such procedures and policies for executive officers as the Company has heretofore or may hereafter establish. The amount of expenses eligible for reimbursement during any calendar year shall not affect the expenses eligible for reimbursement in any other calendar year, and the reimbursement of an eligible expense shall be made as soon as practicable after Executive submits the request for reimbursement, but not later than December 31 following the calendar year in which the expense was incurred.

6. **Benefits**. (a) Executive shall be entitled to four weeks of paid vacation time per year starting from **July 16, 2009**, calculated and administered in accordance with Company policies for executive officers in effect from time to time. The Executive shall be entitled to all other benefits associated with normal full time employment in accordance with Company policies.

(b) Executive shall be entitled to participate in the Company's Change of Control Severance Benefit Plan.

7. **Termination of Employment**.

(a) Notwithstanding any other provision of this Agreement, Executive's employment may be terminated, without such action constituting a breach of this Agreement:

(i) By the Company, for "Cause," as defined in Section 7(b) below;

(ii) By the Company, upon 30 days' notice to Executive, if he should be prevented by illness, accident or other disability (mental or physical) from discharging his duties hereunder for one or more periods totaling three consecutive months during any twelve-month period;

(iii) By the Executive with "Good Reason", as defined in Section 7(c) below, within 30 days of the occurrence or commencement of such Good Reason;

(iv) By the event of Executive's death during the Term.

(b) "Cause" shall mean (i) Executive's willful failure or refusal to perform in all material respects the services required of him hereby, (ii) Executive's willful failure or refusal to carry out any proper and material direction by the President and CEO or Board of Directors with respect to the services to be rendered by him hereunder or the manner of rendering such services, (iii) Executive's willful misconduct in the performance of his duties hereunder, (iv) Executive's commission of an act of fraud, embezzlement or theft or a felony involving moral turpitude, (v) Executive's use or disclosure of Confidential Information (as defined in Section 10 of this Agreement), other than for the benefit of the Company in the course of rendering services to the Company or (vi) Executive's engagement in any activity prohibited by Section 11 of this Agreement. For purposes of this Section 7, the Company shall be required to provide Executive a specific written warning with regard to any occurrence of subsections (b)(i), (ii) and (iii) above, which warning shall include a statement of corrective actions and a 30 day period for the Executive to respond to and implement such actions, prior to any termination of employment by the Company pursuant to Section 7(a)(i) above.

(c) "Good Reason" shall mean the Company's material reduction or diminution of Executive's responsibilities and authority, other than for Cause, without his consent.

8 . **Separation Pay**. (a) Subject to Executive's execution and delivery to the company of the Company's standard form of Separation and Release Agreement, the Company shall pay Executive an amount equal to the Separation Pay upon the occurrence of the applicable Separation Event but in no case later than two and one-half months following the year in which the Separation Event occurs. Separation Pay shall each be payable in accordance with the Company's payroll policy as constituted from time to time, and shall be subject to withholding of all applicable federal, state and local taxes and any other deductions required by applicable law. In the event of Executive's death, the Company's obligation to pay further compensation hereunder shall cease forthwith, except that Executive's legal representative shall be entitled to receive his fixed compensation for the period up to the last day of the month in which such death shall have occurred.

(b) Section 8(a) above shall not apply should Executive receive severance benefits under the Company's Change in Control Severance Benefit Plan.

9. "Separation Pay" shall mean a lump sum amount equal to **twelve** months of Executive's then effective salary.

(a) "Separation Event" shall mean:

(i) the Company's termination of Executive's employment by the Company without Cause, during the Term;

(ii) the termination of Executive's employment by the Executive for Good Reason: or

(iii) if the Company terminates this agreement under Section 3 above.

10. **All Business to be Property of the Company; Assignment of Intellectual Property**.

(a) Executive agrees that any and all presently existing business of the Company and all business developed by him or any other employee of the Company including without limitation all contracts, fees, commissions, compensation, records, customer or client lists, agreements and any other incident of any business developed, earned or carried on by Executive for the Company is and shall be the exclusive property of the Company, and (where applicable) shall be payable directly to the Company.

(b) Executive hereby acknowledges that any plan, method, data, know-how, research, information, procedure, development, invention, improvement, modification, discovery, design, process, software and work of authorship, documentation, formula, technique, trade secret or intellectual property right whatsoever or any interest therein whether patentable or non-patentable, patents and applications therefor, trademarks and applications therefor or copyrights and applications therefor (herein sometimes collectively referred to as "Intellectual Property") made, conceived, created, invested, developed, reduced to practice and/or acquired by Executive solely or jointly with others during the Term is the sole and exclusive property of the Company, as work for hire, and that he has no personal right in any such Intellectual Property. Executive hereby grants to the Company (without any separate remuneration or compensation other than that received by him from time to time in the course of his employment) his entire right, title and interest throughout the world in and to, all Intellectual Property, which is made, conceived, created, invested, developed, reduced to practice and/or acquired by him solely or jointly with others during the Term.

(c) Executive shall cooperate fully with the Company, both during and after his employment with or engagement by the Company, with respect to the procurement, maintenance and enforcement of copyrights, patents and other intellectual property rights (both in the United States and foreign countries) relating to Intellectual Property. Without limiting the foregoing, Executive agrees that to the extent copyrightable, any such original works of authorship shall be deemed to be "works for hire" and that the Company shall be deemed the author thereof under the U.S. Copyright Act, provided that in the event and to the extent such works are determined not to constitute "works for hire" as a matter of law, Executive hereby irrevocably assigns and transfers to the Company all right, title and interest in such works, including but not limited to copyrights thereof. Executive shall sign all papers, including, without limitation, copyright applications, patent applications, declarations, oaths, formal assignments, assignments of priority rights and powers of attorney, which the Company may deem necessary or desirable in order to protect its rights and interests in any Intellectual Property (at the Company's expense) and agrees that these obligations are binding upon his assigns, executors, administrators and other legal representatives. To that end, Executive shall provide current contact information to the Company including, but not limited to, home address, telephone number and email address, and shall update his contact information whenever necessary.

11. **Confidentiality**. Executive acknowledges his obligation of confidentiality with respect to all proprietary, confidential and non-public information of the Company, including all Intellectual Property. By way of illustration, but not limitation, confidential and proprietary information shall be deemed to include any plan, method, data, know-how, research, information, procedure, development, invention, improvement, modification, discovery, process, work of authorship, documentation, formula, technique, product, idea, concept, design, drawing, specification, technique, trade secret or intellectual property right whatsoever or any interest therein whether patentable or non-patentable, patents and applications therefor, trademarks and applications therefor or copyrights and applications therefor, personnel data, records, marketing techniques and materials, marketing and development plans, customer names and other information related to customers, including prospective customers and contacts at customers, price lists, pricing policies and supplier lists of the Company, in each case coming into Executive's possession, or which Executive learns, or to which Executive has access, or which Executive may discover or develop (whether or not related to the business of the Company at the time this Agreement is signed or any information Executive originates, discovers or develops, in whole or in part) as a result of Executive's employment by (either full-time or part-time), or retention as a consultant of, the Company. Executive shall not, either during the Term or for a period of ten (10) years thereafter, use for any purpose other than the furtherance of the Company's business, or disclose to any person other than a person with a need to know such confidential, proprietary or non-public information for the furtherance of the Company's business who is obligated to maintain the confidentiality of such information, any information concerning any Intellectual Property, or other confidential, proprietary or non-public information of the Company, whether Executive has such information in his memory or such information is embodied in writing, electronic or other tangible form.

All originals and copies of any of the foregoing, however and whenever produced, shall be the sole property of the Company. All files, letters, memoranda, reports, records, data, sketches, drawings, program listings, or other written, photographic, or other tangible or electronic material containing confidential or proprietary information or Intellectual Property, whether created by me or others, which shall come into Executive's custody or possession, shall be and are the exclusive property of the Company to be used by Executive only in the performance of his duties for the Company. All electronic material containing confidential or proprietary information or Intellectual Property will be stored on a computer supplied to Executive by the Company and, under no circumstances, will it be transferred to a personal computer. Executive will promptly deliver to the Company and/or a person or entity identified by the Company all such materials or copies of such materials and all tangible property of the Company in Executive's custody or possession, upon the earlier of (i) a request by the Company or (ii) termination of employment or engagement by the Company. After such delivery, Executive will not retain any such materials or copies or any such tangible property or any summaries or memoranda regarding same.

12. **Non-Competition Covenant**. As the Executive has been granted options to purchase stock in the Company and as such has a financial interest in the success of the Company's business and as Executive recognizes that the Company would be substantially injured by Executive competing with the Company, Executive agrees and warrants that within the United States, he will not, unless acting with the Company's express prior written consent, directly or indirectly, while an employee of the Company and during the Non-Competition Period, as defined below, own, operate, join, control, participate in, or be connected as an officer, director, employee, partner, stockholder, consultant or otherwise, with any business or entity which competes with the business of the Company (or its successors or assigns) as such business is now constituted or as it may be constituted at any time during the Term of this Agreement; provided, however, that Executive may own, and exercise rights with respect to, less than one percent of the equity of a publicly traded company. The "Non-Competition Period" shall be a period of **twelve** months following termination of employment.

Executive and the Company are of the belief that the period of time and the area herein specified are reasonable in view of the nature of the business in which the Company is engaged and proposes to engage, the state of its business development and Executive's knowledge of this business; however, if such period or such area should be adjudged unreasonable in any judicial proceeding, then the period of time shall be reduced by such number of months or such area shall be reduced by elimination of such portion of such area, or both, as are deemed unreasonable, so that this covenant may be enforced in such area and during such period of time as is adjudged to be reasonable.

13. **Non-Solicitation Agreement**. Executive agrees and covenants that he will not, unless acting with the Company's express written consent, directly or indirectly, during the Term of this Agreement or during the Non-Competition Period (as defined in Section 12 above) solicit, entice or attempt to entice away or interfere in any manner with the Company's relationships or proposed relationships with any customer, officer, employee, consultant, proposed customer, vendor, supplier, proposed vendor or supplier or person or entity or person providing or proposed to provide research and/or development services to, on behalf of or with the Company.

14. **Notices**. All notices and other communications hereunder shall be in writing and shall be deemed to have been given on actual receipt after having been delivered by hand, mailed by first class mail, postage prepaid, or sent by Federal Express or similar overnight delivery services, as follows: (a) if to Executive, at the address shown at the head of this Agreement, or to such other person(s) or address(es) as Executive shall have furnished to the Company in writing and, if to the Company, to it at the address set forth in the preamble hereto with a copy to Jennifer L. Miller, Esq., Ballard Spahr Andrews & Ingersoll, LLP, 1735 Market Street, 51st Floor, Philadelphia, Pennsylvania 19103, or to such other person(s) or address(es) as the Company shall have furnished to Executive in writing.

15. **Assignability**. In the event of a change of control (as defined in the Company's Change of Control Severance Benefit Plan), the terms of this Agreement shall inure to the benefit of, and be assumed by, the successor to the Company or the acquiring person in such change in control transaction. This Agreement shall not be assignable by Executive, but it shall be binding upon, and to the extent provided in Section 8 shall inure to the benefit of, his heirs, executors, administrators and legal representatives.

16. **Entire Agreement**. This Agreement contains the entire agreement between the Company and Executive with respect to the subject matter hereof and there have been no oral or other prior agreements of any kind whatsoever as a condition precedent or inducement to the signing of this Agreement or otherwise concerning this Agreement or the subject matter hereof. Notwithstanding the foregoing, Executive acknowledges that he is required as a condition to continued employment, to comply at all times, with the Company's policies affecting employees, including the Company's published Code of Ethics, as in effect from time to time. Executive further acknowledges that the Non-Disclosure, Proprietary Information and Invention Assignment Agreement he signed upon becoming an employee or thereafter remains in full force and effect despite the execution of this Agreement and any changes in his employment status with the Company.

17. **Equitable Relief**. Executive recognizes and agrees that the Company's remedy at law for any breach of the provisions of Sections 10, 11, 12 or 13 hereof would be inadequate, and he agrees that for breach of such provisions, the Company shall, in addition to such other remedies as may be available to it at law or in equity or as provided in this Agreement, be entitled to injunctive relief and to enforce its rights by an action for specific performance. Should Executive engage in any activities prohibited by this Agreement, he agrees to pay over to the Company all compensation, remuneration or monies or property of any sort received in connection with such activities; such payment shall not impair any rights or remedies of the Company or obligations or liabilities of Executive which such parties may have under this Agreement or applicable law.

18. **Amendments**. This Agreement may not be amended, nor shall any change, waiver, modification, consent or discharge be effected except by written instrument executed by the Company and Executive.

19. **Severability**. If any part of any term or provision of this Agreement shall be held or deemed to be invalid, inoperative or unenforceable to any extent by a court of competent jurisdiction, such circumstances shall in no way affect any other term or provision of this Agreement, the application of such term or provision in any other circumstances, or the validity or enforceability of this Agreement. Executive agrees that the restrictions set forth in Sections 11 and 12 above (including, but not limited to, the geographical scope and time period of restrictions) are fair and reasonable and are reasonably required for the protection of the interests of the Company and its affiliates. In the event that any provision of Section 12 or 13 relating to time period and/or areas of restriction shall be declared by a court of competent jurisdiction to exceed the maximum time period or areas such court deems reasonable and enforceable, said time period and/or areas of restriction shall be deemed to become and thereafter be the maximum time period and/or areas which such court deems reasonable and enforceable.

20. **Paragraph Headings**. The paragraph headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation hereof.

21. **Governing Law**. This Agreement shall be governed by and construed and enforced in accordance with the law of the State of Maryland, without regard to the principles of conflict of laws thereof.

22. **Resolution of Disputes**. With the exception of proceedings for equitable relief brought pursuant to Section 17 of this Agreement, any disputes arising under or in connection with this Agreement including, without limitation, any assertion by any party hereto that the other party has breached any provision of this Agreement, shall be resolved by arbitration, to be conducted in Baltimore, Maryland, in accordance with the rules and procedures of the American Arbitration Association. The parties shall bear equally the cost of such arbitration, excluding attorneys' fees and disbursements which shall be borne solely by the party incurring the same; provided, however, that if the arbitrator rules in favor of the Executive on at least one material component of the dispute, Company shall be solely responsible for the payment of all costs, fees and expenses (including without limitation Executive's reasonable attorney's fees and disbursements) of such arbitration. The Company shall reimburse Executive for any such fees and expenses) incurred by Executive in any calendar year within a reasonable time following Executive's submission of a request for such reimbursement, which in no case shall be later than the end of the calendar year following the calendar year in which such expenses were incurred. Executive shall submit any such reimbursement request no later than the June 30th next following the calendar year in which the fees and expenses are incurred. In the event the arbitrator rules against Executive, Executive shall repay the Company the amount of such reimbursed expenses no later than 180 days following the date as of which such arbitrator's decision becomes final. The provisions of this Section 22 shall survive the termination for any reason of the Term (whether such termination is by the Company, by Executive or upon the expiration of the Term).

23. **Indemnification; Insurance**. The Executive shall be entitled to liability and expense indemnification, advancement of expenses and reimbursement to the fullest extent permitted by the Company's current By-laws and Certificate of Incorporation, whether or not the same are subsequently amended. During the Term, the Company will use commercially reasonable efforts to maintain in effect directors' and officers' liability insurance no less favorable to Executive than that in effect as of the date of this Agreement.

24. **Survival**. Sections 8 through 23 shall survive the expiration or earlier termination of this Agreement, for the period and to the extent specified therein.

IN WITNESS WHEREOF, the parties have executed or caused to be executed under seal this Agreement as of the date first above written.

NOVAVAX, INC.

[SEAL]

By: /s/ Rahul Singhvi
Name: Rahul Singhvi
Title: President & Chief Executive Officer

Executive:

/s/ John J. Trizzino
John J. Trizzino

Exhibit 10.19

DIRECTOR INDEMNITY AGREEMENT

This Agreement is made and entered into as of this 1st day of January, 2010, by and between Novavax, Inc., a Delaware corporation (the "Company"), and _____ ("Indemnitee"), who is currently serving the Company in the capacity of a director and/or officer thereof.

WITNESSETH:

WHEREAS, the Company and Indemnitee recognize that the interpretation of ambiguous statutes, regulations and court opinions and of the Amended and Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation") and Amended and Restated By-laws, as amended (the "By-laws") of the Company, and the vagaries of public policy, are too uncertain to provide directors and officers of the Company with adequate or reliable advance knowledge or guidance with respect to the legal risks and potential liabilities to which they become personally exposed as a result of performing their duties in good faith for the Company; and

WHEREAS, the Company and the Indemnitee are aware that highly experienced and capable persons are often reluctant to serve as directors and officers of a corporation unless they are protected to the fullest extent permitted by law by comprehensive insurance or indemnification; and

WHEREAS, the General Corporation Law of the State of Delaware, which sets forth certain provisions relating to the mandatory and permissive indemnification of, and advancement of expenses to, officers and directors of a Delaware corporation by such corporation, is specifically not exclusive of other rights to which those indemnified thereunder may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, and, thus, does not by itself limit the extent to which the Company may indemnify persons serving as its officers and directors, provided such persons have met the applicable standard of conduct; and

WHEREAS, the Company desires to have Indemnitee continue to serve as a director and/or officer of the Company, and, if applicable, to serve in any other capacity as agreed by the Company and the Indemnitee, free from undue concern for unpredictable, inappropriate or unreasonable legal risks and personal liabilities by reason of his or her acting in good faith in the performance of his or her duty to the Company; and Indemnitee desires to continue to serve (provided that he or she is furnished the indemnity provided for hereinafter) as a director and/or officer of the Company and, if applicable, to serve in any other capacity as agreed by the Indemnitee and the Company; and

WHEREAS, after due consideration and investigation of the terms and provisions of this Agreement and the various other options available to the Company and the Indemnitee in lieu thereof, the Board of Directors of the Company has determined that the following Agreement is reasonable and prudent, and necessary to obtain or retain Indemnitee's service to and on behalf of the Company.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Indemnitee, intending to be legally bound, do hereby agree as follows:

1. Agreement to Serve. Indemnitee agrees to continue to serve as a director and/or officer of the Company and, as Indemnitee and the Company may agree, in any other capacity for the Company and/or as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, for so long as he or she is duly elected or appointed and qualified in accordance with the provisions of the General Corporation Law of the State of Delaware and the Certificate of Incorporation and By-laws of the Company, or until such time as he or she tenders a resignation. The Company acknowledges that the Indemnitee is relying on this Agreement in so serving.

2. Definitions. As used in this Agreement:

(a) The term "Proceeding" shall mean any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative or investigative (including an action by or in the right of the Company), any appeal in such an action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit or proceeding. The final disposition of a Proceeding shall be as determined by a settlement or the judgment of a court or other investigative or administrative body. The Board of Directors shall not make a determination as to the final disposition of a Proceeding.

(b) "Change in Control" means a change in control of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the "Act"), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Act), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 15% or more of the combined voting power of the Company's then outstanding securities without the prior approval of at least a majority of the members of the Board of Directors of the Company in office immediately prior to such person attaining such percentage interest; (ii) there occurs a proxy contest, or the Company is a party to a merger, consolidation, sale of assets, plan of liquidation or other reorganization not approved by at least a majority of the members of the Board of Directors of the Company then in office, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (iii) during any period of two consecutive years, other than as a result of an event described in clause (ii) of this subsection (b), individuals who at the beginning of such period constituted the Board of Directors of the Company (including for this purpose any new director whose election or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board of Directors.

(c) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(d) The term "Expenses" includes, without limitation, all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, or being or preparing to be a witness in a Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including, without limitation, the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent.

(e) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(f) References to "other enterprise" shall include employee benefit plans; references to "fines" shall include any (i) excise taxes assessed with respect to any employee benefit plan and (ii) penalties; references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acts in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement.

3. Indemnity in Third Party Proceedings. Subject to Sections 8 and 9, the Company shall indemnify, defend and hold harmless Indemnitee to the fullest extent permitted or required by the laws of the State of Delaware in effect as of the date hereof or as such laws may from time to time hereafter be amended to increase the scope of such permitted indemnification, if Indemnitee was or is a party or is threatened to be made a party to any Proceeding (other than a Proceeding by or in the right of the Company) by reason of the fact that Indemnitee is or was a director and/or officer of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee (or on his or her behalf) in connection with such Proceeding or any claim, issue or matter therein, provided the Indemnitee acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that Indemnitee's conduct was unlawful. Indemnitee shall have the right to employ Indemnitee's own legal counsel in any Proceeding for which indemnification is available under this Section 3, subject to Section 8 below.

4. Indemnity in Proceedings By or In the Right of the Company. Subject to Sections 8 and 9, the Company shall indemnify, defend and hold harmless Indemnitee to the fullest extent permitted or required by the laws of the State of Delaware in effect as of the date hereof or as such laws may from time to time hereafter be amended to increase the scope of such permitted indemnification, if Indemnitee was or is a party or is threatened to be made a party to any Proceeding by or in the right of the Company to procure a judgment in its favor by reason of the fact that Indemnitee is or was a director and/or officer of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, against all Expenses actually and reasonably incurred by Indemnitee (or on his or her behalf) in connection with the defense or settlement of such Proceeding or any claim, issue or matter therein, provided the Indemnitee acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that Indemnitee's conduct was unlawful, and except that no indemnification shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Company unless and only to the extent that the Delaware Court of Chancery or other court in which such Proceeding was brought or is pending, shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such Expenses as the Delaware Court of Chancery or other court in such Proceeding shall deem proper. Indemnitee shall have the right to employ Indemnitee's own legal counsel in any Proceeding for which indemnification is available under this Section 4, subject to Section 8 below.

5. Reimbursement for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of the fact that Indemnitee is or was a director and/or officer of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, a witness at the Company's request in any Proceeding to which Indemnitee is not a party, he or she shall be reimbursed against all Expenses actually and reasonably incurred by Indemnitee (or on his or her behalf) in connection therewith upon Indemnitee's written request therefor.

6. Indemnification for Expenses of Successful Party. Notwithstanding any other provision of this Agreement to the contrary, to the extent that Indemnitee has been successful on the merits or otherwise (whether partially or in full) in defense of any Proceeding referred to in Sections 3 and/or 4 of this Agreement, or in defense of any claim, issue or matter therein, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee (or on his or her behalf) in connection therewith. For purposes of this Section 6, and without limitation, the termination of any claim, issue or matter in any Proceeding referred to in Sections 3 and/or 4 of this Agreement by dismissal shall be deemed to be a successful result as to such claim, issue or matter.

7. Advances of Expenses. Indemnitee shall have the right to advancement by the Company prior to the final disposition of any Proceeding or any claim, issue or other matter therein of any and all Expenses incurred by Indemnitee in defense of such Proceeding or any claim, issue or other matter therein. Without limiting the generality or effect of the foregoing, within 10 business days after any request by Indemnitee, the Company shall, in accordance with such request, (a) pay such Expenses on behalf of Indemnitee, (b) advance to Indemnitee funds in an amount sufficient to pay such Expenses or (c) reimburse Indemnitee for such Expenses; provided that Indemnitee shall repay any amounts actually advanced to Indemnitee that, at the final disposition of the Proceeding to which the advance related, were in excess of amounts paid or payable by Indemnitee in respect of Expenses relating to, arising out of or resulting from such Proceeding; and provided further the Company receives an undertaking by or on behalf of Indemnitee ("Indemnitee Undertaking") to repay such amount paid, advanced or reimbursed to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company. The Indemnitee Undertaking shall be substantially on the form of Exhibit A to this Agreement and shall be accepted without reference to the financial ability of the Indemnitee to make such repayment.

8. Notice and Defense of a Proceeding. As a condition precedent to the right to be indemnified or receive advancement of Expenses, the Indemnitee must notify the Company in writing as soon as practicable of any Proceeding for which indemnity will or could be sought. With respect to any such Proceeding of which the Company is so notified, the Company will be entitled to participate therein at its own expense and/or to assume the defense thereof at its own expense, with legal counsel reasonably acceptable to the Indemnitee. After notice from the Company to the Indemnitee of its election so to assume such defense, the Company shall not be liable to the Indemnitee for any legal or other Expenses subsequently incurred by the Indemnitee in connection with such Proceeding, other than as provided in this Section 8. The Indemnitee shall have the right to employ his or her own counsel in connection with such Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of the Indemnitee unless (i) the employment of counsel by the Indemnitee has been authorized by the Company, (ii) counsel to the Indemnitee shall have reasonably concluded that there may be a conflict of interest or position on any significant issue between the Company and the Indemnitee in the conduct of the defense of such Proceeding, or (iii) the Company shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and other Expenses of counsel for the Indemnitee shall be at the expense of and borne by the Company, except as otherwise expressly provided by this Agreement, and in no event shall the Company be required to bear the expense of more than one counsel for all Indemnitees with respect to a Proceeding. The Company shall not be entitled, without the consent of the Indemnitee, to assume the defense of any Proceeding brought by or in the right of the Company or as to which counsel for the Indemnitee shall have reasonably made the conclusion provided for in clause (ii) above.

9. Procedure for Determination of Entitlement to Indemnification.

(a) To obtain indemnification or advancement of Expenses under this Agreement, Indemnitee shall submit to the Company a written request therefor, including in such request such documentation and information as is reasonably available to the Indemnitee and is reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification or advancement of Expenses.

(b) It is the express intention of the parties that the Indemnitee be entitled to indemnification hereunder to the fullest extent permitted by Delaware law. Without limiting the generality or effect of the immediately preceding sentence, and without excluding any other basis upon which Indemnitee may be found to be entitled to indemnification hereunder, the Indemnitee shall be entitled to indemnification hereunder if (i) Indemnitee acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that Indemnitee's conduct was unlawful, or (ii) Indemnitee has been successful on the merits or otherwise in defense of any Proceeding or any claim, issue or matter therein.

(c) Upon written request by Indemnitee for indemnification pursuant to Section 9(a) hereof, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board of Directors of the Company, a copy of which shall be delivered to Indemnitee; or (ii) if a Change in Control shall not have occurred, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board of Directors of the Company, or (B) if there are no Disinterested Directors or, if the Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board of Directors of the Company, a copy of which shall be delivered to Indemnitee, or (C) a majority vote of a quorum of the outstanding shares of stock of all classes entitled to vote for directors, voting as a single class, which quorum shall consist of stockholders who are not at that time parties to the Proceeding in question, or (D) a court of competent jurisdiction. If it is so determined that Indemnitee is entitled to indemnification hereunder, payment to Indemnitee shall be made within 60 days after receipt by the Company of the request for indemnification required pursuant to Section 9(a) hereof. Any costs or expenses (including reasonable attorneys' fees and disbursements) incurred by Indemnitee in cooperating with the person, persons or entity making the determination discussed in this Section 9(c) with respect to Indemnitee's entitlement to indemnification, shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(d) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 9(c) hereof, the Independent Counsel shall be selected as provided in this Section 9(d). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board of Directors of the Company, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board of Directors of the Company, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within 10 days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 9(c) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the Court or by such other person as the Court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under this Section 9.

(e) Indemnitee will be deemed a party to a Proceeding for all purposes hereof if Indemnitee is named as a defendant or respondent in a complaint or petition for relief in that Proceeding, regardless of whether Indemnitee is ever served with process or makes an appearance in that Proceeding.

10. Presumptions and Effect of Certain Provisions.

(a) Neither the failure of the Company (including its Board of Directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to Section 11 of this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including its Board of Directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the person, persons or entity empowered or selected under Section 9 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within 60 days after receipt by the Company of a request for indemnification, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not misleading, in connection with the request for indemnification, which if such fact were previously known, the Indemnitee would not have been entitled to indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional 60 days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner that he or she reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal Proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(d) For purposes of any determination of whether Indemnitee acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal Proceeding, Indemnitee had no reasonable cause to believe his or her conduct was unlawful (collectively, "Good Faith"), Indemnitee shall be deemed to have acted in Good Faith if, with respect to Indemnitee's action, Indemnitee relied in good faith on the records or books of account of the Company and any other corporation, partnership, joint venture, trust, or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent ("Enterprise"), or on information, opinions, reports or statements, including financial statements and other financial information, concerning the Enterprise or any other Person which were prepared or supplied to Indemnitee by: (i) one or more officers or employees of the Enterprise; (ii) appraisers, engineers, investment bankers, legal counsel or other Persons as to matters Indemnitee reasonably believed were within the professional or expert competence of those Persons and who have been selected with reasonable care by or on behalf of the Company or Enterprise; and (iii) any committee of the Board of Directors or equivalent managing body of the Enterprise of which Indemnitee is or was, at the relevant time, not a member. The provisions of this Section 10(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

11. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 9 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 7 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made within the time period provided in Section 9(c) after receipt by the Company of the written request for indemnification, (iv) reimbursement or payment of indemnification is not made pursuant to Section 5, Section 6 and/or Section 9(b)(ii), within 60 days after receipt by the Company of a written request therefor, or (v) payment of indemnification pursuant to Section 3 or Section 4 of this Agreement is not timely made after a determination has been made, or deemed to have been made, that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication by the Delaware Court of Chancery or a court of competent jurisdiction of his or her entitlement to such indemnification or advancement of Expenses and appeals therefrom, concluding in a final and unappealable judgment by the highest court in Delaware. The Board of Directors shall not make a determination as to the final disposition of such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 9 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 11 shall be conducted in all respects as a de novo trial on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination.

(c) If a determination shall have been made pursuant to Section 9 of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 11, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not misleading, in connection with the request for indemnification, which if such fact were previously known, the Indemnitee would not have been entitled to indemnification or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that Indemnitee, pursuant to this Section 11, seeks a judicial adjudication of his or her rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any and all expenses (of the types described in the definition of Expenses in Section 2(d) of this Agreement) actually and reasonably incurred by Indemnitee in such judicial adjudication.

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 11 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement.

12. Indemnification and Advancement of Expenses Under this Agreement Not Exclusive; Survival of Rights. The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may be entitled under the Certificate of Incorporation or By-laws of the Company, any other agreement, any vote of stockholders or disinterested directors, the General Corporation Law of the State of Delaware, or otherwise. No amendment or alteration of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee prior to such amendment or alteration. To the extent that a change in the General Corporation Law of the State of Delaware, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Certificate of Incorporation of the Company and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

13. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification or to receive advancement by the Company for a portion of the Expenses, judgments, fines, penalties or amounts paid in settlement actually and reasonably incurred by Indemnitee (or on his or her behalf) in connection with such Proceeding, or any claim, issue or matter therein, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

14. Rights Continued. The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall continue as to Indemnitee even though Indemnitee may have ceased to be a director or officer of the Company, and shall inure to the benefit of Indemnitee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

15. No Construction as an Employment Agreement or Any Other Commitment. Nothing contained in this Agreement shall be construed as giving Indemnitee any right to be retained in the employ or as an officer of the Company or any of its subsidiaries, if Indemnitee currently serves as an officer of the Company, or to be renominated or reelected as a director of the Company, if Indemnitee currently serves as a director of the Company.

16. Liability Insurance. For the duration of Indemnitee's service as a director and/or officer of the Company, and thereafter for so long as Indemnitee shall be subject to any pending or possible Proceeding or of any claim, issue or matter therein, the Company shall use commercially reasonable efforts (taking into account the scope and amount of coverage available relative to the cost thereof) to cause to be maintained in effect policies of directors' and officers' liability insurance providing coverage for directors and/or officers of the Company that is at least substantially comparable in scope and amount to that provided by the Company's current policies of directors' and officers' liability insurance. Indemnitee shall be covered by such policy or policies in accordance with its or their terms.

17. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable under this Agreement if, and to the extent that, Indemnitee is entitled to or has otherwise actually received such payment under any contract, agreement or insurance policy, the Certificate of Incorporation or By-laws of the Company, or otherwise. Indemnitee hereby releases the Company and its respective authorized representatives from any claims for indemnification hereunder if and to the extent that Indemnitee receives proceeds from any liability insurance policy or other third-party source in payment or reimbursement for such Proceeding or claims. Indemnitee hereby agrees to assign all proceeds Indemnitee receives under any such insurance policy or third-party agreement to the extent of the amount of indemnification made to Indemnitee under the terms of this Agreement.

18. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including without limitation the execution of such documents as may be necessary to enable the Company effectively to bring suit to enforce such rights.

19. Exceptions. Notwithstanding any other provision in this Agreement, but except as provided in Section 11(d), the Company shall not be obligated pursuant to the terms of this Agreement, to indemnify or advance Expenses to Indemnitee with respect to any Proceeding, or any claim, issue or matter therein, (i) brought or made by Indemnitee, unless the bringing of such Proceeding or the making of such claim, issue or matter shall have been approved by the Board of Directors of the Company, (ii) in which a final judgment is rendered against Indemnitee for an accounting of profits made from the purchase and sale or the sale and purchase by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of any federal, state or local statute, (iii) if a final adjudication establishes that the Indemnitee's acts or omissions involved a breach of Indemnitee's fiduciaries duties or intentional misconduct, fraud or a knowing violation of the law, or (iv) charging an improper personal benefit to Indemnitee and Indemnitee is adjudged liable on that basis, unless, in each case, the Delaware Court of Chancery or other court in which such Proceeding was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such Expenses.

20. Notices. Any notice or other communication required or permitted to be given or made to the Company or Indemnitee pursuant to this Agreement shall be given or made in writing (a) three business days after being deposited in the United States mail, with return receipt requested and postage thereon prepaid, (b) upon delivery, when delivered personally or by overnight national courier or express delivery, or (c) upon delivery, when sent by facsimile and provided confirmation of receipt is obtained, addressed to the person to whom such notice or communication is directed at the address of such person on the records of the Company. Any such notice or communication to the Company shall be addressed to the Secretary of the Company at the address of the Company's principal executive office set forth in the Company's most recent periodic or current filing under the Act.

21. Contractual Rights. The right to be indemnified or to receive advancement of Expenses under this Agreement (i) is a contract right based upon good and valuable consideration, pursuant to which Indemnitee may sue, (ii) is and is intended to be retroactive and shall be available as to events occurring prior to the date of this Agreement, and (iii) shall continue after any rescission or restrictive modification of this Agreement as to events occurring prior thereto.

22. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. To the fullest extent possible, the provisions of this Agreement shall be construed so as to give effect to the intent manifested by the provisions held invalid, illegal or unenforceable, and any provision or provisions held to be invalid, illegal or unenforceable for any reason whatsoever shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto.

23. Successors; Binding Agreement. The Company shall use its commercially reasonable efforts to cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), by written agreement in form and substance reasonably satisfactory to Indemnitee, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that executes and delivers the agreement provided for in this Section 23 or that otherwise becomes bound by the terms and provisions of this Agreement by operation of law. This Agreement shall be binding upon the Company and its successors and assigns (including, without limitation, any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company).

24. Counterparts, Modification, Headings, Gender.

(a) This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument, and either party hereto may execute this Agreement by signing any such counterpart.

(b) No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Indemnitee and an appropriate authorized officer of the Company. No waiver by any party at any time of any breach by any other party of, or compliance with, any condition or provision of this Agreement to be performed by any other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time.

(c) Section headings are not to be considered part of this Agreement, are solely for convenience of reference, and shall not affect the meaning or interpretation of this Agreement or any provision set forth herein.

(d) Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

25. Exclusive Jurisdiction; Governing Law. The Company and Indemnitee agree that all disputes in any way relating to or arising under this Agreement, including, without limitation, any action for advancement of Expenses or indemnification, shall be litigated, if at all, exclusively in the Delaware courts, and if necessary, the corresponding appellate courts. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such state without giving effect to its principles of conflicts of laws. The Company and Indemnitee (i) expressly submit themselves to the personal jurisdiction of the Delaware courts for purposes of any action or proceeding arising out of or in connection with this Agreement, (ii) irrevocably appoint, to the extent such party is not a resident of the State of Delaware, CT Corporation Systems, 1209 Orange Street, Wilmington, Delaware 19801, as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware courts, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware courts has been brought in an improper or otherwise inconvenient forum.

26. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) six years after the date that Indemnitee shall have ceased to serve as a director and/or officer of the Company or director, officer, employee or agent of any other corporation, partnership, joint venture, trust, or other enterprise which Indemnitee served at the request of the Company; or (b) one year after the final, nonappealable termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 11 of this Agreement relating thereto.

27. Contribution. If it is established, under Section 9 or otherwise, that Indemnitee has the right to be indemnified under this Agreement in respect of any claim, but that right is unenforceable by reason of applicable law or public policy, then, to the fullest extent applicable law permits, the Company, in lieu of indemnifying or causing the indemnification of Indemnitee under this Agreement, will contribute to the amount Indemnitee has incurred, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement or for Expenses reasonably incurred, in connection with that Proceeding, in such proportion as is deemed fair and reasonable in light of all the circumstances of that Proceeding in order to reflect:

(a) the relative benefits Indemnitee and the Company have received as a result of the event(s) or transactions(s) giving rise to that Proceeding; or

(b) the relative fault of Indemnitee and of the Company and its other functionaries in connection with those event(s) or transaction(s).

28. Effect of Federal Law. Both the Company and Indemnitee acknowledge that in certain instances, federal law will override Delaware law and prohibit the Company from indemnifying its officers and directors. The Company and Indemnitee specifically acknowledge that the Securities and Exchange Commission has taken the position that indemnification is not permissible for liabilities arising under certain federal securities laws, and federal law prohibits indemnification for certain violations of the Employee Retirement Income Security Act.

29. Savings Clause. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The provisions of this Agreement (including any provision within a single section, paragraph or sentence) shall be severable in accordance with this Section 29. If this Agreement or any portion thereof shall be invalidated on any ground by any court of competent jurisdiction, the Company shall nevertheless indemnify Indemnitee as to Expenses, judgments, fines and penalties with respect to any Proceeding to the fullest extent permitted by any applicable portion of this Agreement that shall not have been invalidated or by any other applicable law, and this Agreement shall remain enforceable to the fullest extent permitted by law.

IN WITNESS WHEREOF, the Company and Indemnitee have executed this Agreement as of the date and year first above written.

NOVAVAX, INC.

By: _____
Rahul Singhvi
President and Chief
Executive Officer

INDEMNITEE

_____
Print Name:

EXHIBIT A

INDEMNITEE'S UNDERTAKING

_____, 20__

Novavax, Inc.
9920 Belward Campus Drive
Rockville, MD 20850

Re: Indemnity Agreement

Ladies and Gentlemen:

Reference is made to the Indemnity Agreement dated as of January 1, 2010 by and between Novavax, Inc. and the undersigned Indemnitee (the "Agreement"), and particularly to Section 7 thereof relating to the advancement by the Company of certain Expenses incurred by the undersigned Indemnitee. Capitalized terms used and not otherwise defined in this Indemnitee's Undertaking shall have the respective meanings given to such terms in the Agreement.

The types and amounts of Expenses incurred by or on behalf of the undersigned Indemnitee are itemized on Attachment I to this Indemnitee's Undertaking. The undersigned Indemnitee hereby requests that the total amount of these Expenses (the "Advanced Amount") be paid by the Company in advance of the final disposition of such Proceeding in accordance with the Agreement.

The undersigned Indemnitee hereby agrees to repay the Advanced Amount to the Company to the extent that it is determined, following the final disposition of such Proceeding and in accordance with Section 9, that the undersigned Indemnitee is not entitled to be indemnified therefor by the Company.

Very truly yours,

Signature
Name of Indemnitee (Type or Print)

ATTACHMENT I TO
INDEMNITEE'S UNDERTAKING

ITEMIZATION OF
TYPES AND AMOUNTS OF EXPENSES

Attached hereto are receipts, statements or invoices for the following qualifying Expenses which Indemnitee represents have been incurred by Indemnitee in connection with a Proceeding:

	Type	**Amount**
1.		
	Total Advanced Amount	

Exhibit 10.37

At Market Issuance Sales Agreement

March 15, 2010

McNicoll, Lewis & Vlak LLC
420 Lexington Ave., Suite 628
New York, NY 10170

Ladies and Gentlemen:

Novavax, Inc., a Delaware corporation (the "Company"), confirms its agreement (this "Agreement") with McNicoll, Lewis & Vlak LLC, a Delaware limited liability company ("MLV"), as follows:

1. Issuance and Sale of Shares. The Company agrees that, from time to time during the term of this Agreement, on the terms and subject to the conditions set forth herein, it may issue and sell through MLV, acting as agent and/or principal, up to $50,000,000 of shares (the "Shares") of the Company's common stock, par value $0.01 per share (the "Common Stock"). Notwithstanding anything to the contrary contained herein, the parties hereto agree that compliance with the limitations set forth in this Section 1 on the number of Shares issued and sold under this Agreement shall be the sole responsibility of the Company and that MLV shall have no obligation in connection with such compliance. The issuance and sale of Shares through MLV will be effected pursuant to the Registration Statement (as defined below) filed by the Company and declared effective by the Securities and Exchange Commission (the "Commission"), although nothing in this Agreement shall be construed as requiring the Company to use the Registration Statement to issue Common Stock or Preferred Stock.

The Company intends to file, in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations thereunder (collectively, the "Securities Act"), with the Commission a registration statement on Form S-3, including one or more base prospectuses, with respect to equity and other offerings, including the Shares, and which incorporates by reference documents that the Company has filed or will file in accordance with the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (collectively, the "Exchange Act"). The Company will, if necessary, prepare a prospectus supplement (the "Prospectus Supplement") to the base prospectus included as part of such registration statement. The Company will furnish to MLV, for use by MLV, copies of the prospectus included as part of such registration statement, as supplemented, if at all, by the Prospectus Supplement, relating to the Shares. Except where the context otherwise requires, such registration statement, as amended when it becomes effective, including all documents filed as part thereof or incorporated by reference therein, and including any information contained in a Prospectus (as defined below) subsequently filed with the Commission pursuant to Rule 424(b) under the Securities Act and also including any other registration statement filed pursuant to Rule 462(b) under the Securities Act, collectively, are herein called the "Registration Statement," and the base prospectus, including all documents incorporated therein by reference, included in the Registration Statement, as it may be supplemented by the Prospectus Supplement, in the form in which such prospectus and/or Prospectus Supplement have most recently been filed by the Company with the Commission pursuant to Rule 424(b) under the Securities Act is herein called the "Prospectus." Any reference herein to the Registration Statement, the Prospectus or any amendment or supplement thereto shall be deemed to refer to and include the documents incorporated by reference therein, and any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement or the Prospectus shall be deemed to refer to and include the filing after the execution hereof of any document with the Commission deemed to be incorporated by reference therein. For purposes of this Agreement, all references to the Registration Statement, the Prospectus or to any amendment or supplement thereto shall be deemed to include any copy filed with the Commission pursuant to its Electronic Data Gathering Analysis and Retrieval System, or if applicable, the Interactive Data Electronic Application system when used by the Commission (collectively, "EDGAR").

2. Placements. Each time that the Company wishes to issue and sell Shares hereunder (each, a "Placement"), it will notify MLV by email notice (or other method mutually agreed to in writing by the Parties) of the number of Shares (the "Placement Shares") to be issued, the type of Shares, the time period during which sales are requested to be made, any limitation on the number of Shares that may be sold in any one day and any minimum price below which sales may not be made (a "Placement Notice"), the form of which is attached hereto as Schedule 1. The Placement Notice shall originate from any of the individuals from the Company set forth on Schedule 3 (with a copy to each of the other individuals from the Company listed on such schedule), and shall be addressed to each of the individuals from MLV set forth on Schedule 3, as such Schedule 3 may be amended from time to time. The Placement Notice shall be effective unless and until (i) MLV declines to accept the terms contained therein as a result of any suspension or limitation of trading in the Placement Shares or in securities generally on the Exchange or any occurrence or event that causes a material adverse change in the operation or prospects of the Company, (ii) the entire amount of the Placement Shares have been sold, (iii) the Company suspends or terminates the Placement Notice or (iv) the Agreement has been terminated under the provisions of Section 12. The amount of any discount, commission or other compensation to be paid by the Company to MLV in connection with the sale of the Placement Shares shall be calculated in accordance with the terms set forth in Schedule 2. It is expressly acknowledged and agreed that neither the Company nor MLV will have any obligation whatsoever with respect to a Placement or any Placement Shares unless and until the Company delivers a Placement Notice to MLV and MLV does not decline such Placement Notice pursuant to the terms set forth above, and then only upon the terms specified therein and herein. In the event of a conflict between the terms of this Agreement and the terms of a Placement Notice, the terms of the Placement Notice will control.

3. Sale of Placement Shares by MLV. Subject to the terms and conditions herein set forth, upon the Company's issuance of a Placement Notice, and unless the sale of the Placement Shares described therein has been declined, suspended, or otherwise terminated in accordance with the terms of this Agreement, MLV will use its commercially reasonable efforts consistent with its normal trading and sales practices to sell such Placement Shares up to the amount specified, and otherwise in accordance with the terms of such Placement Notice. MLV will provide written confirmation to the Company no later than the opening of the Trading Day (as defined below) immediately following the Trading Day on which it has made sales of Placement Shares hereunder setting forth the number of Placement Shares sold on such day, the compensation payable by the Company to MLV pursuant to Section 2 with respect to such sales, and the Net Proceeds (as defined below) payable to the Company. MLV may sell Placement Shares by any method permitted by law deemed to be an "at the market" offering as defined in Rule 415 of the Securities Act, including without limitation sales made directly on NASDAQ Capital Market (the "Exchange"), on any other existing trading market for the Common Stock or to or through a market maker. MLV may also sell Placement Shares in privately negotiated transactions, subject to approval by the Company. The Company acknowledges and agrees that (i) there can be no assurance that MLV will be successful in selling Placement Shares, and (ii) MLV will incur no liability or obligation to the Company or any other person or entity if it does not sell Placement Shares for any reason other than a failure by MLV to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell such Placement Shares as required under this Section 3. For the purposes hereof, "Trading Day" means any day on which Common Stock is purchased and sold on the principal market on which the Common Stock is listed or quoted.

4. Suspension of Sales. The Company or MLV may, upon notice to the other party in writing (including by email correspondence to each of the individuals of the other Party set forth on Schedule 3, if receipt of such correspondence is actually acknowledged by any of the individuals to whom the notice is sent, other than via auto-reply) or by telephone (confirmed immediately by verifiable facsimile transmission or email correspondence to each of the individuals of the other Party set forth on Schedule 3), suspend any sale of Placement Shares; provided, however, that such suspension shall not affect or impair either party's obligations with respect to any Placement Shares sold hereunder prior to the receipt of such notice. Each of the Parties agrees that no such notice under this Section 4 shall be effective against the other unless it is made to one of the individuals named on Schedule 3 hereto, as such Schedule may be amended from time to time.

5. Settlement.

(a) Settlement of Placement Shares. Unless otherwise specified in the applicable Placement Notice, settlement for sales of Placement Shares will occur on the third (3rd) Trading Day (or such earlier day as is industry practice for regular-way trading) (each, a "Settlement Date") following the respective Point of Sale (as defined below). The amount of proceeds to be delivered to the Company on a Settlement Date against receipt of the Placement Shares sold (the "Net Proceeds") will be equal to the aggregate sales price received by MLV at which such Placement Shares were sold, after deduction for (i) MLV's commission, discount or other compensation for such sales payable by the Company pursuant to Section 2 hereof, (ii) any other amounts due and payable by the Company to MLV hereunder pursuant to Section 7(g) (Expenses) hereof, and (iii) any transaction fees imposed by any governmental or self-regulatory organization in respect of such sales.

(b) Delivery of Placement Shares. On or before each Settlement Date, the Company will, or will cause its transfer agent to, electronically transfer the Placement Shares being sold by crediting MLV's or its designee's account at The Depository Trust Company through its Deposit and Withdrawal at Custodian System ("DWAC") or by such other means of delivery as may be mutually agreed upon by the parties hereto which in all cases shall be freely tradeable, transferable, registered shares in good deliverable form. On each Settlement Date, MLV will deliver the related Net Proceeds in same day funds to an account designated by the Company on, or prior to, the Settlement Date. MLV will be responsible for obtaining DWAC instructions or instructions for delivery by other means with regard to the transfer of Placement Shares being sold. The Company agrees that if the Company, or its transfer agent (if applicable), defaults in its obligation to deliver Placement Shares on a Settlement Date, the Company agrees that in addition to and in no way limiting the rights and obligations set forth in Section 10(a) (Indemnification and Contribution) hereto, it will (i) hold MLV harmless against any loss, claim, damage, or expense (including reasonable legal fees and expenses), as incurred, arising out of or in connection with such default by the Company and (ii) pay to MLV any commission, discount, or other compensation to which it would otherwise have been entitled absent such default.

6. Representations and Warranties of the Company. The Company represents and warrants to, and agrees with, MLV that as of the date of this Agreement and as of each Representation Date (as defined in Section 7(m) below) on which a certificate is required to be delivered pursuant to Section 7(m) of this Agreement, as the case may be, except as may be disclosed in the Registration Statement or a Disclosure Schedule delivered in connection herewith:

(a) Registration Statement and Prospectus. The Company and, assuming no act or omission on the part of MLV that would make such statement untrue, the transactions contemplated by this Agreement meet the requirements for and comply with the conditions for the use of Form S-3 under the Securities Act. The Registration Statement has been filed with the Commission and has been declared effective under the Securities Act. The Prospectus Supplement will name MLV as an underwriter, acting as principal and/or agent, that the Company might engage in the section entitled "Plan of Distribution." The Company has not received, and has no notice of, any order of the Commission preventing or suspending the use of the Registration Statement, or threatening or instituting proceedings for that purpose. The Registration Statement and the offer and sale of Shares as contemplated hereby meet the requirements of Rule 415 under the Act and comply in all material respects with said Rule. Any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement have been so described or filed. Copies of the Registration Statement, the Prospectus, and any such amendments or supplements and all documents incorporated by reference therein that were filed with the Commission on or prior to the date of this Agreement have been delivered, or are available through EDGAR, to MLV and their counsel. The Company has not distributed and, prior to the later to occur of each Settlement Date and completion of the distribution of the Placement Shares, will not distribute any offering material in connection with the offering or sale of the Placement Shares other than the Registration Statement and the Prospectus and any Issuer Free Writing Prospectus (as defined below) to which MLV has consented. The Common Stock is currently listed on the NASDAQ Global Market under the trading symbol "NVAX". Except as disclosed in the Registration Statement, the Company has not, in the 12 months preceding the date hereof, received notice from the Exchange to the effect that the Company is not in compliance with the listing or maintenance requirements. The Company has no reason to believe that it will not in the foreseeable future continue to be in compliance with all such listing and maintenance requirements.

(b) No Misstatement or Omission. The Registration Statement, when it became or becomes effective, and the Prospectus, and any amendment or supplement thereto, on the date of such Prospectus or amendment or supplement, conformed or will conform in all material respects with the requirements of the Securities Act. At each Settlement Date, the Registration Statement and the Prospectus, as of such date, will conform in all material respects with the requirements of the Securities Act. The Registration Statement, when it became or becomes effective, did not, or will not, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus and any amendment or supplement thereto, on the date thereof and at each Point of Sale, did not or will not include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The documents incorporated by reference in the Prospectus or any Prospectus Supplement did not, and any further documents filed and incorporated by reference therein will not, when filed with the Commission, contain an untrue statement of a material fact or omit to state a material fact required to be stated in such document or necessary to make the statements in such document, in light of the circumstances under which they were made, not misleading. The foregoing shall not apply to statements in, or omissions from, any such document made in reliance upon, and in conformity with, information furnished to the Company by MLV specifically for use in the preparation thereof. "Point of Sale" means, for a Placement, the time at which an acquiror of Placement Shares entered into a contract, binding upon such acquiror, to acquire such Shares.

(c) Conformity with Securities Act and Exchange Act. The documents incorporated by reference in the Registration Statement, the Prospectus or any amendment or supplement thereto, when such documents were or are filed with the Commission under the Securities Act or the Exchange Act or became or become effective under the Securities Act, as the case may be, conformed or will conform in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable.

(d) Financial Information. The consolidated financial statements and the related notes thereto included or incorporated by reference in the Registration Statement and the Prospectus comply with the applicable requirements of the Act and the Exchange Act, as applicable, and present fairly, the financial position of the Company as of the dates indicated and the results of its operations and the changes in its consolidated cash flows for the periods specified; such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods covered thereby (except (i) as may be otherwise indicated in such financial statements or the notes thereto or (ii) in the case of unaudited interim financial statements, to the extent that they may not include footnotes or may be condensed or summary statements), and the other financial information included or incorporated by reference in the Registration Statement and the Prospectus has been derived from the accounting records of the Company and presents fairly the information shown thereby. Any pro forma financial statements or data included or incorporated by reference in the Registration Statement and the Prospectus comply with the requirements of Regulation S-X of the Securities Act, including, without limitation, Article 11 thereof, and the assumptions used in the preparation of such pro forma financial statements and data are reasonable, the pro forma adjustments used therein are appropriate to give effect to the circumstances referred to therein and the pro forma adjustments have been properly applied to the historical amounts in the compilation of those statements and data. No other financial statements or schedules of the Company or any other entity are required by the Act to be included in the Registration Statement or the Prospectus. All disclosures contained in the Registration Statement, the Pricing Disclosure Materials and the Prospectus regarding "non-GAAP financial measures" (as such term is defined by Item 10 of Regulation S-K under the Act) comply with Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Act, to the extent applicable. The Company does not have any material liabilities or obligations, direct or contingent (including any off-balance sheet obligations and any "variable interest entities" within the meaning of Financial Accounting Standards Board Interpretation No. 46(R) or Statement of Financial Accounting Standards No. 167), not disclosed in the Registration Statement, the Pricing Disclosure Materials and the Prospectus.

(e) Conformity with EDGAR Filing. The Prospectus delivered to MLV for use in connection with the sale of the Placement Shares pursuant to this Agreement will be identical to the versions of the Prospectus created to be transmitted to the Commission for filing via EDGAR, except to the extent permitted by Regulation S-T.

(f) Organization. The Company is, and will be, duly organized, validly existing as a corporation and in good standing under the laws of its jurisdiction of organization. The Company is, and will be, duly licensed or qualified as a foreign corporation for transaction of business and in good standing under the laws of each other jurisdiction in which its ownership or lease of property or the conduct of its businesses requires such license or qualification, and has all corporate power and authority necessary to own or hold its properties and to conduct its business as described in the Registration Statement and the Prospectus, except where the failure to be so qualified or in good standing or have such power or authority would not, individually or in the aggregate, have a material adverse effect or would reasonably be expected to have a material adverse effect on or affecting the business, properties, management, consolidated financial position, stockholders' equity or results of operations of the Company (a "Material Adverse Effect").

(g) Subsidiaries. The Company has no active subsidiaries.

(h) No Violation or Default. The Company is not (i) in violation of its charter or by-laws or similar organizational documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company is subject; or (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of each of clauses (ii) and (iii) above, for any such violation or default that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. To the Company's knowledge, no other party under any material contract or other agreement to which it is a party is in default in any respect thereunder where such default would have a Material Adverse Effect.

(i) No Material Adverse Change. Except as set forth in or otherwise contemplated by the Registration Statement (exclusive of any amendment thereof) or the Prospectus (exclusive of any supplement thereto), since the date of the most recent financial statements of the Company included or incorporated by reference in the Registration Statement and the Prospectus and prior to each Settlement Date, (i) there has not been and will not have been any change in the capital stock of the Company (except for changes in the number of outstanding shares of Common Stock of the Company due to the issuance of shares upon the exercise or conversion of securities exercisable for, or convertible into, shares of Common Stock outstanding on the date hereof) or long-term debt of the Company or any dividend or distribution of any kind declared, set aside for payment, paid or made by the Company on any class of capital stock, that has resulted in or that would reasonably be expected to result in a Material Adverse Effect to the Company taken as a whole; (ii) other than this Agreement, the Company has not entered and will not enter into any transaction or agreement, not in the ordinary course of business, that is material to the Company taken as a whole or incurred and will not incur any liability or obligation, direct or contingent, not in the ordinary course of business, that is material to the Company taken as a whole; (iii) there has not been any material adverse change in the business, properties, management, financial position, stockholders' equity, or results of operations of the Company, taken as a whole; and (iv) the Company has not sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority.

(j) Capitalization. The issued and outstanding shares of capital stock of the Company have been validly issued, are fully paid and nonassessable and, other than as disclosed in or contemplated by the Registration Statement or the Prospectus, are not subject to any preemptive rights, rights of first refusal or similar rights. The Company has an authorized, issued and outstanding capitalization as set forth in the Registration Statement and the Prospectus as of the dates referred to therein (other than the grant of additional options under the Company's existing stock option plans, or changes in the number of outstanding shares of Common Stock of the Company due to the issuance of shares upon the exercise or conversion of securities exercisable for, or convertible into, shares of Common Stock outstanding on the date hereof) and such authorized capital stock conforms to the description thereof set forth in the Registration Statement and the Prospectus. The description of the securities of the Company in the Registration Statement and the Prospectus is complete and accurate in all material respects. Except as disclosed in or contemplated by the Registration Statement or the Prospectus, as of the date referred to therein, the Company does not have outstanding any options to purchase, or any rights or warrants to subscribe for, or any securities or obligations convertible into, or exchangeable for, or any contracts or commitments to issue or sell, any shares of capital stock or other securities.

(k) Authorization; Enforceability. The Company has full legal right, power and authority to enter into this Agreement and perform the transactions contemplated hereby. This Agreement has been duly authorized, executed and delivered by the Company and is a legal, valid and binding agreement of the Company enforceable in accordance with its terms, except to the extent that (i) enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles and (ii) the indemnification and contribution provisions of Section 10 hereof may be limited by federal or state securities laws and public policy considerations in respect thereof.

(l) Authorization of Placement Shares. The Placement Shares, when issued and delivered pursuant to the terms approved by the Board of Directors or a duly designated committee thereof, against payment therefor as provided herein, will be duly and validly authorized and issued and fully paid and nonassessable, free and clear of any pledge, lien, encumbrance, security interest or other claim, including any statutory or contractual preemptive rights, resale rights, rights of first refusal or other similar rights, and will be registered pursuant to Section 12 of the Exchange Act. The Placement Shares, when issued, will conform in all material respects to the description thereof set forth in or incorporated into the Prospectus.

(m) No Consents Required. No consent, approval, authorization, order, registration or qualification of or with any court or arbitrator or governmental or regulatory authority is required for the execution, delivery and performance by the Company this Agreement, the issuance and sale by the Company of the Placement Shares, except for the registration of the Placement Shares under the Act and such consents, approvals, authorizations, orders and registrations or qualifications as may be required under applicable state securities laws or by the by-laws and rules of the Financial Industry Regulatory Authority ("FINRA") or the Exchange in connection with the sale of the Placement Shares by MLV.

(n) No Preferential Rights. Except as set forth in the Registration Statement and the Prospectus, (i) no person, as such term is defined in Rule 1-02 of Regulation S-X promulgated under the Securities Act (each, a "Person"), has the right, contractual or otherwise, to cause the Company to issue or sell to such Person any shares of Common Stock or shares of any other capital stock or other securities of the Company, (ii) no Person has any preemptive rights, resale rights, rights of first refusal, or any other rights (whether pursuant to a "poison pill" provision or otherwise) to purchase any shares of Common Stock or shares of any other capital stock or other securities of the Company, (iii) no Person has the right to act as an underwriter or as a financial advisor to the Company in connection with the offer and sale of the Shares, and (iv) no Person has the right, contractual or otherwise, to require the Company to register under the Securities Act any shares of Common Stock or shares of any other capital stock or other securities of the Company, or to include any such shares or other securities in the Registration Statement or the offering contemplated thereby, whether as a result of the filing or effectiveness of the Registration Statement or the sale of the Placement Shares as contemplated thereby or otherwise.

(o) Independent Public Accountant. Grant Thornton LLP (the "Accountant"), whose report on the consolidated financial statements of the Company is filed with the Commission as part of the Prospectus for the periods ended December 31, 2006, December 31, 2007 and December 31, 2008, is and, during the periods covered by their respective reports, was an independent public accountant within the meaning of the Securities Act and the Public Company Accounting Oversight Board (United States). To the Company's knowledge, after due and careful inquiry, the Accountant is not in violation of the auditor independence requirements of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") with respect to the Company.

(p) Enforceability of Agreements. To the knowledge of the Company, all agreements between the Company and third parties expressly referenced in the Prospectus are legal, valid and binding obligations of the Company enforceable in accordance with their respective terms, except to the extent that (i) enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles and (ii) the indemnification provisions of certain agreements may be limited be federal or state securities laws or public policy considerations in respect thereof and except for any unenforceability that, individually or in the aggregate, would not unreasonably be expected to have a Material Adverse Effect.

(q) No Litigation. Except as set forth in the Registration Statement or the Prospectus, there are no legal, governmental or regulatory actions, suits or proceedings pending, nor, to the Company's knowledge, any legal, governmental or regulatory investigations, to which the Company is a party or to which any property of the Company is the subject that, individually or in the aggregate, if determined adversely to the Company, would reasonably be expected to have a Material Adverse Effect or materially and adversely affect the ability of the Company to perform its obligations under this Agreement; to the Company's knowledge, no such actions, suits or proceedings are threatened or contemplated by any governmental or regulatory authority or threatened by others; and (i) there are no current or pending legal, governmental or regulatory investigations, actions, suits or proceedings that are required under the Act to be described in the Prospectus that are not so described; and (ii) there are no contracts or other documents that are required under the Act to be filed as exhibits to the Registration Statement that are not so filed.

(r) Licenses and Permits. Except as set forth in the Registration Statement or the Prospectus, the Company possesses or has obtained, and at each Settlement Date will possess and will have obtained, all licenses, certificates, consents, orders, approvals, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign governmental or regulatory authorities that are necessary for the ownership or lease of its properties or the conduct of its business as described in the Registration Statement and the Prospectus (the "Permits"), except where the failure to possess, obtain or make the same would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as disclosed in the Registration Statement or the Prospectus, the Company has not received written notice of any proceeding relating to revocation or modification of any such Permit and does not have any reason to believe that such Permit will not be renewed in the ordinary course, except where the failure to obtain any such renewal would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(s) Market Capitalization. As of the close of trading on the Exchange on the Trading Day immediately prior to the date of this Agreement and the Trading Day immediately prior to the date of each Placement Notice (i) the aggregate market value of the outstanding voting and non-voting common equity (as defined in Securities Act Rule 405) of the Company held by persons other than affiliates of the Company (pursuant to Securities Act Rule 144, those that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company) (the "Non-Affiliate Shares"), was equal to or greater than $75 million (calculated by multiplying (x) the price at which the common equity of the Company was last sold on the Exchange on the Trading Day immediately prior to the date of this Agreement times (y) the number of Non-Affiliate Shares); or (ii) the aggregate market value of securities sold by or on behalf of the Company as set forth on Schedule 4 during the previous 12 calendar months, including the Placement Shares, is no more than one-third the aggregate market value of the Non-Affiliate Shares.

(t) No Material Defaults. The Company has not defaulted on any installment on indebtedness for borrowed money or on any rental on one or more long-term leases, which defaults, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. The Company has not filed a report pursuant to Section 13(a) or 15(d) of the Exchange Act since the filing of its last Annual Report on Form 10-K, indicating that it (i) has failed to pay any dividend or sinking fund installment on preferred stock or (ii) has defaulted on any installment on indebtedness for borrowed money or on any rental on one or more long-term leases, which defaults, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(u) Certain Market Activities. Neither the Company, nor any of its respective directors, officers or controlling persons has taken, directly or indirectly, any action designed, or that has constituted or might reasonably be expected to cause or result in, under the Exchange Act or otherwise, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Placement Shares.

(v) Broker/Dealer Relationships. Neither the Company nor any of its related entities (i) is required to register as a "broker" or "dealer" in accordance with the provisions of the Exchange Act or (ii) directly or indirectly through one or more intermediaries, controls or is a "person associated with a member" or "associated person of a member" (within the meaning of Article I of the NASD Manual administered by FINRA).

(w) No Reliance. The Company has not relied upon MLV or legal counsel for MLV for any legal, tax or accounting advice in connection with the offering and sale of the Placement Shares.

(x) Taxes. The Company has filed all federal, state, local and foreign tax returns which have been required to be filed and paid all taxes shown thereon through the date hereof, to the extent that such taxes have become due and are not being contested in good faith. Except as otherwise disclosed in or contemplated by the Registration Statement or the Prospectus, no tax deficiency has been determined adversely to the Company which has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. The Company has no knowledge of any federal, state or other governmental tax deficiency, penalty or assessment which has been or might be asserted or threatened against it which could have a Material Adverse Effect.

(y) Title to Real and Personal Property. Except as set forth in the Registration Statement or the Prospectus, the Company has good and valid title in fee simple to all items of real property and good and valid title to all personal property described in the Registration Statement or Prospectus as being owned by it that are material to the business of the Company, in each case free and clear of all liens, encumbrances and claims, except those that (i) do not materially interfere with the use made and proposed to be made of such property by the Company or (ii) would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. Any real property described in the Registration Statement or Prospectus as being leased by the Company is held by it under valid, existing and enforceable leases, except those that (A) do not materially interfere with the use made or proposed to be made of such property by the Company or (B) would not be reasonably expected, individually or in the aggregate, to have a Material Adverse Effect.

(z) Intellectual Property. Except as set forth in the Registration Statement or the Prospectus, the Company owns or possesses adequate enforceable rights to use all patents, patent applications, trademarks (both registered and unregistered), service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses and know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) (collectively, the "Intellectual Property"), necessary for the conduct of its business as conducted as of the date hereof, except to the extent that the failure to own or possess adequate rights to use such Intellectual Property would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; the Company has not received any written notice of any claim of infringement or conflict which asserted Intellectual Property rights of others, which infringement or conflict, if the subject of an unfavorable decision, would result in a Material Adverse Effect; the Company has conducted reasonable searches of the United States patents of record and to the Company's knowledge none of the Company's patents or patent applications interfere with any other United States patents; the Company has conducted an infringement search and determined that, to the Company's knowledge, no valid and enforceable patent held by any third party is infringed by the activities of the Company; there are no pending, or to the Company's knowledge, threatened judicial proceedings or interference proceedings challenging the Company's rights in or to or the validity of the scope of any of the Company's patents, patent applications or proprietary information; to the Company's knowledge no other entity or individual has any right or claim in any of the Company's patents, patent applications or any patent to be issued therefrom by virtue of any contract, license or other agreement entered into between such entity or individual and the Company or by any non-contractual obligation, other than by written licenses granted by the Company; the Company has not received any written notice of any claim challenging the rights of the Company in or to any Intellectual Property owned, licensed or optioned by the Company which claim, if the subject of an unfavorable decision would result in an Material Adverse Effect.

(aa) Compliance Program. The Company has established and administers a compliance program applicable to the Company, to assist the Company and the directors, officers and employees of the Company in complying with applicable regulatory guidelines.

(bb) Environmental Laws. Except as set forth in the Registration Statement or the Prospectus, the Company (i) is in compliance with any and all applicable federal, state, local and foreign laws, rules, regulations, decisions and orders relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (collectively, "Environmental Laws"); (ii) has received and is in compliance with all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses as described in the Registration Statement and the Prospectus; and (iii) has not received notice of any actual or potential liability for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, except, in the case of any of clauses (i), (ii) or (iii) above, for any such failure to comply or failure to receive required permits, licenses, other approvals or liability as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(cc) Disclosure Controls. The Company maintains systems of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company has established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 and 15d-15) for the Company and designed such disclosure controls and procedures to ensure that material information relating to the Company is made known to the certifying officers by others within those entities, particularly during the period in which the Company's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, is being prepared. The Company's certifying officers have evaluated the effectiveness of the Company's controls and procedures as of a date within 90 days prior to the filing date of the Form 10-K for the fiscal year ended December 31, 2008 (such date, the "Evaluation Date"). The Company presented in its Form 10-K for the fiscal year ended December 31, 2008 the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been no significant changes in the Company's internal controls (as such term is defined in Item 307(b) of Regulation S-K under the Act) or, to the Company's knowledge, in other factors that could significantly affect the Company's internal controls.

(dd) Sarbanes-Oxley. To the knowledge of the Company, there is and has been no failure on the part of the Company and any of the Company's directors or officers, in their capacities as such, to comply with any applicable provisions of the Sarbanes-Oxley Act and the rules and regulations promulgated thereunder. Each of the principal executive officer and the principal financial officer of the Company (or each former principal executive officer of the Company and each former principal financial officer of the Company as applicable) has made all certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act with respect to all reports, schedules, forms, statements and other documents required to be filed by it or furnished by it to the Commission. For purposes of the preceding sentence, "principal executive officer" and "principal financial officer" shall have the meanings given to such terms in the Sarbanes-Oxley Act.

(ee) Finder's Fees. The Company has not incurred any liability for any finder's fees, brokerage commissions or similar payments in connection with the transactions herein contemplated, except as may otherwise exist with respect to MLV pursuant to this Agreement.

(ff) Labor Disputes. No labor disturbance by or dispute with employees of the Company exists or, to the knowledge of the Company, is threatened which would reasonably be expected to result in a Material Adverse Effect

(gg) Investment Company Act. The Company, after giving effect to the offering and sale of the Placement Shares, will not be an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended (the "Investment Company Act").

(hh) Operations. The operations of the Company are and have been conducted at all times in compliance with applicable financial record keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions to which the Company is subject, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "Money Laundering Laws"), except as would not reasonably be expected to result in a Material Adverse Effect; and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(ii) Off-Balance Sheet Arrangements. There are no transactions, arrangements and other relationships between and/or among the Company, and/or, to the knowledge of the Company, any of its affiliates and any unconsolidated entity, including, but not limited to, any structural finance, special purpose or limited purpose entity (each, an "Off Balance Sheet Transaction") that could reasonably be expected to affect materially the Company's liquidity or the availability of or requirements for its capital resources, including those Off Balance Sheet Transactions described in the Commission's Statement about Management's Discussion and Analysis of Financial Conditions and Results of Operations (Release Nos. 33-8056; 34-45321; FR-61), required to be described in the Prospectus which have not been described as required.

(jj) Underwriter Agreements. The Company is not a party to any agreement with an agent or underwriter for any other "at-the-market" or continuous equity transaction.

(kk) ERISA. To the knowledge of the Company, each material employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is maintained, administered or contributed to by the Company or any of its affiliates for employees or former employees of the Company has been maintained in material compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to ERISA and the Internal Revenue Code of 1986, as amended (the "Code"); no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred which would result in a material liability to the Company with respect to any such plan excluding transactions effected pursuant to a statutory or administrative exemption; and for each such plan that is subject to the funding rules of Section 412 of the Code or Section 302 of ERISA, no "accumulated funding deficiency" as defined in Section 412 of the Code has been incurred, whether or not waived, and the fair market value of the assets of each such plan (excluding for these purposes accrued but unpaid contributions) exceeds the present value of all benefits accrued under such plan determined using reasonable actuarial assumptions.

(ll) Forward Looking Statements. No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) (a "Forward Looking Statement") contained in the Registration Statement and the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith. The Forward Looking Statements incorporated by reference in the Registration Statement and the Prospectus from the Company's Annual Report on Form 10-K for the fiscal year most recently ended (i) are within the coverage of the safe harbor for forward looking statements set forth in Section 27A of the Act, Rule 175(b) under the Act or Rule 3b-6 under the Exchange Act, as applicable, (ii) were made by the Company with a reasonable basis and in good faith and reflect the Company's good faith commercially reasonable best estimate of the matters described therein, and (iii) have been prepared in accordance with Item 10 of Regulation S-K under the Act.

(mm) MLV Purchases. The Company acknowledges and agrees that MLV has informed the Company that MLV may, to the extent permitted under the Securities Act and the Exchange Act, purchase and sell shares of Common Stock for its own account while this Agreement is in effect, provided, that (i) no such purchase or sales shall take place while a Placement Notice is in effect (except to the extent MLV may engage in sales of Placement Shares purchased or deemed purchased from the Company as a "riskless principal" or in a similar capacity) and (ii) the Company shall not be deemed to have authorized or consented to any such purchases or sales by MLV.

(nn) Margin Rules. Neither the issuance, sale and delivery of the Shares nor the application of the proceeds thereof by the Company as described in the Registration Statement and the Prospectus will violate Regulation T, U or X of the Board of Governors of the Federal Reserve System or any other regulation of such Board of Governors.

(oo) Insurance. The Company carries, or is covered by, insurance in such amounts and covering such risks as the Company reasonably believe are adequate for the conduct of its properties and as is customary for companies engaged in similar businesses in similar industries.

(pp) No Improper Practices. (i) Neither the Company, nor to the Company's knowledge, any of its respective executive officers has, in the past five years, made any unlawful contributions to any candidate for any political office (or failed fully to disclose any contribution in violation of law) or made any contribution or other payment to any official of, or candidate for, any federal, state, municipal, or foreign office or other person charged with similar public or quasi-public duty in violation of any law or of the character required to be disclosed in the Prospectus; (ii) no relationship, direct or indirect, exists between or among the Company or, to the Company's knowledge any affiliate, on the one hand, and the directors, officers and stockholders of the Company, on the other hand, that is required by the Securities Act to be described in the Registration Statement and the Prospectus that is not so described; (iii) no relationship, direct or indirect, exists between or among the Company or any affiliate, on the one hand, and the directors, officers, stockholders or directors of the Company, on the other hand, that is required by the rules of FINRA to be described in the Registration Statement and the Prospectus that is not so described; and (iv) except as described in the Prospectus, there are no material outstanding loans or advances or material guarantees of indebtedness by the Company to or for the benefit of any of its officers or directors or any of the members of the families of any of them.

(qq) Status Under the Securities Act. The Company was not and is not an ineligible issuer as defined in Rule 405 under the Securities Act at the times specified in Rules 164 and 433 under the Act in connection with the offering of the Shares.

(rr) No Misstatement or Omission in an Issuer Free Writing Prospectus. Each issuer free writing prospectus, as defined in Rule 405 under the Act (an "Issuer Free Writing Prospectus," and together with the Preliminary Prospectus the "Pricing Disclosure Materials"), when considered together with the Pricing Disclosure Materials as of the applicable Point of Sale, did not or will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representation or warranty with respect to any statement contained in any Issuer Free Writing Prospectus in reliance upon and in conformity with information concerning MLV and furnished by MLV to the Company expressly for use in the Issuer Free Writing Prospectus.

(ss) Conformity of Issuer Free Writing Prospectus. Each Issuer Free Writing Prospectus conformed or will conform in all material respects to the requirements of the Act on the date of first use, and the Company has complied or will comply with any filing requirements applicable to such Issuer Free Writing Prospectus pursuant to the Act. Each Issuer Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Shares, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement or the Prospectus, including any document incorporated by reference therein that has not been superseded or modified. The Company has not made any offer relating to the Shares that would constitute an Issuer Free Writing Prospectus without the prior written consent of MLV. The Company has retained in accordance with the Act all Issuer Free Writing Prospectuses that were not required to be filed pursuant to the Act.

(tt) Pricing Disclosure Materials. The Pricing Disclosure Materials did not, as of the applicable Point of Sale contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representation or warranty with respect to any statement contained in the Pricing Disclosure Materials in reliance upon and in conformity with information concerning MLV and furnished in writing by MLV to the Company expressly for use in the Pricing Disclosure Materials.

(uu) No Conflicts. Neither the execution of this Agreement, nor the issuance, offering or sale of the Shares, nor the consummation of any of the transactions contemplated herein and therein, nor the compliance by the Company with the terms and provisions hereof and thereof will conflict with, or will result in a breach of, any of the terms and provisions of, or has constituted or will constitute a default under, or has resulted in or will result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to the terms of any contract or other agreement to which the Company may be bound or to which any of the property or assets of the Company is subject, except (i) such conflicts, breaches or defaults as may have been waived and (ii) such conflicts, breaches and defaults that would not have a Material Adverse Effect; nor will such action result (x) in any violation of the provisions of the organizational or governing documents of the Company, or (y) in any material violation of the provisions of any statute or any order, rule or regulation applicable to the Company or of any court or of any federal, state or other regulatory authority or other government body having jurisdiction over the Company.

(vv) Stock Transfer Taxes. On each Settlement Date, all stock transfer or other taxes (other than income taxes) which are required to be paid in connection with the sale and transfer of the Shares to be sold hereunder will be, or will have been, fully paid or provided for by the Company and all laws imposing such taxes will be or will have been fully complied with.

7. Covenants of the Company. The Company covenants and agrees with MLV that:

(a) Registration Statement Amendments. After the date of this Agreement and during any period in which a Prospectus relating to any Placement Shares is required to be delivered by MLV under the Securities Act (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act), (i) the Company will notify MLV promptly of the time when any subsequent amendment to the Registration Statement, other than documents incorporated by reference, has been filed with the Commission and/or has become effective or any subsequent supplement to the Prospectus has been filed and of any request by the Commission for any amendment or supplement to the Registration Statement or Prospectus or for additional information, (ii) the Company will prepare and file with the Commission, promptly upon MLV's request, any amendments or supplements to the Registration Statement or Prospectus that, in MLV's reasonable opinion, may be necessary or advisable in connection with the distribution of the Placement Shares by MLV (provided, however, that the failure of MLV to make such request shall not relieve the Company of any obligation or liability hereunder, or affect MLV's right to rely on the representations and warranties made by the Company in this Agreement and provided, further, that the only remedy MLV shall have with respect to the failure to make such filing shall be to cease making sales under this Agreement until such amendment or supplement is filed); (iii) the Company will not file any amendment or supplement to the Registration Statement or Prospectus relating to the Placement Shares or a security convertible into the Placement Shares unless a copy thereof has been submitted to MLV within a reasonable period of time before the filing and MLV has not reasonably objected thereto (provided, however, that the failure of MLV to make such objection shall not relieve the Company of any obligation or liability hereunder, or affect MLV's right to rely on the representations and warranties made by the Company in this Agreement and provided, further, that the only remedy MLV shall have with respect to the failure by the Company to obtain such consent shall be to cease making sales under this Agreement) and the Company will furnish to MLV at the time of filing thereof a copy of any document that upon filing is deemed to be incorporated by reference into the Registration Statement or Prospectus, except for those documents available via EDGAR; and (iv) the Company will cause each amendment or supplement to the Prospectus to be filed with the Commission as required pursuant to the applicable paragraph of Rule 424(b) of the Securities Act or, in the case of any document to be incorporated therein by reference, to be filed with the Commission as required pursuant to the Exchange Act, within the time period prescribed (the determination to file or not file any amendment or supplement with the Commission under this Section 7(a), based on the Company's reasonable opinion or reasonable objections, shall be made exclusively by the Company).

(b) Notice of Commission Stop Orders. The Company will advise MLV, promptly after it receives notice or obtains knowledge thereof, of the issuance or threatened issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement, of the suspension of the qualification of the Placement Shares for offering or sale in any jurisdiction, or of the initiation or threatening of any proceeding for any such purpose; and it will promptly use its commercially reasonable efforts to prevent the issuance of any stop order or to obtain its withdrawal if such a stop order should be issued. The Company will advise MLV promptly after it receives any request by the Commission for any amendments to the Registration Statement or any amendment or supplements to the Prospectus or any Issuer Free Writing Prospectus or for additional information related to the offering of the Shares or for additional information related to the Registration Statement, the Prospectus or any Issuer Free Writing Prospectus.

(c) Delivery of Prospectus; Subsequent Changes. During any period in which a Prospectus relating to the Placement Shares is required to be delivered by MLV under the Securities Act with respect to the offer and sale of the Placement Shares, (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act), the Company will comply with all requirements imposed upon it by the Securities Act, as from time to time in force, and to file on or before their respective due dates all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Sections 13(a), 13(c), 14, 15(d) or any other provision of or under the Exchange Act. If the Company has omitted any information from the Registration Statement pursuant to Rule 430A under the Act, it will use its best efforts to comply with the provisions of and make all requisite filings with the Commission pursuant to said Rule 430A and to notify MLV promptly of all such filings. If during such period any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances then existing, not misleading, or if during such period it is necessary to amend or supplement the Registration Statement or Prospectus to comply with the Securities Act, the Company will promptly notify MLV to suspend the offering of Placement Shares during such period and the Company will promptly amend or supplement the Registration Statement or Prospectus (at the expense of the Company) so as to correct such statement or omission or effect such compliance; provided, however, that the Company may delay any such amendment or supplement, if in the judgment of the Company, it is in the best interests of the Company to do so.

(d) Listing of Placement Shares. During any period in which the Prospectus relating to the Placement Shares is required to be delivered by MLV under the Securities Act with respect to the offer and sale of the Placement Shares, the Company will use its reasonable best efforts to cause the Placement Shares to be listed on the Exchange and to qualify the Placement Shares for sale under the securities laws of such jurisdictions as MLV reasonably designates and to continue such qualifications in effect so long as required for the distribution of the Placement Shares; provided, however, that the Company shall not be required in connection therewith to qualify as a foreign corporation or dealer in securities or file a general consent to service of process in any jurisdiction.

(e) Delivery of Registration Statement and Prospectus. The Company will furnish to MLV and its counsel (at the expense of the Company) copies of the Registration Statement, the Prospectus (including all documents incorporated by reference therein) and all amendments and supplements to the Registration Statement or Prospectus that are filed with the Commission during any period in which a Prospectus relating to the Placement Shares is required to be delivered under the Securities Act (including all documents filed with the Commission during such period that are deemed to be incorporated by reference therein), in each case as soon as reasonably practicable and in such quantities as MLV may from time to time reasonably request and, at MLV's request, will also furnish copies of the Prospectus to each exchange or market on which sales of the Placement Shares may be made; provided, however, that the Company shall not be required to furnish any document (other than the Prospectus) to MLV to the extent such document is available on EDGAR.

(f) Earnings Statement. The Company will make generally available to its security holders as soon as practicable, but in any event not later than 15 months after the end of the Company's current fiscal quarter, an earnings statement covering a 12-month period that satisfies the provisions of Section 11(a) and Rule 158 of the Securities Act.

(g) Expenses. The Company, whether or not the transactions contemplated hereunder are consummated or this Agreement is terminated, in accordance with the provisions of Section 12 hereunder, will pay all expenses incident to the performance of its obligations hereunder, including, but not limited to, expenses relating to (i) the preparation, printing and filing of the Registration Statement and each amendment and supplement thereto, of each Prospectus and of each amendment and supplement thereto, (ii) the preparation, issuance and delivery of the Placement Shares, (iii) the qualification of the Placement Shares under securities laws in accordance with the provisions of Section 7(d) of this Agreement, including filing fees, (iv) the printing and delivery to MLV of copies of the Prospectus and any amendments or supplements thereto, and of this Agreement, (v) the fees and expenses incurred in connection with the listing or qualification of the Placement Shares for trading on the Exchange, (vi) filing fees and expenses, if any, of the Commission and the FINRA Corporate Financing Department. MLV will pay all expenses incident to the performance of its obligations hereunder.

(h) Use of Proceeds. The Company will use the Net Proceeds as described in the Prospectus in the section entitled "Use of Proceeds."

(i) Notice of Other Sales. Without the prior written consent of MLV, the Company will not, directly or indirectly, offer to sell, sell, contract to sell, grant any option to sell or otherwise dispose of any shares of Common Stock (other than the Shares offered pursuant to the provisions of this Agreement) or securities convertible into or exchangeable for Common Stock, warrants or any rights to purchase or acquire, Common Stock during the period beginning on the fifth (5th) Trading Day immediately prior to the date on which any Placement Notice is delivered to MLV hereunder and ending on the fifth (5th) Trading Day immediately following the final Settlement Date with respect to Placement Shares sold pursuant to such Placement Notice (or, if the Placement Notice has been terminated or suspended prior to the sale of all Shares covered by a Placement Notice, the date of such suspension or termination); and will not directly or indirectly in any other "at-the-market" or continuous equity transaction offer to sell, sell, contract to sell, grant any option to sell or otherwise dispose of any shares of Common Stock (other than the Shares offered pursuant to the provisions of this Agreement) or securities convertible into or exchangeable for Common Stock, warrants or any rights to purchase or acquire, Common Stock prior to the later of the termination of this Agreement and the thirtieth (30th) day immediately following the final Settlement Date with respect to Placement Shares sold pursuant to such Placement Notice; provided, however, that such restrictions will not be required in connection with the Company's issuance or sale of (i) Common Stock, options to purchase shares of Common Stock or Common Stock issuable upon the exercise of options, pursuant to any employee or director stock option or benefits plan, stock ownership plan or dividend reinvestment plan (but not shares subject to a waiver to exceed plan limits in its dividend reinvestment plan) of the Company whether now in effect or hereafter implemented, and (ii) Common Stock issuable upon conversion of securities or the exercise of warrants, options or other rights in effect or outstanding, and disclosed in filings by the Company available on EDGAR or otherwise in writing to MLV.

(j) Change of Circumstances. The Company will, at any time during the pendency of a Placement Notice advise MLV promptly after it shall have received notice or obtained knowledge thereof, of any information or fact that would alter or affect in any material respect any opinion, certificate, letter or other document required to be provided to MLV pursuant to this Agreement.

(k) Due Diligence Cooperation. The Company will cooperate with any reasonable due diligence review conducted by MLV or its agents in connection with the transactions contemplated hereby, including, without limitation, providing information and making available documents and senior corporate officers, during regular business hours and at the Company's principal offices, as MLV may reasonably request.

(l) Required Filings Relating to Placement of Placement Shares. The Company agrees that on such dates as the Securities Act shall require, the Company will (i) file a prospectus supplement with the Commission under the applicable paragraph of Rule 424(b) under the Securities Act (each and every filing under Rule 424(b), a "Filing Date"), which prospectus supplement will set forth, within the relevant period, the maximum amount of Placement Shares to be sold through MLV and the compensation payable by the Company to MLV with respect to such Placement Shares, and (ii) deliver such number of copies of each such prospectus supplement to each exchange or market on which such sales were effected as may be required by the rules or regulations of such exchange or market.

(m) Representation Dates; Certificate. During the term of this Agreement, on the date of the first Placement Notice given hereunder and each time the Company (i) files the Prospectus relating to the Placement Shares or amends or supplements the Registration Statement or the Prospectus relating to the Placement Shares (other than a prospectus supplement filed in accordance with Section 7(l) of this Agreement) by means of a post-effective amendment, sticker, or supplement but not by means of incorporation of document(s) by reference to the Registration Statement or the Prospectus relating to the Placement Shares; (ii) files an annual report on Form 10-K under the Exchange Act; (iii) files its quarterly reports on Form 10-Q under the Exchange Act; (iv) files a report on Form 8-K containing amended financial information (other than an earnings release, to "furnish" information pursuant to Items 2.02 or 7.01 of Form 8-K or to provide disclosure pursuant to Item 8.01 of Form 8-K relating to the reclassifications of certain properties as discontinued operations in accordance with Statement of Financial Accounting Standards No. 144) under the Exchange Act or (v) files a Form 8-K under the Exchange Act for any other purpose (other than to "furnish" information pursuant to Items 2.02 or 7.01 of revised Form 8-K) (each date of filing of one or more of the documents referred to in clauses (i) through (v) shall be a "Representation Date"); the Company shall furnish MLV (but in the case of clause (v) above only if MLV reasonably determines that the information contained in such Form 8-K is material) with a certificate, in the form attached hereto as Exhibit 7(m). The requirement to provide a certificate under this Section 7(m) shall be waived for any Representation Date occurring at a time at which no Placement Notice is pending, which waiver shall continue until the earlier to occur of the date the Company next delivers a Placement Notice hereunder (which for such calendar quarter shall be considered a Representation Date) and the next occurring Representation Date; provided, however, that such waiver shall not apply for any Representation Date on which the Company files its annual report on Form 10-K. Notwithstanding the foregoing, if the Company subsequently decides to sell Placement Shares following a Representation Date when the Company relied on such waiver and did not provide MLV with a certificate under this Section 7(m), then before the Company delivers the Placement Notice or MLV sells any Placement Shares, the Company shall provide MLV with a certificate, in the form attached hereto as Exhibit 7(m), dated the date of the Placement Notice.

(n) Legal Opinion. Within ten days following the date of this Agreement (but, in no event, later than the date of the initial Placement Notice given hereunder) and, thereafter, within ten days following each date that the Company files an annual report on Form 10-K under the Exchange Act or a quarterly report on Form 10-Q under the Exchange Act during the term of this Agreement, the Company shall cause to be furnished to MLV a written opinion of Ballard Spahr LLP ("Company Counsel"), or other counsel satisfactory to MLV, in form and substance satisfactory to MLV and its counsel, substantially similar to the form attached hereto as Exhibit 7(n), modified, as necessary, to relate to the Registration Statement and the Prospectus as then amended or supplemented; provided, however, the Company shall be required to furnish to MLV no more than one opinion hereunder per calendar quarter; provided, further, that in lieu of such opinions for subsequent periodic filings under the Exchange Act, counsel may furnish MLV with a letter (a "Reliance Letter") to the effect that MLV may rely on a prior opinion delivered under this Section 7(n) to the same extent as if it were dated the date of such letter (except that statements in such prior opinion shall be deemed to relate to the Registration Statement and the Prospectus as amended or supplemented as of the date of the Reliance Letter).

(o) Comfort Letter. No later than ten Trading Days following the date the Company files its annual report on Form 10-K for the year ended December 31, 2009 and thereafter within ten Trading Days following each subsequent date the Company files an annual report on Form 10-K under the Exchange Act, during any period in which the Prospectus relating to the Placement Shares is required to be delivered by MLV (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Act) and with respect to which the Company is obligated to deliver a certificate in the form attached hereto as Exhibit 7(m) for which no waiver is applicable, the Company shall cause its independent accountants to furnish MLV letters (the "Comfort Letters"), dated the date the Comfort Letter is delivered; provided, that if requested by MLV, the Company shall cause a Comfort Letter to be furnished to MLV within ten Trading Days of the date of occurrence of any material transaction or event, including the restatement of the Company's financial statements. The Comfort Letter from the Company's independent public accounting firm shall be in a form and substance satisfactory to MLV, (i) confirming that they are an independent public accounting firm within the meaning of the Securities Act and the PCAOB, (ii) stating, as of such date, the conclusions and findings of such firm with respect to the financial information and other matters ordinarily covered by accountants' "comfort letters" to underwriters in connection with registered public offerings (the first such letter, the "Initial Comfort Letter") and (iii) updating the Initial Comfort Letter with any information that would have been included in the Initial Comfort Letter had it been given on such date and modified as necessary to relate to the Registration Statement and the Prospectus, as amended and supplemented to the date of such letter.

(p) Market Activities. The Company will not, directly or indirectly, (i) take any action designed to cause or result in, or that constitutes or might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares or (ii) sell, bid for, or purchase the Shares, or pay anyone any compensation for soliciting purchases of the Shares other than MLV.

(q) Investment Company Act. The Company will conduct its affairs in such a manner so as to reasonably ensure that it will not be or become, at any time prior to the termination of this Agreement, an "investment company," as such term is defined in the Investment Company Act, assuming no change in the Commission's current interpretation as to entities that are not considered an investment company.

(r) No Offer to Sell. Other than an Issuer Free Writing Prospectus approved in advance by the Company and MLV in its capacity as principal or agent hereunder, neither MLV nor the Company (including its agents and representatives, other than MLV in its capacity as such) will make, use, prepare, authorize, approve or refer to any written communication (as defined in Rule 405 under the Act), required to be filed with the Commission, that constitutes an offer to sell or solicitation of an offer to buy Shares hereunder.

(s) Sarbanes-Oxley Act. The Company will maintain and keep accurate books and records reflecting its assets and maintain internal accounting controls in a manner designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and including those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the Company's consolidated financial statements in accordance with generally accepted accounting principals, (iii) that receipts and expenditures of the Company are being made only in accordance with management's and the Company's directors' authorization, and (iv) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial statements. The Company will maintain such controls and other procedures, including, without limitation, those required by Sections 302 and 906 of the Sarbanes-Oxley Act, and the applicable regulations thereunder that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, including, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure and to ensure that material information relating to the Company is made known to them, particularly during the period in which such periodic reports are being prepared.

8. Covenants of MLV. MLV covenants and agrees that it is duly registered as a broker-dealer under FINRA, the Exchange Act and the applicable statutes and regulations of each state in which the Shares will be offered and sold, except such states in which MLV is exempt from registration or such registration is not otherwise required. MLV shall continue, for the term of this Agreement, to be duly registered as a broker-dealer under FINRA, the Exchange Act and the applicable statutes and regulations of each state in which the Shares will be offered and sold, except such states in which MLV is exempt from registration or such registration is not otherwise required, during the term of this Agreement.

9. Conditions to MLV's Obligations. The obligations of MLV hereunder with respect to a Placement will be subject to the continuing accuracy and completeness of the representations and warranties made by the Company herein, to the due performance by the Company of its obligations hereunder, to the completion by MLV of a due diligence review satisfactory to MLV in its reasonable judgment, and to the continuing satisfaction (or waiver by MLV in its sole discretion) of the following additional conditions:

(a) Registration Statement Effective. The Registration Statement shall have become effective and shall be available for the (i) resale of all Placement Shares issued to MLV and not yet sold by MLV and (ii) the sale of all Placement Shares contemplated to be issued by any Placement Notice.

(b) No Material Notices. None of the following events shall have occurred and be continuing: (i) receipt by the Company of any request for additional information from the Commission or any other federal or state governmental authority during the period of effectiveness of the Registration Statement, the response to which would require any post-effective amendments or supplements to the Registration Statement or the Prospectus; (ii) the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose; (iii) receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Placement Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; or (iv) the occurrence of any event that makes any material statement made in the Registration Statement or the Prospectus or any material document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in the Registration Statement, related Prospectus or documents so that, in the case of the Registration Statement, it will not contain any materially untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and, that in the case of the Prospectus, it will not contain any materially untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) No Misstatement or Material Omission. MLV shall not have advised the Company that the Registration Statement or Prospectus, or any amendment or supplement thereto, contains an untrue statement of fact that in MLV's reasonable opinion is material, or omits to state a fact that in MLV's opinion is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(d) Material Changes. Except as contemplated in the Prospectus, or disclosed in the Company's reports filed with the Commission, there shall not have been any material adverse change, on a consolidated basis, in the authorized capital stock of the Company or any Material Adverse Effect, or any development that could reasonably be expected to cause a Material Adverse Effect, or a downgrading in or withdrawal of the rating assigned to any of the Company's securities (other than asset backed securities) by any rating organization or a public announcement by any rating organization that it has under surveillance or review its rating of any of the Company's securities (other than asset backed securities), the effect of which, in the case of any such action by a rating organization described above, in the reasonable judgment of MLV (without relieving the Company of any obligation or liability it may otherwise have), is so material as to make it impracticable or inadvisable to proceed with the offering of the Placement Shares on the terms and in the manner contemplated in the Prospectus.

(e) Legal Opinion. MLV shall have received the opinions of Company Counsel required to be delivered pursuant Section 7(n) on or before the date on which such delivery of such opinion is required pursuant to Section 7(n).

(f) Comfort Letter. MLV shall have received the Comfort Letter required to be delivered pursuant Section 7(o) on or before the date on which such delivery of such opinion is required pursuant to Section 7(o).

(g) Representation Certificate. MLV shall have received the certificate required to be delivered pursuant to Section 7(m) on or before the date on which delivery of such certificate is required pursuant to Section 7(m).

(h) No Suspension. Trading in the Shares shall not have been suspended on the Exchange.

(i) Other Materials. On each date on which the Company is required to deliver a certificate pursuant to Section 7(m), the Company shall have furnished to MLV such appropriate further information, certificates and documents as MLV may reasonably request and as are usually and customarily furnished pursuant to a securities offering. All such opinions, certificates, letters and other documents will be in compliance with the provisions hereof. The Company will furnish MLV with such conformed copies of such opinions, certificates, letters and other documents as MLV shall reasonably request.

(j) Securities Act Filings Made. All filings with the Commission required by Rule 424 under the Securities Act to have been filed prior to the issuance of any Placement Notice hereunder shall have been made within the applicable time period prescribed for such filing by Rule 424.

(k) Approval for Listing. The Placement Shares shall either have been approved for listing on the Exchange, subject only to notice of issuance, or the Company shall have filed an application for listing of the Placement Shares on the Exchange at, or prior to, the issuance of any Placement Notice.

(l) No Termination Event. There shall not have occurred any event that would permit MLV to terminate this Agreement pursuant to Section 12(a).

10. Indemnification and Contribution.

(a) Company Indemnification. The Company agrees to indemnify and hold harmless MLV, the directors, officers, partners, employees and agents of MLV and each person, if any, who (i) controls MLV within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, or (ii) is controlled by or is under common control with MLV (a "MLV Affiliate") from and against any and all losses, claims, liabilities, expenses and damages (including, but not limited to, any and all reasonable investigative, legal and other expenses incurred in connection with, and any and all amounts paid in settlement (in accordance with Section 10(c)) of, any action, suit or proceeding between any of the indemnified parties and any indemnifying parties or between any indemnified party and any third party, or otherwise, or any claim asserted), as and when incurred, to which MLV, or any such person, may become subject under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, liabilities, expenses or damages arise out of or are based, directly or indirectly, on (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus or any amendment or supplement to the Registration Statement or the Prospectus or in any Issuer Free Writing Prospectus or in any application or other document executed by or on behalf of the Company or based on written information furnished by or on behalf of the Company filed in any jurisdiction in order to qualify the Shares under the securities laws thereof or filed with the Commission, (ii) the omission or alleged omission to state in any such document a material fact required to be stated in it or necessary to make the statements in it not misleading or (iii) any breach by any of the indemnifying parties of any of their respective representations, warranties and agreements contained in this Agreement; provided, however, that this indemnity agreement shall not apply to the extent that such loss, claim, liability, expense or damage arises from the sale of the Placement Shares pursuant to this Agreement and is caused directly or indirectly by an untrue statement or omission made in reliance on and in conformity with information relating to MLV. This indemnity agreement will be in addition to any liability that the Company might otherwise have.

(b) MLV Indemnification. MLV agrees to indemnify and hold harmless the Company and its directors and each officer of the Company who signed the Registration Statement, and each person, if any, who (i) controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act or (ii) is controlled by or is under common control with the Company (a "Company Affiliate") against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 10(c), as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendments thereto) or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with information relating to MLV and furnished to the Company by MLV.

(c) Procedure. Any party that proposes to assert the right to be indemnified under this Section 10 will, promptly after receipt of notice of commencement of any action against such party in respect of which a claim is to be made against an indemnifying party or parties under this Section 10, notify each such indemnifying party of the commencement of such action, enclosing a copy of all papers served, but the omission so to notify such indemnifying party will not relieve the indemnifying party from (i) any liability that it might have to any indemnified party otherwise than under this Section 10 and (ii) any liability that it may have to any indemnified party under the foregoing provision of this Section 10 unless, and only to the extent that, such omission results in the forfeiture of substantive rights or defenses by the indemnifying party. If any such action is brought against any indemnified party and it notifies the indemnifying party of its commencement, the indemnifying party will be entitled to participate in and, to the extent that it elects by delivering written notice to the indemnified party promptly after receiving notice of the commencement of the action from the indemnified party, jointly with any other indemnifying party similarly notified, to assume the defense of the action, with counsel reasonably satisfactory to the indemnified party, and after notice from the indemnifying party to the indemnified party of its election to assume the defense, the indemnifying party will not be liable to the indemnified party for any legal or other expenses except as provided below and except for the reasonable costs of investigation subsequently incurred by the indemnified party in connection with the defense. The indemnified party will have the right to employ its own counsel in any such action, but the fees, expenses and other charges of such counsel will be at the expense of such indemnified party unless (1) the employment of counsel by the indemnified party has been authorized in writing by the indemnifying party, (2) the indemnified party has reasonably concluded (based on advice of counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, (3) a conflict or potential conflict exists (based on advice of counsel to the indemnified party) between the indemnified party and the indemnifying party (in which case the indemnifying party will not have the right to direct the defense of such action on behalf of the indemnified party) or (4) the indemnifying party has not in fact employed counsel to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, in each of which cases the reasonable fees, disbursements and other charges of counsel will be at the expense of the indemnifying party or parties. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements and other charges of more than one separate firm admitted to practice in such jurisdiction at any one time for all such indemnified party or parties. All such fees, disbursements and other charges will be reimbursed by the indemnifying party promptly as they are incurred. An indemnifying party will not, in any event, be liable for any settlement of any action or claim effected without its written consent. No indemnifying party shall, without the prior written consent of each indemnified party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding relating to the matters contemplated by this Section 10 (whether or not any indemnified party is a party thereto), unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising or that may arise out of such claim, action or proceeding.

(d) Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in the foregoing paragraphs of this Section 10 is applicable in accordance with its terms but for any reason is held to be unavailable from the Company or MLV, the Company and MLV will contribute to the total losses, claims, liabilities, expenses and damages (including any investigative, legal and other expenses reasonably incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted, but after deducting any contribution received by the Company from persons other than MLV, such as persons who control the Company within the meaning of the Securities Act, officers of the Company who signed the Registration Statement and directors of the Company, who also may be liable for contribution) to which the Company and MLV may be subject in such proportion as shall be appropriate to reflect the relative benefits received by the Company on the one hand and MLV on the other. The relative benefits received by the Company on the one hand and MLV on the other hand shall be deemed to be in the same proportion as the total net proceeds from the sale of the Placement Shares (before deducting expenses) received by the Company bear to the total compensation received by MLV (before deducting expenses) from the sale of Placement Shares on behalf of the Company. If, but only if, the allocation provided by the foregoing sentence is not permitted by applicable law, the allocation of contribution shall be made in such proportion as is appropriate to reflect not only the relative benefits referred to in the foregoing sentence but also the relative fault of the Company, on the one hand, and MLV, on the other, with respect to the statements or omission that resulted in such loss, claim, liability, expense or damage, or action in respect thereof, as well as any other relevant equitable considerations with respect to such offering. Such relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or MLV, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and MLV agree that it would not be just and equitable if contributions pursuant to this Section 10(d) were to be determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, liability, expense, or damage, or action in respect thereof, referred to above in this Section 10(d) shall be deemed to include, for the purpose of this Section 10(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim to the extent consistent with Section 10(c) hereof. Notwithstanding the foregoing provisions of this Section 10(d), MLV shall not be required to contribute any amount in excess of the commissions received by it under this Agreement and no person found guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 10(d), any person who controls a party to this Agreement within the meaning of the Securities Act, and any officers, directors, partners, employees or agents of MLV, will have the same rights to contribution as that party, and each officer of the Company who signed the Registration Statement will have the same rights to contribution as the Company, subject in each case to the provisions hereof. Any party entitled to contribution, promptly after receipt of notice of commencement of any action against such party in respect of which a claim for contribution may be made under this Section 10(d), will notify any such party or parties from whom contribution may be sought, but the omission to so notify will not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have under this Section 10(d) except to the extent that the failure to so notify such other party materially prejudiced the substantive rights or defenses of the party from whom contribution is sought. Except for a settlement entered into pursuant to the last sentence of Section 10(c) hereof, no party will be liable for contribution with respect to any action or claim settled without its written consent if such consent is required pursuant to Section 10(c) hereof.

11. Representations and Agreements to Survive Delivery. The indemnity and contribution agreements contained in Section 10 of this Agreement and all representations and warranties of the Company herein or in certificates delivered pursuant hereto shall survive, as of their respective dates, regardless of (i) any investigation made by or on behalf of MLV, any controlling persons, or the Company (or any of their respective officers, directors or controlling persons), (ii) delivery and acceptance of the Placement Shares and payment therefor or (iii) any termination of this Agreement.

12. Termination.

(a) MLV shall have the right by giving notice as hereinafter specified at any time to terminate this Agreement if (i) any Material Adverse Effect, or any development that has actually occurred and that is reasonably expected to cause a Material Adverse Effect has occurred that, in the reasonable judgment of MLV, may materially impair the ability of MLV to sell the Placement Shares hereunder, (ii) the Company shall have failed, refused or been unable to perform any agreement on its part to be performed hereunder; provided, however, in the case of any failure of the Company to deliver (or cause another person to deliver) any certification, opinion, or letter required under Sections 7(m), 7(n), or 7(o), MLV's right to terminate shall not arise unless such failure to deliver (or cause to be delivered) continues for more than thirty days from the date such delivery was required; or (iii) any other condition of MLV's obligations hereunder is not fulfilled, or (iv), any suspension or limitation of trading in the Placement Shares or in securities generally on the Exchange shall have occurred. Any such termination shall be without liability of any party to any other party except that the provisions of Section 7(g) (Expenses), Section 9 (Indemnification), Section 11 (Survival of Representations), Section 17 (Applicable Law; Consent to Jurisdiction) and Section 18 (Waiver of Jury Trial) hereof shall remain in full force and effect notwithstanding such termination. If MLV elects to terminate this Agreement as provided in this Section 12(a), MLV shall provide the required notice as specified in Section 13 (Notices).

(b) The Company shall have the right, by giving 30 days notice as hereinafter specified to terminate this Agreement in its sole discretion at any time after the date of this Agreement. Any such termination shall be without liability of any party to any other party except that the provisions of Section 7(g), Section 10, Section 11, Section 17 and Section 18 hereof shall remain in full force and effect notwithstanding such termination.

(c) MLV shall have the right, by giving 60 days notice as hereinafter specified to terminate this Agreement in its sole discretion at any time after the date of this Agreement. Any such termination shall be without liability of any party to any other party except that the provisions of Section 7(g), Section 10, Section 11, Section 17 and Section 18 hereof shall remain in full force and effect notwithstanding such termination.

(d) Unless earlier terminated pursuant to this Section 12, this Agreement shall automatically terminate upon the issuance and sale of all of the Placement Shares through MLV on the terms and subject to the conditions set forth herein; provided that the provisions of Section 7(g), Section 10, Section 11, Section 17 and Section 18 hereof shall remain in full force and effect notwithstanding such termination.

(e) This Agreement shall remain in full force and effect unless terminated pursuant to Sections 12(a), (b), (c), or (d) above or otherwise by mutual agreement of the parties; provided, however, that any such termination by mutual agreement shall in all cases be deemed to provide that Section 7(g), Section 10, Section 11, Section 17 and Section 18 shall remain in full force and effect.

(f) Any termination of this Agreement shall be effective on the date specified in such notice of termination; provided, however, that such termination shall not be effective until the close of business on the date of receipt of such notice by MLV or the Company, as the case may be. If such termination shall occur prior to the Settlement Date for any sale of Placement Shares, such Placement Shares shall settle in accordance with the provisions of this Agreement.

13. Notices. All notices or other communications required or permitted to be given by any party to any other party pursuant to the terms of this Agreement shall be in writing, unless otherwise specified, and if sent to MLV, shall be delivered to:

McNicoll, Lewis & Vlak LLC
420 Lexington Ave., Suite 628
New York, NY 10170
Attention: Patrice McNicoll
Facsimile: (646) 417-7205

with a copy to:

Holme Roberts & Owen LLP
1700 Lincoln Street, Suite 4100
Denver, CO 80203
Attention: Garth B. Jensen
Facsimile: 303-866-0200

and if to the Company, shall be delivered to:

Novavax, Inc.
9920 Belward Campus Drive
Rockville, MD 20850
Attention: Frederick Driscoll
Facsimile: 240-268-2115

with a copy to:

Ballard Spahr LLP
1735 Market Street, 51st Floor
Philadelphia, PA 19103
Attention: Jennifer Miller
Facsimile: 215-864-9073

Each party to this Agreement may change such address for notices by sending to the parties to this Agreement written notice of a new address for such purpose. Each such notice or other communication shall be deemed given (i) when delivered personally or by verifiable facsimile transmission (with an original to follow) on or before 4:30 p.m., New York City time, on a Business Day or, if such day is not a Business Day, on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to a nationally-recognized overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid). For purposes of this Agreement, "Business Day" shall mean any day on which the Exchange and commercial banks in the City of New York are open for business.

An electronic communication ("Electronic Notice") shall be deemed written notice for purposes of this Section 13 if sent to the electronic mail address specified by the receiving party under separate cover. Electronic Notice shall be deemed received at the time the party sending Electronic Notice receives verification of receipt by the receiving party. Any party receiving Electronic Notice may request and shall be entitled to receive the notice on paper, in a nonelectronic form ("Nonelectronic Notice") which shall be sent to the requesting party within ten (10) days of receipt of the written request for Nonelectronic Notice.

14. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Company and MLV and their respective successors and the affiliates, controlling persons, officers and directors referred to in Section 10 hereof. References to any of the parties contained in this Agreement shall be deemed to include the successors and permitted assigns of such party. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party; provided, however, that MLV may assign its rights and obligations hereunder to an affiliate of MLV without obtaining the Company's consent.

15. Adjustments for Stock Splits. The parties acknowledge and agree that all share-related numbers contained in this Agreement shall be adjusted to take into account any stock split, stock dividend or similar event effected with respect to the Shares.

16. Entire Agreement; Amendment; Severability. This Agreement (including all schedules and exhibits attached hereto and Placement Notices issued pursuant hereto) constitutes the entire agreement and supersedes all other prior and contemporaneous agreements and undertakings, both written and oral, among the parties hereto with regard to the subject matter hereof. Neither this Agreement nor any term hereof may be amended except pursuant to a written instrument executed by the Company and MLV. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable as written by a court of competent jurisdiction, then such provision shall be given full force and effect to the fullest possible extent that it is valid, legal and enforceable, and the remainder of the terms and provisions herein shall be construed as if such invalid, illegal or unenforceable term or provision was not contained herein, but only to the extent that giving effect to such provision and the remainder of the terms and provisions hereof shall be in accordance with the intent of the parties as reflected in this Agreement.

17. Applicable Law; Consent to Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Colorado without regard to the principles of conflicts of laws. Each party hereby irrevocably submits to the non-exclusive jurisdiction of the state and federal courts sitting in the City of Denver, for the adjudication of any dispute hereunder or in connection with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof (certified or registered mail, return receipt requested) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

18. Waiver of Jury Trial. The Company and MLV each hereby irrevocably waives any right it may have to a trial by jury in respect of any claim based upon or arising out of this agreement or any transaction contemplated hereby.

19. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed Agreement by one party to the other may be made by facsimile transmission.

[Remainder of Page Intentionally Blank]

If the foregoing correctly sets forth the understanding between the Company and MLV, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between the Company and MLV.

Very truly yours,

NOVAVAX, INC.

By: /s/ Frederick W. Driscoll
Name: Frederick W. Driscoll
Title: Vice President, Chief Financial Officer and Treasurer

ACCEPTED as of the date first-above written:

McNICOLL, LEWIS & VLAK LLC

By: /s/ Patrice McNicoll
Name: Patrice McNicoll
Title: President

SCHEDULE 1

FORM OF PLACEMENT NOTICE

From: [ ]

To: McNicoll, Lewis & Vlak LLC
Attention: Patrice McNicoll

Subject: At Market Issuance—Placement Notice

Gentlemen:

Pursuant to the terms and subject to the conditions contained in the At Market Issuance Sales Agreement between Novavax, Inc. (the "Company"), and McNicoll, Lewis & Vlak LLC ("MLV") dated March 15, 2010, the Company hereby requests that MLV sell up to _____ shares of the Company's common stock, par value $.01 per share, at a minimum market price of $_____ per share, during the time period beginning [month, day, time] and ending [month, day, time].

SCHEDULE 2

Compensation

The Company shall pay to MLV in cash, upon each sale of Shares pursuant to this Agreement, an amount equal to 2.0% of the gross proceeds from each sale of Shares pursuant to this Agreement.

EXHIBIT 7(m)

Form of Representation Date Certificate

This Officers Certificate (this "Certificate") is executed and delivered in connection with Section 7(m) of the At Market Issuance Sales Agreement (the "Agreement"), dated March 15, 2010, and entered into between Novavax, Inc. (the "Company") and McNicoll, Lewis & Vlak LLC ("MLV"). All capitalized terms used but not defined herein shall have the meanings given to such terms in the Agreement

The undersigned, a duly appointed and authorized officer of the Company, having made all necessary inquiries to establish the accuracy of the statements below and having been authorized by the Company to execute this certificate, hereby certifies as follows:

1. As of the date of this Certificate, (i) the Registration Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading and (ii) neither the Prospectus nor the Pricing Disclosure Materials contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and (iii) no event has occurred as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein not untrue or misleading.

2. Each of the representations and warranties of the Company contained in the Agreement were, when originally made, and are, as of the date of this Certificate, true and correct in all material respects.

3. Each of the covenants required to be performed by the Company in the Agreement on or prior to the date of the Agreement, this Representation Date, and each such other date as set forth in the Agreement, has been duly, timely and fully performed in all material respects and each condition required to be complied with by the Company on or prior to the date of the Agreement, this Representation Date, and each such other date as set forth in the Agreement or in the Waivers has been duly, timely and fully complied with in all material respects.

4. Subsequent to the date of the most recent financial statements in the Prospectus, there has been no material adverse change.

5. No stop order suspending the effectiveness of the Registration Statement or of any part thereof has been issued, and no proceedings for that purpose have been instituted or are pending or threatened by any securities or other governmental authority (including, without limitation, the Commission).

6. No order suspending the effectiveness of the Registration Statement or the qualification or registration of the Shares under the securities or Blue Sky laws of any jurisdiction are in effect and no proceeding for such purpose is pending before, or threatened, to the Company's knowledge or in writing by, any securities or other governmental authority (including, without limitation, the Commission).

The undersigned has executed this Officer's Certificate as of the date first written above.

_____

Name: _____

Title: _____

EXHIBIT 7(n)

Form Of Legal Opinion

Capitalized terms used and not defined herein shall have the meanings ascribed to them in the At Market Issuance Sales Agreement

(i) The authorized capital stock of the Company conforms in all material respects as to legal matters to the descriptions thereof set forth in the Registration Statement, Prospectus and the Prospectus Supplement. The Shares have been duly authorized and, when issued and delivered pursuant to the terms of the Agreement, will be validly issued, fully paid and non-assessable; and will not have been issued in violation of any preemptive rights granted under the Company's Certificate of Incorporation or under the corporate laws of the State of Delaware.

(ii) The Company is a validly existing corporation in good standing under the laws of the State of Delaware, the jurisdiction of its organization. The Company has the corporate power to execute and deliver the Agreement and to issue, sell and deliver the Shares.

(iii) The execution and delivery of the Agreement by the Company and the performance by the Company of its obligations under the Agreement have been duly authorized by all requisite corporate action on behalf of the Company. The Agreement has been duly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

(iv) The sale and issuance by the Company of the Shares has been duly authorized by all requisite corporate action on behalf of the Company.

(v) The Registration Statement, Prospectus and the Prospectus Supplement (other than the financial statements and schedules and other financial data included or incorporated by reference therein, as to which we express no opinion), as of their respective effective and issue dates, complied as to form in all material respects with the requirements of the Securities Act and the rules and regulations thereunder.

The opinion of counsel will be accompanied by a standard Rule 10b-5 negative assurance letter.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT 10.45

H1N1 LICENSE AGREEMENT

This License Agreement (the "**Agreement**") is executed as of this October 6, 2009 (the "**Effective Date**"), by and between **Novavax, Inc.**, a Delaware corporation having an address at 9920 Belward Campus Drive, Rockville, Maryland 20850, United States of America ("**Novavax**") and **CPL Biologicals Private Limited**, a limited company incorporated under the laws of India having an address at "Cadila Corporate Campus", Sarkhej-Dholka Road, Bhat, Ahmedabad – 382210, Gujarat, India ("**Company**"). Novavax and Company are sometimes referred to herein each individually as a "Party" and collectively as the "Parties."

RECITALS

Whereas, Novavax is a specialty biopharmaceutical company engaged in the research, development and commercialization of its virus like particle technology into vaccine products for the prevention of infectious diseases such as seasonal influenza and other infectious diseases;

Whereas, Novavax Controls the Licensed Rights, as defined below;

Whereas, Company wishes to obtain a license under the Licensed Rights, to practice the processes included or claimed in the Licensed Rights and to Develop and Commercialize Licensed Product; and

Whereas, Novavax is willing to grant such license on the terms and conditions of this Agreement.

Now, Therefore, in consideration of the foregoing premises and the mutual covenants set forth below, and for other good and valuable consideration, the receipt of which is hereby acknowledged, Novavax and Company hereby agree as follows:

ARTICLE 1

DEFINITIONS

References in the body of this Agreement to "Sections" will refer to the sections of this Agreement. In addition, as used herein, the following initially capitalized terms will have the following meanings:

1.1 "Affiliate" means any corporation or other business entity controlled by, controlling, or under common control with a Party, with **"control"** (for purposes of this Section 1.1 only) meaning (a) direct or indirect beneficial ownership of fifty percent (50%) or more of the voting stock (or, in the case of a non-corporate entity, of the equity interests with the power to direct the management and policies) of such corporation or other business entity, or (b) possession, directly or indirectly, of the power to direct, or cause the direction of, the management and policies of such corporation or other business entity, whether through the ownership of voting securities, by contract, or otherwise; provided that for purposes of this Agreement, Novavax and Cadila Pharmaceuticals Limited shall not be deemed to be an Affiliate of Company.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

1.2 "Business Day" means any day other than a Saturday, Sunday or other day on which the principal commercial banks located in Mumbai, India and Washington, DC, United States are not open for business during normal business hours.

1.3 "Commercialize" or "Commercialization" means all activities that are undertaken to prepare for launch before Regulatory Approval (including pricing and reimbursement approvals) undertaken after Regulatory Approval for Licensed Product and that relate to the commercial marketing and sale of Licensed Product including advertising, sales, marketing, promotion, distribution, and phase IV clinical trials.

1.4 "Control" means, with respect to any intellectual property right, that a Party owns or has a license to such item or right, and has the ability to grant a license or sublicense in or to such right without violating the terms of any agreement or other arrangement with any Third Party existing at the time that this Agreement first requires such Party to grant the other Party such license or sublicense, provided that, for the avoidance of doubt, if the ability to grant such license or sublicense without violating the terms of any such agreement or other arrangement arises after such time, the license or sublicense shall be deemed granted hereunder at such later date.

1.5 "Develop" or "Development" means the performance of all non-clinical, pre-clinical and clinical development, manufacturing and regulatory activities for a Licensed Product that are required to obtain Regulatory Approval of a Licensed Product in the Territory.

1.6 "Developed Know-How" has the meaning in Section 5.1.

1.7 "Effective Date" means the date set forth in the preamble.

1.8 "Governmental Authority" means any applicable court, agency, department or other instrumentality of any foreign, federal, state, county, city or other political subdivision.

1.9 "IND" means a U.S. Food and Drug Administration investigational new drug application, or its foreign equivalent.

1.10 "Joint Venture Agreement" means the Amended and Restated Joint Venture Agreement by and between Novavax and Cadila Pharmaceuticals Limited, dated June 29, 2009, as amended from time to time.

1.11 "Know-How" means all tangible and intangible (a) techniques, technology, practices, trade secrets, inventions (whether patentable or not), methods, protocols, processes, formulas, knowledge, know-how, skill, experience, records, documents, data and results (including pharmacological, toxicological, non-clinical and clinical test data and results), analytical and quality control data, results or descriptions, software and algorithms and (b) compositions of matter, cells, cell lines, assays, animal models and physical, biological or chemical material.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

1.12 "Laws" means all applicable laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of any federal, national, multinational, state, provincial, or other political subdivision, domestic or foreign.

1.13 "Licensed Product" means Novavax's current monovalent intra-muscular H1N1 influenza vaccine containing a virus like particle (VLP) consisting of [* * *] designated as pandemic by the World Health Organization (WHO) Collaborating Centers for Reference and Research on Influenza located at the Centers for Disease Control and Prevention (CDC) in Atlanta, Georgia, together with any minor modifications thereto including, by way of example but not limitation, changes to any excipient, changes arising from a change in manufacturing process, or change in dosage. [* * *].

1.14 "Licensed Rights" means the Novavax Patents and any and all Know-How, including any Developed Know-How, owned or Controlled by Novavax at any time during the term of this Agreement which is used or embodied in, or useful for developing or manufacturing, any Licensed Product, including, without limitation, Know-How regarding Novavax's proprietary baculovirus insect cell expression and manufacturing system and improvements thereto.

1.15 "Novavax Patents" means any and all Patents in the Territory owned or Controlled by Novavax at any time during the term of this Agreement covering or claiming a Licensed Product and/or the manufacture or use thereof including, without limitation, the Patents listed on Schedule 1.

1.16 "Patent" means any and all (a) issued patents and inventors' certificates and re-examinations, reissues, renewals, extensions, registrations, substitutions, supplementary protection certificates and term restorations with respect to any of the foregoing, and (b) pending applications for patents and inventors' certificates and patents that issue therefrom, including, without limitation, provisional applications, continuations, continuations-in-part, divisional and substitute applications with respect to any of the foregoing.

1.17 "**Program Data**" means (a) research, preclinical, clinical, manufacturing and similar data, information, material and results, (b) regulatory filings and approvals, and (c) sales and marketing information.

1.18 "Regulatory Approval" means any and all approvals (including supplements, amendments, pre- and post-approvals, pricing and reimbursement approvals), licenses, registrations or authorizations of any national, supra-national, regional, state or local regulatory agency, department, bureau, commission, council or other governmental entity, that are necessary for the manufacture, distribution, use or widespread sale of a Licensed Product in a regulatory jurisdiction in the Territory.

1.19 "Regulatory Authority" means any Governmental Authority with responsibility for granting any licenses or approvals necessary for the marketing and sale of pharmaceutical products in the Territory.

1.20 "Regulatory Documentation" means, with respect to a Licensed Product, all Regulatory Filings and supporting documents created, submitted to a Regulatory Authority, and all data contained therein, including, without limitation, any Investigational New Drug Application, New Drug Application, Marketing Authorization Application, foreign counterparts thereof, Investigator's Brochures, drug master files, correspondence to and from a Regulatory Authority, minutes from teleconferences with Regulatory Authorities, registrations and licenses, regulatory drug lists, advertising and promotion documents shared with Regulatory Authorities, adverse event files, complaint files and manufacturing records.

1.21 "Regulatory Filing" means the foreign counterparts of an Investigation New Drug Application, New Drug Application, Marketing Authorization Application and any other filings required by Regulatory Authorities relating to the study, Development, manufacture or Commercialization of any Licensed Product in the Territory.

1.22 "Technical Services Agreement" means that certain Amended and Restated Technical Services Agreement between Novavax and Company dated as of the date hereof, as amended from time to time.

1.23 "Territory" means India.

1.24 "Third Party" means a person or entity other than (a) Novavax, (b) Company, (c) an Affiliate of Novavax or (d) an Affiliate of Company.

1.25 "U.S." means the United States of America.

ARTICLE 2

LICENSES

2.1 License Grant to Company. Novavax hereby grants to Company an exclusive, fully paid-up, royalty-free (except as expressly set forth in Section 2.7), non-transferable, right and license under the Licensed Rights during the term of this Agreement to (a) research, develop, use, sell, have sold, offer to sell and import Licensed Product in the Territory, and (b) make (and have made solely by Cadila Pharmaceuticals Ltd., a company incorporated under the laws of India (**"Cadila"**) or an Affiliate of Cadila, subject to Novavax's approval described below) Licensed Product in the Territory solely to develop, use, sell, have sold, offer to sell and import Licensed Product in the Territory. The foregoing license shall be exclusive for Licensed Product in the Territory, even as to Novavax, provided that Novavax retains the right to perform its obligations under this Agreement, the Technical Services Agreement and any other agreement between Company and Novavax.

Novavax shall be reasonable in granting or withholding its approval to permit Cadila or an Affiliate of Cadila to make Licensed Product in the Territory. Novavax's approval shall be subject to its consideration of, among other things, any documentation or agreement surrounding such manufacturing of the Licensed Product (which, in any case, shall be solely for the benefit of the Company), the safeguards in place with regard to any such manufacturing, the protection of the Licensed Rights, and Novavax's ability to conduct reasonable due diligence on any Affiliate of Cadila. In no event does the license grant to the Company under this Section 2.1 permit the Company to have Licensed Product made by a Third Party other than Cadila or an Affiliate of Cadila, subject to the approval described above.

2.2 License Grant to Novavax. The Company hereby grants to Novavax a fully paid-up, royalty-free exclusive right and license under Developed Know-How owned or Controlled by the Company, including any Patents that issue therefrom, to (a) research, develop, use, sell, have sold, offer to sell and import (i) Licensed Product and (ii) other influenza vaccines outside the Territory, and (b) make and have made (i) Licensed Product and (ii) other influenza vaccines outside the Territory solely to develop, use, sell, have sold, offer to sell and import Products outside the Territory.

2.3 Sublicenses. Company shall not sublicense the Licensed Rights to any Third Party without the prior written consent of Novavax, which consent may be withheld in its sole discretion. Upon execution of a sublicense, after receipt of Novavax consent, Company will notify Novavax of the execution of the sublicense and provide a copy to Novavax promptly following execution thereof.

2.4 No Implied Rights or Licenses. No right or license, other than those expressly set forth in this Agreement are granted to either party hereunder, and no additional rights will be deemed granted to either party by implication, estoppel or otherwise. All rights not expressly granted by either party to the other hereunder are reserved.

2.5 Research Data; Right of Reference.

(a) Company shall keep complete and accurate notes, accounts and records of all Program Data with respect to Licensed Product, including the manufacture thereof. Novavax shall have the right to access, use and reference for its Development and Commercialization of its products outside the Territory Program Data related to Licensed Product in the possession or control of the Company. The Company shall provide such cooperation and assistance as reasonably requested by Novavax from time to time to effectuate the foregoing, including, without limitation by providing access to and disclosure of Program Data to Novavax and by providing such authorization and consents required for reference to regulatory filings and approvals.

(b) Company shall have the right to access, use and reference for its Development and Commercialization of Licensed Product in the Territory Program Data related to Licensed Product in the possession or control of Novavax. Novavax shall provide such cooperation and assistance as reasonably requested by Company from time to time to effectuate the foregoing, including, without limitation by providing access to and disclosure of Program Data to Company and by providing such authorization and consents required for reference to regulatory filings and approvals.

2.6 Grey Market. The Parties reasonably cooperate to formulate and implement reasonable precautions designed to prevent Licensed Product made or sold by or for such Party or its respective Affiliates and permitted sublicensees from being sold outside of its respective territory (i.e., outside the Territory for the Company and inside the Territory for Novavax). Further, each Party will take reasonable measures so that its distributors, Affiliates and wholesalers to whom the Company or Novavax provides its respective Licensed Product are aware of the respective territorial limitations.

2.7 Third Party License Agreements. The license granted under Section 2.1 may be subject to applicable terms and conditions of a license agreement with a Third Party, under which any Licensed Rights are sublicensed to the Company hereunder by Novavax (each a "Third Party License Agreement"). Novavax shall be responsible for maintaining the Third Party License Agreements and for any payments owed by Novavax thereunder; provided, however, that if a royalty is owed on sales of Licensed Product by or for the Company in the Territory under such Third Party License Agreement, such payments will be paid by Company.

2.8 Combination Products Reservation. Novavax shall not, directly or indirectly, (i) engage in, promote, or finance the research, development, or commercialization of, or (ii) grant any license, or any similar rights with respect to, to a Third Party, in each case of (i) and (ii), a Licensed Product in combination with another active ingredient, antigen or adjuvant in the Territory.

ARTICLE 3

LICENSED PRODUCT DEVELOPMENT AND COMMERCIALIZATION

3.1 Development and Commercialization of Licensed Product.

(a) **General.** Company will have sole responsibility, at Company's sole expense, for all Development and Commercialization of Licensed Product in the Territory in accordance with the terms of this Agreement.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

(b) **Development and Commercialization of Licensed Product.** Prior to [* * *], Company shall present to Novavax for its written approval Development plans for the Licensed Product which shall specify preclinical studies (including a toxicology program and other preclinical testing), human clinical trials, manufacturing scale up, Regulatory Approval strategy and any other significant Development activities, that Company plans to perform to obtain Regulatory Approval of such Licensed Product in the Territory (the "**H1N1 Development Plans**"). Novavax may reasonably request adjustments to activities described in such Development plans as a condition to granting its approval. In no event shall Company materially alter a H1N1 Development Plan without Novavax's prior written consent. Company shall conduct Development of such Licensed Product in a manner that is materially consistent with the H1N1 Development Plans. All clinical trial protocols for Licensed Product conducted by Company shall require the prior written approval of Novavax. Prior to [* * *], Company shall present to Novavax for its written approval a plan to Commercialize the Licensed Product which shall specify a multi-year marketing and public relations strategy, operational plans to implement such strategies and any other significant Commercialization activities (the "**H1N1 Commercialization Plan**"). Novavax may reasonably request adjustments to the Commercialization plan as a condition to granting its approval. In no event shall Company materially alter the H1N1 Commercialization Plan without Novavax's prior written consent. Company shall conduct Commercialization of such Licensed Product in a manner that is materially consistent with the H1N1 Commercialization Plan. Novavax acknowledges that the Licensed Product are being contributed by Novavax to the Company in accordance with the Joint Venture Agreement and that if the Company cannot Develop and Commercialize such Licensed Product it will not obtain the value of such contribution. Company acknowledges that Novavax (or its affiliates or licensees) are Developing and Commercializing Licensed Product outside the Territory and Company's activities could raise safety concerns and have an impact on Novavax's activities including the Regulatory Approval and regulatory profile of an approved Licensed Product outside the Territory. Accordingly, taking into account Novavax's and Company's respective interests including, without limitation, as provided in the two preceding sentences, Novavax shall not unreasonably withhold, delay or condition any of its consents or approvals hereunder.

3.2 Regulatory Affairs. Company will be responsible for developing Regulatory Documentation and preparing and submitting Regulatory Filings, seeking Regulatory Approvals, and maintaining Regulatory Approvals for Licensed Product in the Territory. Novavax will cooperate with Company in preparing and filing all such reports in accordance with the Technical Services Agreement. To effectuate such cooperation, the Parties hereby agree to amend and amend Section 1.1(t) of the Technical Services Agreement to revise the definition of "Novavax Products" to read in its entirety as follows:

3.3 "Novavax Product" shall mean (i) the Novavax Products (as defined in the Joint Venture Agreement), and (ii) the Licensed Product (as that term is defined in the License Agreement by and between Novavax and Company, dated October 6, 2009).

3.4 Manufacture and Supply. Company will be responsible for the manufacture of Licensed Product in the Territory and for all costs associated therewith. Certain amount of supply of preclinical and clinical supply of Licensed Product will be made under the Amended and Restated Supply Agreement, dated as of June 29, 2009, between Company and Novavax, as amended from time to time (the "**Supply Agreement**"). To effectuate such amount of supply under the Supply Agreement, the Parties hereby agree to amend and amend Section 1.19 of the Supply Agreement to revise the definition of "Products" to read in its entirety as follows:

> "Products" means Novavax's pre-clinical and clinical supplies of the Novavax Seasonal Product and the Licensed Product (as that term is defined in the License Agreement by and between Novavax and Company, dated October 6, 2009), in each case which conform to the Specifications.

3.5 Adverse Event Reporting. Company will maintain a record of all non-medical and medical Licensed Product-related complaints and reports of Adverse Events in the Territory with respect to any Licensed Product Developed or Commercialized by the Company. At the request of either party, Novavax and the Company shall enter into reasonable and customary pharmacovigilance agreement with respect to sharing of adverse event data and information for Licensed Product as required to comply with applicable laws and regulations.

3.6 Development and Commercial Reporting. During the Term of this Agreement, Company will provide a half-yearly written progress report to Novavax summarizing the Development and Commercialization of Licensed Product(s) during the prior six months. Each such progress report will be provided to Novavax by Company no later than March 1st or September 1st (as the case may be) of each year following the Effective Date.

3.7 Minor Modifications. During the Term of this Agreement, Novavax will promptly provide Company with details of any minor modifications it makes to the Licensed Product as Novavax develops it for Regulatory Approval.

ARTICLE 4
RESERVED

ARTICLE 5

INTELLECTUAL PROPERTY

5.1 Disclosure. During the Term, the Parties will promptly disclose to one another all Know-How (whether patentable or not) developed, conceived or reduced to practice during the Development, manufacture or Commercialization of a Licensed Product which is regarding or directed to a Licensed Product ("**Developed Know-How**"). Novavax shall also disclose to the Company any Know-How within the Licensed Rights obtained, licensed or generated after the Effective Date which is not included within the Developed Know-How.

5.2 Ownership. Novavax shall own all Developed Know-How and any other intellectual property that is conceived and reduced to practice solely by Novavax. The Company shall own all Developed Know-How and any other intellectual property that is conceived and reduced to practice solely by Company. Novavax and the Company shall jointly own in accordance with U.S. Laws regarding joint ownership of the applicable type of intellectual property, all Developed Know-How and any other intellectual property that is conceived or reduced to practice by Novavax and Company jointly.

5.3 Prosecution and Maintenance of Patents. Novavax shall have the sole and exclusive right and authority to control the filing, prosecution, maintenance, and renewal of all Novavax Patents and any Patents that result from Developed Know-How which is owned by Novavax or jointly owned as provided in Section 5.2, at its own expense. Company shall have the sole and exclusive right and authority to control the filing, prosecution, maintenance and renewal of any Patents that result from Developed Know-How owned by Company as provided in Section 5.2. With respect to any such Patents in the Territory and with respect to any such Patents that are subject to the license granted to Novavax in Section 2.2 anywhere in the world (the "**ROW Patents**"), the prosecuting party shall (i) provide the other party with copies of all material filings, documentation and correspondence from, sent to or filed with patent offices in the Territory or anywhere in the world for the ROW Patents, and (ii) provide the other party with a reasonable opportunity to comment upon all filings and actions with such patent offices in advance of submissions to such patent offices. For purposes of this Section 5.3, "filing, prosecution and maintenance" of patents shall be deemed to include, without limitation, appeals to administrative or judicial entities having jurisdiction over patentability, the conduct of interferences or oppositions, and/or requests for re-examinations, reissues or extensions of patent terms.

5.4 Abandoned Patents. In the event the prosecuting party determines not to initiate patent prosecution for any particular patentable Developed Know-How invention or to cease prosecution or maintenance of, or otherwise abandon, any Patents that are the subject of Section 5.3 in the Territory, or with respect to ROW Patents anywhere in the world (which the prosecuting party may do in its sole discretion), the prosecuting party shall provide reasonable prior written notice to the other party sufficient for the other party to timely initiate or take over the prosecution and maintenance of such Patent and timely file any required documents and responses with the relevant government patent office in the Territory, or with respect to ROW Patents anywhere in the world, with respect thereto, and the other party may elect (in its sole discretion) to prosecute and maintain such Patent, at the other party's sole expense. In such event, upon the request of and, at the expense of the other party, the prosecuting party shall assign to the other party all of its right, title and interest in, to and under such Patent which the prosecuting party has decided to abandon and provide reasonable cooperation to the other party with respect thereto (including, without limitation, providing necessary information and executing relevant documents).

5.5 Enforcement of Patents.

(a) **Infringement by Third Parties.** In the event that Novavax or the Company becomes aware of or has reasonable suspicions of third party activities in the Territory that could constitute infringement of the Novavax Patents or Patents that issue from Developed Know-How in the Territory, or with respect to ROW Patents anywhere in the world, or misappropriation of the Novavax Know-How or Developed Know-How in the Territory, or with respect to Developed Know-How any that is subject to the license granted to Novavax in Section 2.2 anywhere in the world ("**ROW Know-How**"), then such party shall promptly notify the other parties of such third party activities, including identification of the third party and delineation of the facts relating to such third party activities. The Company shall have the right (but shall not be obligated) to enforce the Novavax Patents, Novavax Know-How and Developed Know-How against any actual or alleged infringement or misappropriation thereof in the Territory by a third party (by bringing a suit, action or proceeding against such third party), at the Company's sole expense. Novavax shall have the right (but shall not be obligated) to enforce the ROW Patents and ROW Know-How within the scope of the licenses granted to Novavax in Section 2.2 against any actual or alleged infringement or misappropriation thereof outside the Territory by a third party (by bringing a suit, action or proceeding against such third party), at Novavax's sole expense. If the Company does not enforce the Novavax Patents or Know-How by (i) one hundred (100) days following the notice of alleged infringement or (ii) thirty (30) days before the time limit, if any, set forth in the appropriate laws and regulations for the filing of such an action, whichever comes first, then Novavax shall have the right (but not the obligation) to enforce the Novavax Patents and Novavax Know-How against any actual or alleged infringement or misappropriation thereof in the Territory by a third party (by bringing a suit, action or proceeding against such party), at Novavax's sole expense. The non-prosecuting party shall reasonably cooperate with the prosecuting party in such enforcement activities, at the prosecuting party's expense, including by agreeing to be named as a party to (or bringing in its own name) such suit, action or proceeding for the benefit of the non-prosecuting party if required for such enforcement action to proceed. The prosecuting party shall keep the non-prosecuting party reasonably informed regarding any such enforcement action and shall consider in good faith the reasonable comments and suggestions of the non-prosecuting party related to such suit, action or proceeding. All recoveries received by the prosecuting party from any such enforcement action shall be retained by the prosecuting party.

(b) **Challenge by Third Parties.** Novavax and Company will each notify the other Party in writing within ten (10) Business Days of learning of any alleged or threatened opposition, reexamination request, action for declaratory judgment, nullity action, interference or other attack upon the validity, title or enforceability of the Licensed Rights or the ROW Patents or ROW Know-How by a Third Party. Owner of the subject Patent will have the right (but not the obligation) to defend any such challenge in the Territory. If the owner of the subject Patent commences a defense against the alleged or threatened challenge (i) within sixty (60) days following the detection of the alleged challenge, or (ii) ten (10) Business Days before the time limit, if any, set forth in appropriate Laws and regulations for making a filing in defense of such a challenge, whichever comes first, then the owner of the subject Patent will so notify the other party promptly. Notwithstanding the foregoing, if any such action for declaratory judgment, nullity action, or other attack upon the validity, title or enforceability of the Licensed Right includes or will include counterclaims of infringement of the Licensed Rights, ROW Patents or ROW Know-How by the Third Party, control of such action or other attack shall be governed by Section 5.5(a).

ARTICLE 6

CONFIDENTIALITY; PUBLICATION

6.1 Confidentiality. The Parties anticipate that under this Agreement each Party will provide confidential and/or proprietary information to the other Party and that the use and disclosure of such information shall be governed by Article 18 of the Joint Venture Agreement which is hereby incorporated by reference.

6.2 Publication.

(a) Each Party shall have the right to publish the data and results related to Licensed Product, subject to the rest of this Section 6.2. Prior to public disclosure or submission for publication of a proposed publication describing the results of any scientific or clinical activity relating to a Licensed Product, the Party proposing such publication shall send the other Party by expedited delivery a copy of the proposed publication to be submitted and shall allow the other Party a reasonable time period (but not more than sixty (60) days from the date of confirmed receipt) in which to determine whether the proposed publication contains subject matter for which patent protection should be sought (prior to publication of such proposed publication) for the purpose of protecting an invention, or whether the proposed publication contains the Confidential Information of such other Party, or whether the proposed publication contains information that is reasonably likely to have a material adverse impact on the development or commercialization of Licensed Product. Following the expiration of applicable time period for review, the Party proposing such publication shall be free to submit such proposed publication for publication and publish or otherwise disclose to the public such scientific or clinical results, subject to the procedures set forth in Section 6.2(b).

(b) If the Party reviewing such publication believes that the subject matter of the proposed publication by the other Party contains Confidential Information of the Party or a patentable invention owned by the Party or in which it otherwise has exclusive rights hereunder, then prior to the expiration of the applicable time period for review, such Party shall notify the Party proposing such publication in writing of such belief. On receipt of written notice from the other Party that such proposed publication contains its Confidential Information, the Party proposing publication shall remove such Confidential Information from such proposed publication prior to any publication thereof, unless the other Party agrees otherwise in writing. On receipt of written notice from the other Party that such proposed publication contains a patentable invention owned by it or in which it otherwise has exclusive rights hereunder, the Party proposing publication shall delay public disclosure of such information or submission of the proposed publication for an additional period of thirty (30) days to permit preparation and filing of a patent application on such invention. The Party proposing publication shall thereafter be free to publish or disclose such information.

ARTICLE 7

REPRESENTATIONS AND WARRANTIES

7.1 Mutual Warranties. Each of Novavax and Company hereby represents, warrants and covenants to the other as of the Effective Date that:

(a) it has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof, and this Agreement is legally binding upon it and enforceable in accordance with its terms.

(b) the execution, delivery and performance of this Agreement by it does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, nor violate any Law of any governmental authority having jurisdiction over it;

(c) it has not granted, and during the Term it will not grant, any right to any Third Party that would conflict with the rights granted to the other Party hereunder. It has (or will have at the time performance is due) maintained and will maintain and keep in full force and effect all agreements necessary to perform its obligations hereunder; and

(d) all necessary consents, approvals and authorizations of all governmental authorities and other persons required to be obtained by such Party to enter into, or perform its obligations under, this Agreement have been obtained.

7.2 Representations by Novavax. In addition to the representations and warranties made in Section 7.1, Novavax hereby represents, warrants and covenants to Company as of the Effective Date that:

(a) the Licensed Rights are subsisting and are not the subject of any interference, re-issue, re-exam, opposition or appeal proceedings;

(b) no Third Party has filed, pursued or maintained or, to the best of its knowledge, threatened in writing to file, pursue or maintain any claim, lawsuit, charge or other action involving any Licensed Right including any claim, lawsuit, charge, or action alleging that any Licensed Right is invalid or unenforceable;

(c) and to the best of its knowledge, all employees and agents of Novavax who have performed any activities on its behalf in connection with research regarding the Licensed Rights have properly assigned to Novavax the whole of their rights in any intellectual property made, discovered or developed by them as a result of such research, and no Third Party has any rights to any such intellectual property;

(d) the Licensed Rights are free and clear of any liens, charges, encumbrances or rights of others, to possession or use that may interfere with Novavax's possession or use under this Agreement;

(e) it has sufficient rights to grant the licenses granted to the Company hereunder; and

(f) all third party agreements licensing any Licensed Rights to Novavax, which are sublicensed to the Company hereunder, are currently in full force and effect, and it has not received notice of material breach or termination thereof.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

7.3 DISCLAIMER OF WARRANTIES. Except as expressly set forth herein, EACH PARTY EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF DESIGN, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICES, IN ALL CASES WITH RESPECT THERETO. Without limiting the generality of the foregoing, each Party expressly does not warrant, and disclaims any warranties with regards to: (a) the success of any study or test commenced under this Agreement, (b) the safety or usefulness for any purpose of the technology or Materials it provides or discovers under this Agreement; and/or (c) the validity, enforceability, or non-infringement of any intellectual property rights or technology it provides or licenses to the other Party under this Agreement.

ARTICLE 8

INDEMNIFICATION

8.1 Indemnification by Company. Company will indemnify, defend and hold harmless Novavax, its affiliates, directors, officers and employees (each a "**Novavax Indemnitee**") from and against any and all liability, loss, damage or expense (including without limitation reasonable attorneys fees) it may suffer as the result of Third Party claims, demands, actions and proceedings brought against it (collectively, "**Losses**") to the extent such Losses result from the (a) negligence or willful misconduct by Company, its Affiliates, employees, agents, or Third Party contractors, or (b) manufacture, use, sale, or offer for sale of a Licensed Product in the Territory due to a design defect or a manufacturing defect, including but not limited to, a Loss related to the death of or injury to a Third Party. Company's obligation to indemnify Novavax pursuant to this Section 8.1 will not apply to the extent of any Loss that arises from the (i) material breach by Novavax of its representations, warranties or covenants contained within this Agreement, (ii) negligence or willful misconduct of any Novavax Indemnitee, or (iii) a manufacturing defect of Licensed Product supplied by Novavax under the Supply Agreement.

8.2 Indemnification by Novavax. Novavax will indemnify, defend and hold harmless Company, its affiliates, directors, officers and employees (each a "**Company Indemnitee**") from and against any and all Losses to the extent such Losses result from the (a) negligence or willful misconduct by Novavax, its Affiliates, employees, agents or Third Party contractors, or (b) manufacture, use, sale, or offer for sale of a Licensed Product outside the Territory due to a design defect or a manufacturing defect, including but not limited to, a Loss related to the death of or injury to a Third Party. Novavax's obligation to indemnify the Company Indemnitee pursuant to this Section 8.2 will not apply to the extent of any Loss that arises from the (i) material breach by Company of its representations, warranties or covenants contained within this Agreement or (ii) negligence or willful misconduct of any Company Indemnitee.

8.3 Procedures. Indemnitor's agreement to indemnify, defend and hold harmless an Indemnitee is conditioned on Indemnitee (a) providing prompt written notice of any claim giving rise to an indemnification obligation hereunder but only if a failure to so notify causes prejudicial harm to the Indemnitor's ability to defend, (b) permitting Indemnitor to assume full responsibility to investigate, prepare for and defend against any such claim, (c) providing reasonable assistance in the defense of such claim at Indemnitor's reasonable expense, and (d) not compromising or settling such claim without Indemnitor's advance written consent.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

8.4 Insurance. Each Party will maintain comprehensive general liability insurance coverage, including products liability, in amounts it reasonably determines are appropriate with respect to the Development and Commercialization of Licensed Product in its respective territory.

8.5 Limitation of Liability. EXCEPT TO THE EXTENT (A) SUCH PARTY MAY BE REQUIRED TO INDEMNIFY THE OTHER PARTY UNDER THIS ARTICLE 8, OR (B) AS REGARDS A BREACH OF A PARTY'S RESPONSIBILITIES PURSUANT TO ARTICLE 6, NEITHER PARTY NOR ITS RESPECTIVE AFFILIATES WILL BE LIABLE TO THE OTHER PARTY FOR ANY LOSS OF PROFITS, LOSS OF BUSINESS OR INTERRUPTION OF BUSINESS, OR FOR ANY OTHER INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, CONSEQUENTIAL OR PUNITIVE DAMAGES UNDER THIS AGREEMENT, WHETHER IN CONTRACT, WARRANTY, TORT, STRICT LIABILITY OR OTHERWISE, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGES.

ARTICLE 9

TERM; BREACH

9.1 Term and Termination. The term of this Agreement will commence on the Effective Date and will continue until (a) the Company provides sixty (60) days prior written notice of termination to Novavax, (b) the Parties mutually agree in writing to terminate the Agreement, or (c) Novavax terminates the Joint Venture Agreement by providing a Notice of Termination under and pursuant to Section 11.2 of the Joint Venture Agreement. In no event shall either Party have the right to terminate this Agreement based upon any breach by the other Party, and to the extent that any right to terminate is provided under any Laws, the Parties hereby waive such right.

9.2 Breach and Remedies. In addition to any remedies available under any laws, the following remedies shall be available to a party in the event of the following breaches

(a) In the event that Section 2.6 is materially breached by either party, the non-breaching party shall be entitled to damages equal to its lost profit from lost sales of Licensed Product in or out of the Territory (as applicable) due to the "grey market" breach.

(b) In the event that Company (i) materially alters an H1N1 Development Plan or H1N1 Commercialization Plan for Licensed Product without Novavax's prior written consent, or (ii) initiates a clinical trial of Licensed Product without Novavax's approval or materially deviates from an approved clinical trial protocol for Licensed Product without the prior written consent of Novavax, then Novavax shall have right to obtain injunctive relief with respect to such breach before any court of competent jurisdiction in accordance with Section 10.3.

9.3 Survival. The following provisions of this Agreement shall survive expiration or termination of this Agreement for any reason: Article 8 and Sections 6.1 and 7.3. In the event that this Agreement is terminated under 9.1(c), the license grant under Section 2.2 shall survive as a fully paid, exclusive license solely under Developed Know-how owned or Controlled by Company, including any Patents that issue therefrom, as of the effective date of termination (i.e., excluding any intellectual property developed or acquired after such date of termination).

ARTICLE 10

DISPUTE RESOLUTION

10.1 Disputes. The Parties recognize that disputes as to certain matters may from time to time arise during the Term which relate to either Party's rights and/or obligations hereunder. It is the objective of the Parties to establish procedures to facilitate the resolution of disputes arising under this Agreement in an expedient manner by mutual cooperation and without resort to litigation. To accomplish this objective, the Parties agree to follow the procedures set forth in this Article 10 if and when a dispute arises under this Agreement.

10.2 Arbitration. Any dispute arising between the Parties out of or in connection with the implementation or interpretation of this Agreement shall, if not settled amicably within ninety (90) days from the date that the dispute arose, be finally settled by three (3) arbitrators. Each Party shall be entitled to appoint one (1) arbitrator and the two (2) so appointed shall appoint the third arbitrator in accordance with the Indian Arbitration and Conciliation Act, 1996. It is hereby agreed that Part I of the Indian Arbitration and Conciliation Act, 1996 (except for the provisions of Section 9 thereof) shall not apply to the arbitration under this Agreement. The language of the arbitration proceedings shall be English and its place shall be Singapore. The arbitral award or determination shall be final and subject to no appeal and shall deal with the question of costs of arbitration and all matters related thereto.

The Parties agree that it would be impossible or inadequate to measure and calculate their damages from any breach of the Agreement though great and irreparable. Accordingly, each Party agrees that if the other Party breaches this Agreement, the non-breaching party will have available, in addition to any other right or remedy available, the right to obtain an injunction from a court of competent jurisdiction restraining such breach or threatened breach and specific performance of any provision of this Agreement.

10.3 Equitable Claims. Notwithstanding anything to the contrary in this Article 10, either Party has the right to seek temporary injunctive relief or any other interim equitable remedy in any court of competent jurisdiction as may be available to such Party under the laws applicable to such jurisdiction that may be necessary to protect the rights or property of that Party until such time as any dispute underlying such temporary injunctive relief or any other interim equitable remedy has been resolved in accordance with Section 10.2.

10.4 Governing Law. The substantive laws of India will govern the resolution of all disputes, controversies and claims under, arising out of or relating to the validity, construction, enforceability or performance of this Agreement and any related remedies, without giving effect to any choice of law rules.

10.5 Award. Each Party will abide by any arbitral award rendered pursuant to this Article 10. If a Party resists enforcement of an arbitral award, any costs, fees or taxes incident to enforcement will be charged against that Party to the extent permitted by Law. Each Party will bear its own legal fees for arbitration, and the arbitrator(s) will assess their costs, fees and expenses against the Party losing the arbitration.

10.6 Injunctive Relief. If a Party makes a sufficient showing under the rules and standards set forth in the rules of civil procedure and applicable Law, the arbitrator may, and the Parties will abide by, injunctive measures after either Party submits in writing for arbitration claims requiring immediate relief. Notwithstanding the foregoing, and in accordance with Section 10.3, a Party will also be free at any time to bring an Equitable Claim to any court of competent jurisdiction without submitting such request to an arbitrator.

10.7 Confidentiality. Any arbitration proceeding, including without limitation the existence of any dispute submitted to arbitration and any arbitral award or decision, will be Confidential Information of both Parties, and the arbitrator(s) will issue appropriate protective orders to safeguard each Party's Confidential Information, provided that such Confidential Information may be disclosed solely as necessary in connection with the enforcement of an arbitral award or as otherwise required by Law (subject to Article 6).

ARTICLE 11

MISCELLANEOUS

11.1 Entire Agreement. This Agreement (including its Exhibits) sets forth all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties with respect to the subject matter hereof and supersedes and terminates all prior agreements and understanding between the Parties with respect to such subject matter. No subsequent alteration, amendment, change or addition to this Agreement will be binding upon the Parties unless reduced to writing and signed by the respective authorized officers of the Parties.

11.2 Third Party Contractors. The Parties will perform their obligations under this Agreement as Third Party contractors and nothing contained in this Agreement will be construed to be inconsistent with such relationship or status. This Agreement will not constitute, create or in any way be interpreted as a joint venture or partnership of any kind.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

11.3 Notices. Any notice, request, demand, waiver, consent, approval or other communication permitted or required under this Agreement (**"Notice"**) will be in writing, will refer specifically to this Agreement and will be deemed given only if sent by electronic mail (with receipt confirmed), facsimile transmission (with transmission confirmed) or by an internationally recognized delivery service that maintains records of delivery, addressed to the Parties at their respective addresses specified in this Section 11.3 or to such other address as the Party to whom notice is to be given may have provided to the other Party in accordance with this Section 11.3. Any notice delivered by electronic mail or facsimile will be confirmed by a hard copy delivered as soon as practicable thereafter by an internationally recognized overnight delivery service. Such Notice will be deemed to have been given on the second Business Day (at the place of delivery) after deposit with an internationally recognized delivery service. This Section 11.3 is not intended to govern the day-to-day business communications necessary between the Parties in performing their obligations under the terms of this Agreement.

If to Novavax:	Novavax, Inc. 9920 Belaward Campus Drive Rockville Maryland 20850 Attn: Ray Hage, Senior Vice President Email: Rhage@Novavax.com Facsimile No.: 240-268-2122
If to Company:	CPL Biologicals Private Limited Cadila Corporate Campus Sarkhej-Dholka Road Bhat, Ahmedabad – 382210 Gujarat, India Attn: Dr. Rajiv I. Modi, Managing Director Email: rimodi@cadilapharma.co.in Facsimile No.: +91 (02718) 225031

11.4 Assignment.

(a) Novavax may not assign this Agreement, in whole or in part, without the advance written consent of the Company; provided, however, that this Agreement shall be automatically assigned to Novavax's successor in connection with the acquisition, merger or sale of Novavax or the sale, transfer, lease, assignment or disposal of all or substantially all of the property or assets of Novavax, whether by way of a single transaction or a series of related transactions, and such successor shall be fully bound by the terms and conditions hereof.

(b) The Company may not assign this Agreement, in whole or in part, without the advance written consent of Novavax; provided, however, that this Agreement shall be automatically assigned to the Company's successor in connection with the sale, transfer, lease, assignment or disposal of all or substantially all of the property or assets of the Company , whether by way of a single transaction or a series of related transactions, including a Change in Control of the Company (as that term is defined in Schedule II of the Joint Venture Agreement), and such successor shall be fully bound by the terms and conditions hereof; provided that any such automatic assignment by Company within the scope of Schedule II of the Joint Venture Agreement shall only be effective if such transaction was approved by Novavax under and pursuant to the Joint Venture Agreement for so long as such approval rights of Novavax under the Joint Venture Agreement have not been terminated.

(c) Any assignment or purported assignment by either Party in violation of this Section 11.4 will be null and void.

11.5 Force Majeure. Both Parties will be excused from the performance of their obligations under this Agreement (except for the obligation to pay money) to the extent that such performance is prevented by force majeure and the nonperforming Party promptly provides notice of the prevention to the other Party. Such excuse will be continued so long as the condition constituting force majeure continues and the nonperforming Party takes reasonable efforts to remove the condition. For purposes of this Agreement, force majeure will include conditions beyond the control of the Parties, including without limitation, an act of God, voluntary or involuntary compliance with any regulation, Law or order of any government, war, civil commotion, labor strike or lock-out, acts of terrorism, epidemic, failure or default of public utilities or common carriers, destruction of production facilities or materials by fire, earthquake, storm or like catastrophe.

11.6 Headings. The headings for each article and section in this Agreement have been inserted for convenience of reference only and are not intended to limit or expand on the meaning of the language contained in the particular article or section.

11.7 No Strict Construction. This Agreement has been prepared jointly and will not be strictly construed against either Party.

11.8 Ambiguities. Ambiguities and uncertainties in this Agreement, if any, will not be interpreted against either Party, irrespective of which Party may be deemed to have caused the ambiguity or uncertainty to exist.

11.9 English Language. All notices required or permitted to be given hereunder, and all written, electronic, oral or other communications between the Parties regarding this Agreement will be in the English language. This Agreement is in the English language only, which language will be controlling in all respects, and all versions hereof in any other language will be for accommodation only and will not be binding upon the Parties.

11.10 No Waiver. Any delay in enforcing a Party's rights under this Agreement or any waiver as to a particular default or other matter will not constitute a waiver of such Party's rights to the future enforcement of its rights under this Agreement, excepting only as to an express written and signed waiver as to a particular matter for a particular period of time.

11.11 Severability. If one or more of the provisions in this Agreement are deemed unenforceable by Law, then such provision will be deemed stricken from this Agreement and the remaining provisions will continue in full force and effect and shall be interpreted to give full effect to the commercial agreement between the Parties.

11.12 Counterparts. This Agreement may be executed in one or more identical counterparts, each of which will be deemed to be an original, and which collectively will be deemed to be one and the same instrument.

[Signature Page to Follow]

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

In Witness Whereof, the Parties have by duly authorized persons executed this Agreement as of the Effective Date.

Novavax, Inc.

By: /s/ Rahul Singhvi

Rahul Singhvi
President and CEO

CPL Biologicals Private Limited

By: /s/ Rajiv I. Modi

Rajiv I. Modi
Director

[Signature Page to H1N1 License Agreement]

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Schedule 1

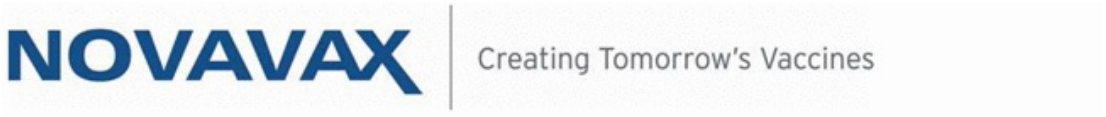
[* * *]

NOVAVAX | Creating Tomorrow's Vaccines

Exhibit 14

Code of Business Conduct and Ethics

March 2004
Revised June 2009



A Message from Rahul Singhvi:

I am pleased to share with you Novavax's Code of Business Conduct and Ethics (the "Code").

Our Code is more than a set of rules – it is intended to provide a practical guide to help each of us with the difficult decisions we face everyday. It sets out universal principles which should govern the way we conduct business at Novavax, it provides clarity about the expectations at Novavax, and it identifies the other Novavax resources and policies that you can use to support your decision making. There is nothing "new" in this Code – it is simply a codification of our existing business policies and practices governing, and the goals and expectations for, the conduct of all Novavax officers, directors and employees, all of which are founded in our Core Values of Respect, Integrity, and Excellence.

This Code is being communicated to you at this time as a result of two converging factors. First, it is difficult to communicate our policies, practices and expectations to each employee personally – this Code is meant to help Novavax employees understand who we are and what we do. Second, as many of you are aware, the business environment in which Novavax operates is extremely sensitive to business practice issues, with discussions about integrity, honesty and business ethics more prevalent, and the reputations of institutions becoming increasingly fragile. This Code is meant to assist all of us in vigilantly protecting the company's reputation and, just as importantly, ensure our compliance with the rules and regulations of the U.S. Securities and Exchange Commission and The Nasdaq Stock Market.

As Novavax employees, we are all trustees of the investments made in Novavax by our shareholders. We owe it to them to ensure that the company is successful and that its reputation remains strong. This Code is crucial to the company's success, its reputation – and its future. At the end of the Code is a Novavax Personal Pledge form, which must be signed by each and every one of our employees. I have signed this document, as have every member of the Senior Management team. We require all employees to sign and return the Personal Pledge as a demonstration of your commitment to our Code of Business Conduct and Ethics. So, please read your copy of the Code carefully, keep it handy for easy reference, and feel free to ask any questions that you may have.

Finally, please remember that Novavax's reputation is in our hands, everyday.

Rahul Singhvi

Rahul Singhvi,
President and CEO

NOVAVAX | Creating Tomorrow's Vaccines

CODE OF BUSINESS CONDUCT AND ETHICS

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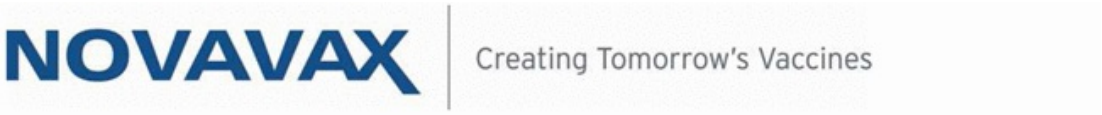


1. Object and Scope of this Code

Novavax has a strong commitment to business ethics, and we believe that the company and every employee must conduct their affairs with honesty, integrity and respect, and in compliance with all applicable laws. Our reputation for integrity and excellence, particularly in today's business environment, requires careful observance of the spirit and letter of all applicable laws, as well as scrupulous regard for the highest standards of conduct and personal integrity.

The purpose of this Code is to ensure that Novavax has in place a system to focus attention throughout the company on the obligation of ethical conduct. The policies and practices set forth herein are designed to deter wrongdoing and promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that the company files with, or submits to, regulatory agencies and in other public communications made by the company;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting of violations of the Code or applicable law to the appropriate person;
- open communication and dealings with third parties, and
- accountability for adherence to the Code.

The Code applies to all directors, officers and employees of Novavax and any of our subsidiaries. Ignorance of the Code will not excuse any employee from its requirements.

All employees will have access to this Code and must use the Code as a general guideline for behavior. You are responsible for reading, reviewing and understanding the policies and procedures set forth in this Code, and can obtain advice from or ask questions of your direct supervisor, or a member of our Human Resources Department.

In addition, Novavax will make the Code publicly available by posting it on the company's Internet and intranet sites.

The Code provides a broad statement of certain key policies and procedures regarding business conduct and ethics and conducting business in a legally and ethically appropriate manner. The Code cannot, and is not intended to, anticipate or address every possible situation, cover every topic in detail, or answer every question. You must rely on your good sense and judgment of what is right, including a sense of when it is appropriate to seek guidance from others.

As noted above, if a situation develops for which an employee seeks guidance, the employee should speak with his or her direct supervisor or a member of our Human Resources department. Employees should also refer to Novavax's policy on **Avoidance of Insider Trading** and Novavax's **Employee Handbook**, which includes more detailed information regarding the company's proprietary information, use of company property, Internet usage and similar policies, copies of which can be obtained from the Human Resources department or on the company intranet.

Note, too, that the Code does not necessarily take into account all local laws or requirements. Where more restrictive local laws or requirements exist, those take precedence. Employees worldwide are expected to comply with all laws and Novavax business policies in the country and area in which they are conducting company business.

The Code is not an express or implied contract of employment and does not create contractual rights of any kind between Novavax and any employee. In addition, you should understand that this Code does not modify your employment relationship, whether at will or governed by contract, with Novavax.

Finally, it is essential that you keep an eye out for possible violations of this Code – whether they occur in dealings with the government or the private sector, are intentional or due to someone's inadvertent conduct. Noncompliance with the policies and practices set forth in this Code and applicable laws can result in serious consequences, both to Novavax and our employees, including civil and criminal penalties and adverse employment actions.

Employees who have questions regarding possible violations or who wish to report suspect activities should contact their direct supervisor or a member of our Human Resources department. See also "What You Can Do If You Have A Concern About Business Practices" on page 5.

2. Our Core Values

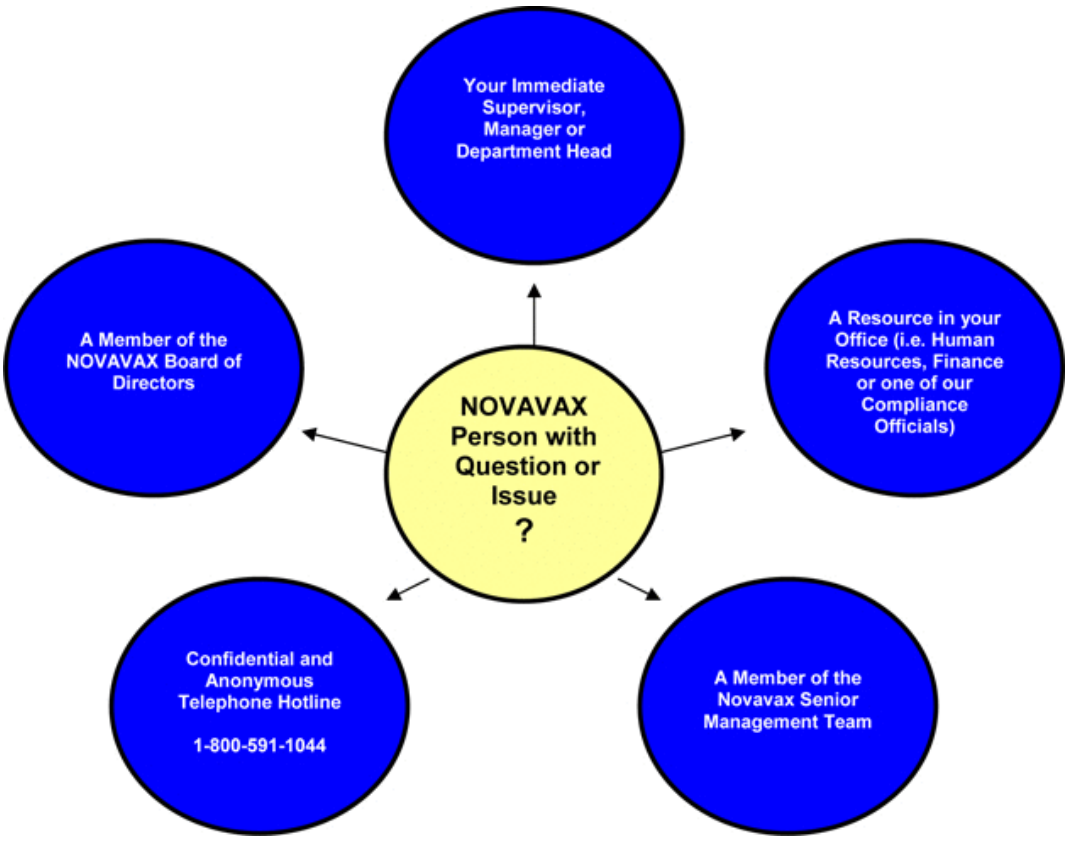
These are the fundamental values on which we guide our business:

3. Our Business Practices

These are the practices and procedures we use everyday to apply our Core Values. Where we look to exhibit these Core Values in everything we do, how we perform certain business practices is a greater demonstration of the highlighted Core Value:

What You Can Do If You Have A Concern About Business Practices

Novavax is committed to creating a workplace conducive to the open discussion of its business practices. If you have a general question about business practices, there are a number of different resources you can go to for advice. The diagram below outlines your options. Please feel free to go to the resource that you are most comfortable with, but keep in mind that your best resource is often your immediate supervisor or manager.



Our experience has shown that when employees deal openly and directly with supervisors, the work environment is improved, communications can be clear, and attitudes can be positive. We believe that Novavax amply demonstrates its commitment to employees by responding effectively to employee concerns.

Novavax is also committed to openness in all forms of reporting and providing a workplace free from fear of retribution and retaliation. If any employee knows, reasonably believes or has genuine suspicions regarding any legal violation in work-related issues, or breaches of the principles and standards set forth in this Code, the employee must report them immediately to his or her direct supervisor, Human Resources, or the appropriate Novavax Compliance Official (discussed below), so that we can take any necessary action. If you believe that the supervisor to whom you report is implicated in the violation or potential violation, or you believe that the supervisor to whom you reported the violation or potential violation has not taken appropriate action, you should report such matter directly to one of our Compliance Officials.

Concerns about improprieties and wrongdoing involving our Avoidance of Insider Trading Policy (#115) and matters involving the Securities Exchange Commission (SEC) should be reported directly to our Chief Financial Officer (CFO). Areas of concern regarding Human Resources related policies, procedures or regulations or matters regarding personal conduct should be brought to the immediate attention of the Chief Executive Officer (CEO).

Suspected Code violations that relate to financial statement disclosures or accounting, internal control or auditing matters, should be reported directly to the Chairperson of the Audit Committee of our Board of Directors. If an employee feels uncomfortable speaking with any of the above resources for any reason, Novavax's Audit Committee has established a "Whistleblower" procedure by which confidential complaints may be raised anonymously. Complaints submitted through this confidential process will be presented to the Chairperson of the Audit Committee if they involve the company's accounting, auditing and internal controls and disclosure practices, or our Board of Directors for other non-financial related matters. Anyone may utilize this confidential and anonymous process either to raise new concerns or complaints or if they feel that a concern or complaint previously raised has not been appropriately handled.

Our Compliance Officials are:

Michael McManus, Chairperson of the Audit Committee, who can be reached at: mmcmanus@misonix.com, 631-694-9555;
Rahul Singhvi, President and Chief Executive Officer, who can be reached at rsinghvi@novavax.com, 240-268-2020; and
Jill Hoyt, Executive Director, HR and Administration, who can be reached at: Jhoyt@novavax.com, 240-268-2026

In order to make a confidential, anonymous report or complaint, an employee may use our toll-free telephone hotline – at **1-800-591-1044** – which may be dialed into without revealing any caller identification information. The telephone hotline is operational 24 hours a day, seven days a week, and is staffed by employees of a third-party provider who will take reports directly from the employee. Complaints and reports submitted through this procedure will be collected on a daily basis and presented to the Chairperson of our Audit Committee. Complaints regarding the company's financial statement disclosures or accounting, internal control or auditing matters may be reported to the Audit Committee as deemed necessary by its Chairperson.

Our Reporting and Non-Retaliation Policy

Novavax wants every employee to feel comfortable raising business practice, ethical and legal issues internally. The company will listen to all issues raised and respond to all questions asked. **As a result, Novavax strictly prohibits reprisals or retaliation against anyone who raises a business practice, ethical or legal issue or cooperates in the investigation of such an issue.**

Novavax will make appropriate efforts to protect the confidentiality of those who raise good faith concerns. As noted above, the company will not criticize or retaliate, and will not permit criticism or retaliation by any party, against any individual who speaks up. It is our policy to comply with all applicable laws that protect employees from unlawful discrimination or retaliation as a result of their lawfully reporting information regarding, or their participating in investigations involving, potential or actual corporate fraud or other violations by Novavax or its employees of federal, state, local or foreign laws.

Specifically, Novavax's policy prevents any employee from being subject to disciplinary or retaliatory action as a result of the employee's:

- reporting violations or potential violations of this Code, other company policies and procedures, or applicable law that the employee reasonably believes to have occurred;
- making complaints regarding accounting, internal accounting controls or auditing matters or voicing concerns regarding questionable accounting or auditing matters that the employee reasonably believes to have occurred;
- disclosing information to a government or law enforcement agency, where the employee has reasonable cause to believe that the information discloses a violation or possible violation of foreign, federal, state or local law or regulation; or
- providing or causing information to be provided, filing or causing to be filed, testifying, participating in a proceeding filed or about to be filed, or otherwise assisting in an investigation or proceeding regarding any conduct that the employee reasonably believes involves a violation of this Code or applicable law, including criminal laws regarding securities law violations or fraud, any rule or regulation of the Securities and Exchange Commission ("SEC") or any provision of law relating to fraud against shareholders.

Novavax will treat any attempt by one employee to prevent another employee from raising concerns or retaliating against the reporting employee for doing so as a serious disciplinary offense.

If any employee believes that he or she has been subject to any action that violates this policy, the employee may file a complaint with his or her supervisor, the Executive Director of Human Resources, or one of the Compliance Officials. If it is determined that an employee has experienced any improper employment action in violation of this policy, such employee will be entitled to prompt appropriate corrective action.

Please note that Novavax employees who file reports or provide evidence which they know to be false or without a reasonable belief in the truth and accuracy of such information will not be protected by this policy, and may be subject to disciplinary action, including termination of employment.

Novavax has designated three (3) Compliance Officials for administering the company's reporting and non-retaliation policy. Each Compliance Official is responsible for collecting, reviewing, processing and resolving concerns and reports by employees and others. Employees are encouraged to discuss issues and concerns of the type covered by this policy with their supervisor or manager, who in turn is responsible for informing the appropriate Compliance Official. Again, if the employee prefers not to discuss these sensitive matters with his or her own supervisor or manager, the employee may go directly to Human Resources or appropriate Compliance Official, who will refer complaints submitted, as he or she determines appropriate or required, to the Board of Directors or an appropriate committee of the Board, including the Audit Committee.

Do not be afraid that your question, concern or issue may not be valid. When it comes to business practices, ethical issues or legal issues, there is no such thing as a dumb question. Use the individuals identified in this Code to ask a question, get clarification, report a suspected violation, or voice a concern. It is important that any potential problem or concern be reviewed as soon as possible to prevent serious issues from developing.

Question: *If I do raise a business conduct or ethics issue, will I get in trouble?*

Answer: *No - as long as you honestly have a concern or issue, you will not be reprimanded or disciplined for raising an issue. Quite the contrary, as a Novavax employee you have an obligation to question situations with which you are uncomfortable and seek assistance.*

Our Principles

The key principles found in Novavax's Code of Business Conduct and Ethics are:

We will avoid any possible conflict of interest, or the appearance of a conflict of interest, between our personal interests and our responsibility to Novavax.

We will maintain the confidentiality, privacy and security of information entrusted to us in accordance with legal and ethical obligations.

We will use company assets for the legitimate purposes of Novavax's business.

We will constantly seek to create innovations in our business and notify Novavax when we may have developed something new.

We will not trade Novavax shares nor advise or inform others to trade in Novavax shares when in possession of material non-public information.

We will not seek to influence any political or governmental process in an inappropriate manner.

We will show genuine concern and respect for other people and treat one another with understanding and appreciation. It is quite acceptable to disagree with a fellow employee, however, it must be done respectfully and constructively.

We will value the diversity of our talented workforce and encourage diversity of thoughts, ideas and opinions.

We will uphold the ideals of free and competitive enterprise in order to conserve and enhance shareholder value.

We will conduct sales and marketing activities in accordance with Novavax's Core Values, policies and the law.

We will not collect information on our competitors through inappropriate means.

We will operate our business in a safe and healthy manner, we will respect the environment, and we will use our natural resources responsibly.

We will comply with all applicable laws and regulations in the jurisdictions in which we operate.

INTEGRITY

We will reflect our business accurately in our records.

We will protect the company's reputation by allowing only the company's designated individuals to deal with inquiries from the media and investors.

INTEGRITY

4. Conflicts of Interest

Standard: We will avoid any possible conflict of interest, or the appearance of a conflict of interest, between our personal interests and our responsibility to Novavax.

In General

While Novavax does not wish to infringe on the personal lives of its employees, employees must not have personal activities or relationships, including commercial interests, that conflict or appear to conflict with the interests of the company. A conflict of interest develops any time an employee faces a choice between what is in his or her personal interest (financial or otherwise) and the interest of the company. Novavax expects that the interests of the company will take precedence over an employee's personal interests and that our employees will act only for the benefit of the company.

Examples of likely conflicts of interest include:

- unduly using your influence or position to cause Novavax to employ, engage in a business transaction or enter into a contract with your relatives (including your spouse, parents, grandparents, children, siblings, in-laws or life partner), friends, or a company in which you or your relatives or friends has, directly or indirectly, an interest;
- using material, non-public Novavax, vendor, customer, partner or competitor information for personal gain (including securities transactions based on such information);
- serving as a director or advisory board member of any current or likely competitor of Novavax, or accepting such positions with any organization or governmental agency with which we do or may do business;
- receiving or paying undisclosed fees, commissions or other payments from or to vendors, customers, partners, competitors or others seeking to do business with Novavax;
- making or accepting gifts, loans, meals, entertainment or services from or to vendors, customers, partners, competitors or others seeking to do business with Novavax that are not reasonable and of modest value (generally, not exceeding $100), or that do not support the legitimate business interests of the company;
- having outside employment that interferes with the employee's performance, ability to act in Novavax's best interests, or comply with company policies, or requires the employee to use confidential information or company assets, or otherwise creates a conflict or the appearance of impropriety;

- having more than a modest financial interest in Novavax's vendors, customers, partners or competitors, whether such entities are public or private; and

- competing, or preparing to compete, with the company while still employed by the company.

It is not possible to list all conflicts of interests and, therefore, employees should use the above list and accompanying discussion merely as a guide. Ultimately, it is the responsibility of each individual to avoid any situation that is or could appear to present a conflict of interest.

In particular, members of our Board of Directors have a special responsibility because of their duties to Novavax and our shareholders. Directors are expected to avoid any action, position or interest (including any personal activity, investment or association) that conflicts with an interest of the company, or gives the appearance of a conflict, and to avoid using their position, power, access to information or other advantage for their own personal benefit, whether to the detriment of Novavax or our constituents.

Novavax will annually solicit information from our directors in order to monitor potential conflicts of interest, and directors are expected to be mindful of their fiduciary duties, including the duty of loyalty, to the company. Directors must be especially aware of "interested insider transactions" – transactions in which the individual appears on both sides or with respect to which an individual expects to derive a personal benefit, distinct from any benefit that would be derived by Novavax or our shareholders. In addition, an insider may be deemed interested where he or she is controlled by, or obligated or related to, persons or entities that have a material personal financial interest in a particular transaction. If a director has a personal interest in a matter before the Board of Directors, the director must disclose the interest to the Board, excuse himself or herself from participation in the discussion, and abstain from voting on the matter.

Directors and executive officers must also be mindful of certain "related party" transactions and relationships – our Audit Committee (or other independent body of our Board) will be responsible for approving all transactions or business relationships involving Novavax and any director or executive officer, including any indebtedness of such individuals to the company and transactions between Novavax and either the director or officer personally, members of their immediate families, or entities in which they have an interest.

When faced with a situation involving an actual or potential conflict of interest, including interested insider transactions, directors, like all employees, are encouraged to seek advice from the company's Chief Executive Officer or Chief Financial Officer and refer to the company's policies on conflicts of interest and Avoidance of Insider Trading.

INTEGRITY

The proper implementation of this policy implies a continuing requirement that all employees make prompt disclosure to their direct supervisor, or Human Resources, of any fact or circumstance that may involve a conflict of interest. All potential conflicts of interest between Novavax and any employee, or an entity affiliated with an employee, must be disclosed and approved in advance by the company's Board of Directors or Audit Committee and, when approved by the Audit Committee, should be promptly disclosed to the entire Board of Directors. Waivers of conflicts of interests involving directors or officers require the approval of the Audit Committee. In the event that a waiver is granted, it will be disclosed by the company in accordance with law.

> ***Question:*** *My spouse's company is bidding on a contract with a subsidiary of Novavax. Although I select vendors for projects in my own business unit, I have no decision-making authority in the subsidiary where my spouse's company is competing on the bid. Do I need to report this?*
>
> ***Answer:*** *Yes. Even though you may not have direct control over the outcome of the bid, the fact that your spouse has connections to the company might give the appearance of a conflict of interest.*

Corporate Opportunities

Employees may not divert corporate opportunities to themselves. Generally, an opportunity will be deemed a corporate opportunity if it is in Novavax's line of business, is one that the company is financially able to take, is of present or potential advantage or unique value to Novavax, and is one in which the company has an interest or expectancy. More broadly, opportunities may be deemed corporate opportunities if issues of fairness dictate that Novavax, rather than an employee, should be given the opportunity.

You must disclose all potential corporate opportunities of which you are aware to the company first for evaluation, and may not take away from Novavax any opportunity for financial gain that you find out about because of your position at Novavax or through the use of company property or information. You are also prohibited from using company property, information or position for personal gain or competing with Novavax, as discussed elsewhere in this Code.

INTEGRITY

* * * * *

In general, if you have any questions or doubts as to whether any situation gives rise to a conflict of interest, you should consult with any of the resources provided on Page 5.

INTEGRITY

5. Confidential Information

Standard: We will maintain the confidentiality, privacy and security of information entrusted to us in accordance with legal and ethical obligations.

In General

Novavax expects all employees to respect and safeguard all confidential and proprietary information of the company. Confidential information is both sensitive and a valuable asset: you are expected to protect against its unauthorized use and disclosure. Examples of confidential information include but are not limited to:

- Financial information and projections
- Human resource information, including employee files and salary information
- Formulations and prototypes
- License and partnering agreements
- Regulatory plans
- Production processes and schedules
- Customer lists and information
- Business methods
- Strategic plans and budgets
- Planned business acquisitions or divestitures
- Advertising and marketing strategies
- Quality data
- Manufacturing processes, techniques and layouts
- Competitive information held by the company
- Market data
- R&D information, data, proposals & plans
- Product ideas
- Inventions & discoveries, whether patentable or not
- Pre-Clinical R&D information and data
- Clinical R&D protocols, information and data

All employees must exercise caution not to disclose, either intentionally or inadvertently, confidential information to third parties (including customers, competitors, contractors and suppliers) under any circumstances, unless it is a necessary part of your work responsibilities and the receiving party has a business need to know. If you have a need to share information with others outside of Novavax, you must secure the prior approval of your department head, as well as have a confidentiality agreement signed.

In particular, you should not discuss confidential information in public places such as elevators, hallways, restaurants, airplanes, taxis or any other place where they can be overheard. Be particularly careful when discussing confidential information on wireless technologies (e.g., cell phones, cordless phones or personal digital assistants) and when sending confidential information over the Internet, because it may be intercepted. Employees, especially R&D scientists, should guard against unintended disclosures of confidential information when talking to employees of other companies (i.e., in hallway conversations during scientific conferences). Employees should also endeavor not to read confidential documents in public places, discard such documents where others can retrieve them, or be careless with documents such as by leaving them unattended in conference rooms or at photocopy machines and printers. Keep your computer in a safe place and use a password to limit access to the information stored on it.

Only officials of Novavax with written authorization are permitted to respond to inquiries for company information from the media, the financial community, investors and others. Written authorization must be signed by the President & CEO. All employees are to promptly refer all such inquiries to the appropriate officials. For guidance, refer to the Disclosures section of this Code.

Every employee may only use such confidential information in furtherance of the company's business purposes. Employees will be asked to sign an employee proprietary information agreement as a condition of employment, although the non-disclosure and use obligations apply whether or not the agreement is executed.

If you have a question regarding whether certain information is confidential, material and/or has been adequately disclosed, you should contact the company's Chief Financial Officer and abstain from acting, including trading in Novavax's common stock or disclosing such information, until you have been informed that the information is not confidential or material, or has been appropriately disclosed.

Further, unintended disclosure of company confidential information by an employee should be immediately reviewed with your supervisor and the Chief Financial Officer to determine if further action is appropriate.

Employees should also remember that their obligation to protect the company's confidential information continues even after their employment with Novavax ends. Employees and former employees who improperly use or disclose confidential information will be subject to disciplinary action and legal action, even if they do not actually benefit from the disclosed information.

Third-Party Confidential Information

We are also often in receipt or possession of the confidential information of other parties, including our vendors, customers, business partners and competitors. Often this information is protected, and its use governed, by confidentiality agreements with those parties. **You must treat this information in the same way you treat Novavax's confidential information.**

Remember, however, that the above confidentiality provisions apply to all company vendor, customer, partner and competitor information, **whether or not** provided pursuant to the terms of a confidentiality agreement. In particular, the receipt of sensitive business or technical information from competitors carries significant risks, as the company's own internal development activities in such areas may be foreclosed. Inappropriate handling of sensitive information from competitors and other third parties can also lead to loss of trust and liability for damages. You therefore should refuse unsolicited third-party confidential information or, if inadvertently received, should return such information unopened to the third party or transfer it to the Chief Financial Officer for appropriate disposition.

6. Use of Company Assets

Standard: We will use company assets for the legitimate purposes of Novavax's business.

Novavax provides you with a place to work and with the tools to do your jobs. In return, you are expected to use these assets in a responsible and ethical manner, maintain them with the utmost care and respect, and guard them against waste and abuse. Company property includes:

- Office supplies, including telephones and cell phones
- Computers, including software and computer files
- Office and laboratory equipment
- Facilities
- Building access cards
- Confidential information
- Communications systems (including voicemail, e-mail, the Internet and the Novavax intranet)
- An employee's time at work and work-product

Every employee must use Novavax's property and assets for company business. Of course, occasional or incidental personal use is inevitable and acceptable – you are permitted to use Novavax assets for occasional personal use as long as your use:

- does not affect your job performance or disrupt others;
- is truly occasional in nature;
- does not result in any additional expense to Novavax;
- does not knowingly access or transmit material containing derogatory, racial, gender or religious comments, sexual content, offensive language, material which would negatively reflect upon Novavax or be likely to offend co-workers, or contents prohibited by law or regulation; and
- is not used to carry on any form of business activity outside of the course of your duties with Novavax - without Novavax approval.

Overall, employees need to demonstrate a sense of responsibility and not abuse the privilege.

Novavax also believes that every employee is responsible for appropriately securing all company property within his or her control to prevent its unauthorized use. You must not allow company property to be used to help carry out illegal or improper activities such as outside employment. Novavax requires a workplace free of harassment and strives to be sensitive to the diversity of its employees. Therefore, the company also prohibits the use of all computers and communication systems in ways that are disruptive, offensive to others, or harmful to morale. Email is intended as a business tool to provide rapid, efficient and economical communication and sharing of information and/or data, related to business situations. Email is not intended, for example, to conduct "arguments," attempt to disparage or degrade others, supply or pass along confidential information to those who do not have a business need to know, or display or transmit sexually explicit images, messages or cartoons. Other such misuse includes transmitting ethnic slurs, racial comments, off-color jokes, or anything that may be construed as harassment or showing disrespect for others, or attempting to access files for which an employee has not been authorized. Any suspected incident of improper use or operation, fraud or theft of Novavax property or assets should be reported immediately. Any employee found to be abusing the privilege of company-facilitated access to electronic media or services including, but not limited to, those outlined in this Code and the Employee Handbook, will be subject to disciplinary action, up to and including termination of employment.

Remember, your personal privacy on the company's communications systems is not protected and you should not expect it to be. Novavax reserves the right to access or monitor all of its communication systems (including computers). Remember, too, that all Internet data that is composed, transmitted, or received via our computer communications systems is considered to be part of the official records of Novavax and, as such, is subject to disclosure to law enforcement or other third parties.

When your employment with Novavax ends, it is your responsibility to return all company property to Novavax.

If you have specific questions regarding the use of company property, refer to the Company's Employee Handbook, which includes specific policies regarding Internet usage (Policy # 510), chat rooms (Policy # 509), software licensing (Policy # 509), and company vehicles and equipment (Policy #505), among others.

> ***Question:*** *My co-worker uses company e-mail to arrange her social life. I think this is an inappropriate use of company assets but she disagrees. Who is right?*
>
> ***Answer:*** *It depends. If your friend occasionally uses e-mail to contact friends or schedule social events, this is not a violation of policy or an abuse of Novavax resources. However, if her use of e-mail for personal reasons is prolonged and affecting her productivity, it is inappropriate and she should stop.*

INTEGRITY

7. Inventions and Intellectual Property

Standard: We will constantly seek to create innovations in our business and notify Novavax when we may have developed something new.

One of Novavax's most valuable assets is its intellectual property – patents, trade secrets, trademarks, copyrights and other proprietary information. It is Novavax's policy to establish, protect, maintain and defend its rights in all commercially significant intellectual property and to use those rights in responsible ways. All employees must take steps to safeguard these assets.

Intellectual property rights consist of the following:

- Patents – protect inventions by permitting inventors to exclude or prevent others from making, using or selling their inventions. Employees should report the unauthorized use of the company's patents and notify the company if they have an invention that needs patent protection.
- Copyrights – protect works of original authorship such as articles, drawings, photographs, video, music, audiotapes and software. Generally, copyrights prohibit others from copying or downloading the works without consent. Employees should ensure that other parties' use of Novavax's copyrights is only pursuant to the proper authorization.
- Trademarks and service marks – protect words, names and symbols that help consumers recognize a product or service and distinguish it from those of competitors. The use of Novavax's trademarks and service marks must be properly authorized or licensed.
- Trade secrets – include valuable information that creates a competitive advantage for Novavax by being kept confidential. Examples include information about customers, research and development data, and financial, planning, marketing or strategic information. Employees should treat trade secrets as confidential information and safeguard them from unauthorized disclosure or use.

Novavax respects the intellectual property rights of others. Unauthorized use of the intellectual property rights of others may expose Novavax to civil lawsuits and damages. Therefore, do not use the patents, copyrights, trademarks, trade secrets or other intellectual property of third parties without first ensuring that Novavax has obtained permission to do so, whether pursuant to a license or otherwise.

Ideas, inventions, discoveries and improvements conceived, created, developed or reduced to practice in the course of your employment or association with Novavax are the property of Novavax. If you believe that you have created something new, you have an obligation to notify the company.

8. Avoidance of Insider Trading

Standard: We will not trade Novavax shares when in possession of material non-public information.

Novavax is proud when our employees choose to invest in the company. Personal investment is an effective way to align the interests of employees with the interests of our shareholders.

When buying or selling company shares, all employees, directors, officers and other "insiders" should be mindful of the legal and policy limitations on trading. Set forth below is a brief summary of the legal requirements and company policies with respect to insider trading. For more detailed information regarding our insider trading policies, see our policy on **Avoidance of Insider Trading (Policy # 115).**

What Are the Limitations on Trading?

Applicable law and company policy forbid employees from both trading in company securities while aware of, and disclosing or "tipping", material non-public information about the company. These regulations apply not only to employees, officers and directors but also agents of Novavax, internal and external consultants to the company, family members, and any outsiders who are designated as "insiders" because they have access to material non-public information concerning Novavax, as well as any person who has satisfied the definition of "insider" for the six months preceding any subject transaction.

These insider trading restrictions also may apply to the shares of companies negotiating, competing, doing business or seeking to do business with Novavax about which you may have material non-public information. In addition to raising ethical considerations, any such trading subjects the users to legal risks, including civil and criminal penalties. It could also prove embarrassing and harmful to Novavax.

This policy applies to all transactions (including, without limitation, any purchase, sale or other disposition) by "insiders" – defined below – and those tipped by insiders and others. Transactions that may be necessary or justifiable for independent reasons, such as the need to raise money for an emergency expenditure, are no exception. Even the appearance of an improper transaction must be avoided to protect the company's reputation for adhering to the highest standards of conduct.

What is "Material Non-Public Information"?

Information is "material" if it would be expected to affect the investment or voting decisions of the reasonable shareholder, or if disclosure of the information would be expected to significantly alter the total mix of information in the marketplace about Novavax. The "materiality" of the information must be viewed in light of the impact the information could have on the company as a whole. While it may be difficult under this definition to determine whether any particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information include, but are not limited to:

- financial results for the quarter or year
- financial forecasts and budgets
- possible mergers, acquisitions, joint ventures or business development transactions
- gain or loss of a substantial customer, supplier or contract
- major financing developments
- major personnel changes
- major patent or product developments
- major litigation developments
- information and results regarding pre-clinical & clinical trials
- inventions & discoveries, whether patentable or not

Either positive or negative information may be material. Information that is likely to affect the price of securities is almost always material.

Information is considered to be non-public unless it has been effectively disclosed to the public by widespread dissemination through major newswire services, national news services and financial news services, or public filings with the SEC and Novavax press releases. A speech to a small audience, a television or radio appearance, or publication of an article in a limited circulation magazine do not constitute effective disclosure.

For information to be considered public, it must not only be disclosed publicly, but adequate time must have passed for the market as a whole to assess the information. For the purposes of company policy, information is not considered public until twenty-four (24) hours after Novavax discloses it. If material non-public information is inadvertently disclosed by any Novavax insider, no matter what the circumstances, the person making or discovering such disclosure should immediately report the facts of such disclosure to the company's Chief Financial Officer.

Additional Requirements for "Insiders"

An "insider" is a person who possesses, or has access to, material information concerning Novavax that is non-public. The people who are most likely to be in receipt of "material non-public information" and therefore constitute insiders, include members of Novavax's board of directors, our executive officers and certain other corporate employees; all insiders are required to comply with the Code and the company's policy on **Avoidance of Insider Trading**. In essence, the policy prohibits the trading of Novavax shares during those periods of time where "material non-public information" is most likely to be circulating.

Remember, a person can be an insider for a limited time, even though he or she is not an officer or director, because the person possesses or has access to material non-public information. For example, an advisor to Novavax who knows that a large contract has just been received or that an acquisition is about to occur may be an insider with respect to such information until the news has been fully disclosed to the public.

If you have any questions at all about the trading of Novavax shares, please contact the company's Chief Financial Officer, who has been designated as Novavax's insider trading compliance official with respect to its policy on Avoidance of Insider Trading and as a matter of corporate policy announces the opening and closing of the trading window of Novavax shares.

Question: *What if an insider has material non-public information about Novavax?*

Answer: *When any Novavax insider knows material information about the company that has not been made public, they are prohibited from three activities:*

- *trading in Novavax's securities for their own account or for the account of another (including any trust of which they are a trustee);*
- *having anyone else trade for them in Novavax's securities; and*
- *disclosing the information to anyone else who might then trade or in turn "tip" another person who trades.*

Neither the insiders nor anyone acting on their behalf nor anyone who learns the information from them can trade. This prohibition continues whenever and for as long as the information continues to be material and non-public, and applies to all securities, not just to securities of Novavax but also to those of other companies with which we are involved.

INTEGRITY

9. Political and Government Activities

Standard: We will not seek to influence any political or governmental process in an inappropriate manner.

Political Activities

Novavax encourages employees to be involved personally in political affairs by voting, volunteering time or contributing money to candidates of your own choosing. These decisions and choices are personal and so any donation of time, money or other resources must also be personal and in no way affiliated with Novavax. Do not give the impression that you are speaking on behalf or representing Novavax while personally involved in the political process.

Volunteer work for political campaigns must not be done on company time, and Novavax funds or assets must not be contributed to any political party, candidate or campaign except in compliance with law. Similarly, Novavax's name may not be used in conjunction with any political issue.

Government Relations and Lobbying

Novavax will deal with all government agencies in a direct, open and honest manner.

Any contact with government personnel for the purpose of influencing legislation or rule-making, including such activity in connection with marketing or procurement matters, is considered lobbying. Some laws also define lobbying even more broadly to include our normal marketing activities. If your job responsibility is to lobby in behalf of Novavax, you are responsible for knowing and adhering to all the relevant lobbying laws and associated gift laws, if applicable, and for compliance with all reporting requirements.

You must obtain the prior written approval from the President & CEO to lobby or authorize anyone else (for example, a consultant or agent) to lobby on Novavax's behalf, except when lobbying involves only normal marketing activities and not influencing legislation or rule-making. A copy of this written approval must be forwarded to the Chief Financial Officer and outside Counsel.

10. Personal Conduct

Standard: We will show genuine concern and respect for other people and treat one another with understanding and appreciation.

Novavax believes that our business success is directly related to our philosophy of ensuring that everyone with whom we interact is treated with respect. We have an ongoing goal to provide a work environment that is free from discrimination and where all employees are provided with the opportunity to realize their fullest potential.

Novavax also believes that equality of opportunity and fairness of treatment for all individuals are basic human values. In commitment to that belief, Novavax stresses its fundamental value of "respect the individual," which entails treating people as individuals with the same understanding and appreciation that we seek for ourselves. We value the diversity of our employees and encourage their diversity of thoughts, ideas and opinions. **As a Novavax employee, you should each treat people the way that you want to be treated.**

To assist us in creating a great work environment, we have adopted a number of human resources policies, some of which are outlined below. To obtain a copy of any of these policies, ask a question, or voice a concern about discrimination in the workplace, please contact a member of our Human Resources department.

Equal Employment Opportunity

In order to provide equal employment and advancement opportunities to all individuals, employment decisions at Novavax will be based on merit, qualifications, and abilities. We conduct business with respect for all people and provide equal employment opportunities without regard to differences or similarities.

No Discrimination

Novavax does not discriminate on the basis of race, color, national origin, political or religious affiliation, sex, sexual orientation, age, marital status, family relationship, disability, or any other characteristic protected by law.

No Harassment

Sexual and other types of harassment are a form of discrimination prohibited by law and Novavax's policies. Any appearance or intent to commit sexual or other harassment in the workplace, whether physical or verbal, committed by any manager, co-worker or third-party over whom we have control, such as vendors, clients or customers, is strictly prohibited. **Our policy also prohibits conduct that, although perhaps not unwelcome to the participants, creates an intimidating, hostile or offensive environment for others who observe the conduct. In addition, Novavax strictly prohibits reprisals or retaliation against anyone who raises a business practice, ethical or legal issue, files a complaint of harassment or cooperates in the investigation of such an issue.**

Disability Accommodations

Novavax is committed to complying with the Americans with Disabilities Act and other applicable laws, and ensuring equal opportunity in employment for qualified persons with disabilities. All employment practices and activities are conducted on a non-discriminatory basis. We will make reasonable accommodations for qualified individuals with known disabilities unless doing so would result in a hardship for Novavax.

Question: *A member of my team often makes disparaging remarks about other team members, in particular one who suffers from a physical disability. She does not believe this it is a problem because she never makes the remarks in the person's presence, but I have to work with her on a daily basis and I find it offensive. What should I do?*

Answer: *Every member of your team deserves respect. The preferred course of action is to clearly tell the co-worker that you find the remarks offensive and ask her to stop. Novavax considers such remarks inappropriate for our professional work environment. If she does not cease the conduct, you can ask a member of management to take appropriate action.*

Safe Workplace

Every employee is responsible for, and shares in the benefits of, a safe and healthy workplace. You have an obligation to follow the rules of conduct and practices regarding a safe and healthy work environment.

All employees, including supervisors and temporary employees, should be treated with courtesy and respect at all times. Employees are expected to refrain from fighting, "horseplay," or other conduct that may be dangerous to others. Firearms, explosives, and other dangerous, hazardous or illegal devices and substances are prohibited on the premises of Novavax.

RESPECT

Conduct by a Novavax employee that threatens, intimidates, or coerces another will not be tolerated. This prohibition includes all acts of harassment, including harassment that is based on an individual's sex, race, age, or any characteristic protected by law.

All threats of (or actual) violence, both direct and indirect, should be reported as soon as possible to your immediate supervisor or any other member of management. This includes threats by employees, as well as threats by customers, vendors, solicitors, or other members of the public. In addition, only authorized visitors are allowed in the workplace and solicitation is prohibited – all suspicious individuals or activities on or near the workplace should be reported as soon as possible. Do not place yourself in peril. If you see or hear a commotion or disturbance near your workstation, do not try to intercede or see what is happening.

Novavax will promptly and thoroughly investigate all reports of threats of (or actual) violence and of suspicious individuals or activities. Anyone determined to be responsible for actual or threatened violence or other conduct that is in violation of these guidelines will be subject to prompt disciplinary action, up to and including termination.

* * * * *

For further discussion with respect to employee conduct and work rules, including our policies regarding drug and alcohol use, sexual and other unlawful harassment and employee conduct, refer to Novavax's **Employee Handbook**.

11. Fair Competition

Standard: We will uphold the ideals of free and competitive enterprise.

Novavax expects openness, honesty and courtesy from all employees in their business dealings. Every employee must act ethically and with respect for others, and endeavor to deal fairly and honestly with the company's customers, vendors, partners and competitors.

Each employee is also responsible for creating and sustaining a pleasant, secure and productive working environment. No employee should take unfair advantage of anyone through manipulation, concealment, abuse or disclosure of privileged information, misrepresentation or any other unfair dealing practice.

Novavax also abides by and adheres to fair competition standards that are a matter of law in virtually every jurisdiction in which we conduct business. Novavax expects employees to act in accordance with such standards, which include compliance with:

- all antitrust rules and regulations, including rules against agreements or understandings between Novavax and its competitors that affect the process, terms or conditions of sale;
- prohibitions against unfair methods of competition and unfair and deceptive acts or practices in commerce;
- all foreign corrupt practices laws, including those making illegal any offer, payment, promise to pay or authorization to pay any money, gift or anything of value to foreign officials, political parties or candidates for improper purposes; and
- laws governing trade, boycotts, customs, embargoes and export controls.

These standards mean that, among other things, you may not:

- agree with a competitor to fix prices or share pricing information;
- illegally favor one customer over another; or
- attend trade association meetings held for improper purposes, such as to discuss setting prices or allocating markets or territories among competitors.

Question: *If I do not talk about specific price levels, can I agree with a competitor not to engage in a price war?*

Answer: *No. Any agreement between competitors that directly relates to the prices they charge is a violation of fair competition laws, regardless of whether specific prices are a part of the agreement.*

Sales and Marketing Practices

Standard: We will conduct sales and marketing activities in accordance with Novavax's Core Values, policies and the law.

Every employee must preserve Novavax's reputation as a leading company whose products and services are desired for their quality and value and whose people are respected for their integrity and high performance. The long-term success of Novavax and each of us depends on our ability to build long-term trusting relationships with our customers.

When communicating with customers or potential customers you should always honestly and accurately describe the features of Novavax's products and services. All literature and public statements must be true and you may not misstate facts or create misleading impressions. Also, you must not unfairly criticize or denigrate a competitor's products or services. You must only use another party's confidential information for the purposes that the information was provided to us and even then only with their consent. Importantly, all safety and adverse events should be reported to the company in a timely manner so that the company can remain in compliance with all FDA guidelines.

Stricter and more specific rules generally apply when Novavax is doing business with governmental agencies and officials. There are many laws and specific agency regulations governing our relationships with local, state and federal governments. Those of you who work with governmental officials at any level must ensure that you understand and follow the laws, regulations and policies that apply to those relationships.

Because of the sensitive nature of these relationships, you should also always talk to your supervisor or manager before offering gifts or incentives of any nature to any government or other public sector employees. In particular, no employee may offer, make or authorize any payment of money or anything of value, directly or indirectly, to:

- illegally influence the judgment or conduct, or ensure a desired outcome or action, of any individual, customer, company or company representative;

- win or retain business, or influence any act or decision of any government official, political party, candidate for political office or official of a public or international organization; or
- gain an improper advantage.

Competitive Information

Standard: We will not collect information on our competitors through inappropriate means.

In any competitive business, information is valuable and it is useful to us to learn more about our competitors, vendors and customers. However, we must be ethical about how we acquire that information and must not improperly seek information about our competitors or their products and services.

When collecting information, our actions must be honest and fair and within the law. Do not request or use information that violates laws regulating:

- fair competition,
- antitrust policies,
- proprietary information and data, and
- confidential relationships between employees and employers.

Examples of appropriate sources of competitive information include:

- tradeshows and medical conferences
- literature searches
- discussions with customers
- competitive brochures and other widely distributed information
- market data

12. Environment, Health and Safety

Standard: We will operate our business in a safe and healthy manner, we will respect the environment, and we will use our natural resources responsibly.

As embodied in our Core Values, Novavax believes that the continued protection of our personnel and the implementation of sound environmental practices are crucial to accomplishing our strategic goals.

In support of these beliefs Novavax strives to:

- provide and maintain facilities and operations where health and safety are promoted and hazards are controlled.
- manage facilities and operations such that their potential impacts on the environment are controlled and minimized.
- comply with applicable environmental, health and safety legal requirements.
- provide environmental, health and safety training and education for all Novavax employees as appropriate.

Sound environmental, health and safety management and performance are the responsibility of everyone at Novavax. Individually and collectively we should work together to build programs and to achieve performance in environmental, health and safety matters that serve as a positive example for other organizations.

Remember, promptly report any environmental issues or violations of environmental, health and safety rules, regulations and practices, and report accidents, injuries and unsafe equipment, practices or conditions, to your supervisor, facility safety officer or the company's Human Resources department.

13. Compliance with Laws

Standard: We will comply with all applicable laws and regulations in the jurisdictions in which we operate.

Obeying the law, both in letter and spirit, is one of the foundations on which the company's ethical standards are built. All employees must respect and obey the laws, rules and regulations of the jurisdictions in which the company operates. Although not all employees are expected to know the details of these laws, it is important to know enough to determine when to seek advice from supervisors, Human Resources, or a member of the executive management team.

Failure to comply with applicable laws, rules and regulations, as well as our legal and ethical standards, can have severe consequences for both the individuals involved and the company, including damaging Novavax's name, trade and customer relationships, market value and business opportunities. It is our policy to prevent the occurrence of both illegal and unethical behavior, to halt any such behavior that may occur as soon as reasonably practicable after its discovery, and to discipline those who engage in such behavior, including those individuals who fail to exercise appropriate supervision and oversight, thereby permitting such behavior by their subordinates to go undetected.

Violations can subject the perpetrators to prosecution, fines and/or imprisonment. Novavax also may be subject to prosecution, fines and other penalties, including criminal penalties. Employees also could be subject to discipline at work, including termination of employment.

For information on how to report suspect activity or violations, see "What You Can Do If You Have A Concern About Business Practices" on page 5.

14. Accuracy of Books, Records and Accounts

Standard: We will reflect our business accurately in our records.

As a publicly traded company, all employees have a responsibility to ensure that the Company provides the investing public with information that reflects the Company's business transactions. Therefore, all of our public disclosures that are filed with government agencies or communicated to the public must be complete, fair, accurate, timely and understandable. In addition, they must be prepared, reported and maintained in accordance with all applicable laws and accounting standards. This obligation applies to all employees, including all executives, with any responsibility for preparing such reports, including drafting, reviewing, and signing or certifying the information they contain. The Company must communicate to the extent required by government agencies about its operations, without compromising proprietary and confidential information.

You may be called upon to provide information to finance, members of management and/or the company's financial auditors or consultants to ensure that the company's financial reports are accurate, complete and reliable. Novavax expects that all employees will take this responsibility seriously and provide prompt and accurate answers to inquiries related to our public reports and disclosure documents.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Management is responsible for assessing the effectiveness of our internal control over financial reporting. In making this assessment, management uses the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*. Management is responsible for developing and maintaining corporate financial policies and procedures to support its internal control environment. All employees must comply with corporate financial policies.

Additionally, management bears responsibility for promoting integrity throughout the company, with responsibilities to stakeholders both inside and outside Novavax. Management has a responsibility to adhere to these policies and procedures themselves and to ensure that a culture exists throughout Novavax as a whole that ensures the fair and timely reporting of the company's financial results and condition and maintains adequate internal control over financial reporting

The Executive Committee, which includes the Chief Executive Officer and the Chief Financial Officer, along with all members of the company's finance department are bound by the following financial code of ethics, and by accepting the Code, each agrees that he or she will:

- provide information in accordance with generally accepted accounting principles (GAAP) that is accurate, complete, reliable, objective, relevant and timely for data and disclosures in reports and documents that Novavax files with, or submits to, government and regulatory authorities, internal management review and in other public communications;

- to the best of your knowledge, conduct business in compliance with the laws, rules and regulations of applicable governments, and other appropriate private and public regulatory agencies;
- act in good faith, responsibly, with due care, competence and diligence, and without allowing one's independent judgment to be subordinated in the execution of their financial duties;
- respect the confidentiality of information acquired in the course of one's work except when authorized or otherwise legally obligated to disclose, and do not use confidential information for personal advantage;
- To the extent estimates and accruals are necessary in company reports and records, they must be based on good faith judgment and supported by appropriate documentation.
- never falsify any document, distort the true nature of any transaction or manipulate financial accounts, records or reports, whether that of Novavax, a customer, a partner or other third-party;
- include supporting documentation for all transactions;
- cooperate with any investigations or inquiries into the accuracy and timeliness of financial records;
- promptly report to the Chief Financial Officer or Chairperson of the Audit Committee any material information of which he or she may become aware that affects the disclosures made by the company in our public filings, or that concerns either deficiencies in the design or operation of internal control which could adversely affect Novavax's ability to record, process, summarize and report financial data, material weaknesses in internal controls, or fraud, whether or not material, that involves management or other employees who have a significant role in the company's financial reporting, disclosures or internal controls; and
- promptly report to the Chairperson of the Audit Committee of the Board of Directors (in the case of the Chief Executive Officer or the Chief Financial Officer) or to your supervisor (in the case of other employees with financial reporting responsibilities) any activity that the individual believes to be a violation of law, business ethics or of any provisions of this Code, including any transaction or relationship that reasonably could be expected to give rise to a conflict of interest.

EXCELLENCE

Violations of laws associated with accounting and financial reporting will result in disciplinary action including, but not limited to, reprimands, warnings, probation or suspension without pay, demotions, reductions in salary, discharge and restitution. Certain violations of this Code may require the Company to refer the matter to the appropriate governmental or regulatory authorities for investigation or prosecution. Moreover, any supervisor who directs or approves of any conduct in violation of this Code, or who has knowledge of such conduct and does not immediately report it, also will be subject to disciplinary action, up to and including discharge.**If you become aware of any action related to accounting or financial reporting that you believe may be improper, you must immediately tell the company (see page 6).** This can be done through any of the channels identified in this Code.

Question: *I do not have the time to check all of the invoices and expense reports that come across my desk. Surely, it is the responsibility of the individual who prepared them or the employee who submitted them to me to make sure that they are correct. Am I right in my assumption?*

Answer: *No. Accurate records are everyone's responsibility. If you are approving an invoice or expense report, you are responsible for its accuracy.*

15. Disclosure Policies And Communication With Outside Parties

Standard: We will protect the company's reputation by allowing the company's designated individuals to deal with inquiries from analysts, the media and current or potential investors.

The Media and Investment Community

What is said or written about the company obviously has an impact on Novavax's reputation. We place great importance on maintaining effective relationships with the news media, analysts and investment community. To be consistent with our beliefs, we try to maintain the company's credibility by providing information to our audiences in accordance with disclosure policies and in a timely, accurate and non-discriminating manner.

As such, all communications with the news media and members of the investment community, including analysts and investment bankers, should be handled or coordinated by the company's Investor Relations department, our President & CEO or Chief Financial Officer (CFO).

Questions about legal matters should be referred to the Chief Financial Officer; questions about employees or former employees, including requests for references and related personnel information, should be referred to a member of our Human Resources department.

Question: *I received a call from a reporter who is looking for information that is within the scope of my job. What should I do?*

Answer: *The prudent course of action in this case is to redirect the reporter to the company's Investor Relations department, CEO or CFO.*

Our Investors

We are required under U.S. federal securities laws to provide our shareholders and the public with periodic disclosure regarding our business and financial condition (such as quarterly and annual reports and materials for our annual stockholders meeting). We provide additional disclosures through our quarterly earnings calls and press releases. All Novavax employees who participate in the preparation or dissemination of these disclosures, or who provide information that they know may be used in the preparation of these disclosures, have a legal and ethical duty to ensure that the content of the disclosures is accurate, complete and timely.

We have developed disclosure controls and procedures that are designed to ensure that all public disclosures are accurate, complete and timely. If you become aware that our public disclosures are not accurate, complete and timely, or become aware of a transaction or development you believe may require disclosure, you should report the matter immediately to your supervisor or manager, our Chief Financial Officer or the appropriate Compliance Official.

16. Administration of this Code

Distribution, Availability and Revisions

All Novavax employees will receive a copy of this Code at the time they join the company and will receive periodic updates.

A copy of this Code will be made publicly available in compliance with law and is available on the company's Internet and intranet sites.

Approvals and Waivers

As described in this Code, certain persons at the company must review and approve in writing any circumstance requiring special permission. Copies of these approvals will be maintained by the company and made available to auditors or investigators.

Waivers of any provision of this Code for directors and executive officers must be approved by our Audit Committee and will be disclosed promptly in accordance with law.

Given the important position of trust and authority that they occupy, our Chief Executive Officer and Chief Financial Officer (collectively, the "Financial Executives") should act extremely cautiously in interpreting and applying this Code. Financial Executives should consult with the Chairperson of the Audit Committee with respect to any proposed actions or arrangements that are not clearly consistent with the Code. In the event that a Financial Executive wishes to engage in a proposed action or arrangement that is not consistent with the Code, the Financial Executive must obtain a waiver of the relevant Code provisions in advance from our Audit Committee.

The Sarbanes-Oxley Act of 2002 imposes certain reporting requirements on Novavax with respect to our Financial Executives' compliance with the Code. In accordance with these requirements, we will publicly report on a Current Report on Form 8-K any waivers of any provision of the Code granted by our Audit Committee to any Financial Executive. Violations of the Code by our Financial Executives may also be immediately reported on Form 8-K.

Signature and Acknowledgement

All employees must sign the Novavax Personal Pledge set forth at the end of this Code, confirming that they have read this Code and understand its provisions. Failure to read the Code or to sign the pledge, however, does not excuse an employee from the duty to comply with its terms.

This Code may be revised, changed or amended at any time by our Board of Directors. Following any material revisions or updates, an updated version of this Code will be distributed to you, and will supersede the prior version of the Code effective upon distribution. We may ask you to sign an acknowledgement confirming that you have read and understood the revised version of the Code and that you agree to comply with its provisions.

Ongoing Review of Compliance

We require all Novavax employees, officers and directors to comply with this Code. As noted above, upon your receipt of this Code, and also from time to time as we deem to be necessary, we will require you to sign an acknowledgement confirming that you have read and understood the Code and agree to comply with its provisions. We reserve the right to monitor your continuing compliance with the provisions of this Code and to investigate any suspected violations. If substantiated, these violations could result in disciplinary action, as described more fully in the following sections.

Investigations and Disciplinary Actions

Novavax expects that its employees will bring to the attention of their supervisors or one of our Compliance Officials (or any people that such officers designate) information about suspected violations of this Code. If you have information about suspected improper accounting or auditing matters, or have information about suspected violations of this Code involving any of our Compliance Officers, you may also bring such information to the attention of a member of our Audit Committee. To contact our Audit Committee or to submit a report to them, please contact our Chief Financial Officer or Michael McManus, Chairperson of our Audit Committee, who will make sure that your information is conveyed to the Audit Committee.

If you are not comfortable revealing your identity when making a report, you can also make an anonymous report as discussed in the "What You Can Do If You Have A Concern About Business Practices" section of this Code (see page 5).

You should feel safe in reporting this information, without regard to the identity or position of the suspected offender. Complaints and requests for information will be handled promptly, discreetly and professionally. Discussions and inquiries will be kept in strict confidence to the extent appropriate or permitted by policy or law. If the employee desires, he or she can be informed of any follow-up action implemented by the company.

Novavax will not take, and will not permit others under our control to take, any acts of retribution or retaliation against you for making a report.

Retaliation in any form against anyone who reports a violation of this Code (even if the report is mistaken but was submitted in the good faith belief it was correct) or who assists in the investigation of a reported violation is itself a serious violation of this Code. Acts of retaliation should be reported immediately and may result in severe disciplinary action.

Because failure to report criminal activity can itself be understood to condone the crime, we emphasize the importance of reporting. For both criminal activity and other violations of this Code, failure to report knowledge of wrongdoing may result in disciplinary action against those who fail to report.

Investigations will be conducted by and under the supervision of Novavax's Chief Executive Officer, Vice President, Human Resources or the Chairman of the Audit Committee depending on the issue, as they deem appropriate. It is imperative that employees who make reports and persons to whom such reports are made do not conduct their own preliminary investigations unless authorized to do so by our President & CEO. You are expected to cooperate in the investigation of reported violations to the extent possible.

You should be aware that our CEOand CFOare legally obligated to act in the best interests of Novavax as a company. They do not act as lawyers or personal representatives for any individual Novavax employee, including members of our senior management team. Our Board of Directors has ultimate responsibility for final interpretation of this Code and for determining whether any violations of this Code have occurred.

Novavax will investigate any matter reported and may take appropriate corrective and disciplinary actions, if, in our good faith discretion, it is determined that a violation has occurred. Disciplinary actions may include, alone or in combination, a warning or letter of reprimand, demotion, loss of merit increase or bonus, suspension without pay or termination of employment. We may also seek civil remedies or refer criminal misconduct to law enforcement agencies.

Among other things, individuals may be disciplined for:

- committing, authorizing or directing an illegal act or violation of this Code.
- failing to exercise proper compliance oversight or tolerating illegal conduct, if acting as a supervisor.
- failing to report illegal or improper conduct of which he or she directly knows or observes.
- refusing to cooperate with an investigation, including deliberately withholding relevant information or knowingly providing false information concerning a violation of this Code or applicable laws and regulations.
- discouraging another individual from reporting a violation of law or this Code.

- retaliating against or condoning retaliation against an individual who reports a violation or assists in an investigation of a suspected violation.

Important Disclaimers

This Code reflects general principles to guide you in making ethical decisions and cannot, and is not intended to, address every specific situation in which we may find it appropriate to take disciplinary action. This Code is not intended to create any contract (express or implied) with you, including without limitation any employment contract, or to constitute any promise that your employment will not be terminated except for cause.

17. NOVAVAX PERSONAL PLEDGE

As an employee of Novavax or one of its subsidiaries, we all share the responsibility to maintain the company's reputation. Therefore, it is critical that all employees not only read and understand the company's Code of Business Conduct and Ethics but also formally acknowledge their commitment to abide by the Code. Accordingly, as a Novavax person I acknowledge:

- I have received a copy of Novavax's Code of Business Conduct and Ethics (the "Code");
- I have read, understand and will act consistent with the Code and any of its future revisions;
- If I have questions regarding the content or interpretation of the Code, I will bring them to the attention of my supervisor; and
- If I observe or suspect a violation of the Code or any business practice or legal or ethical standard, I will report it in accordance with this Code.

Employee Signature: _____ Date: _____

Employee Name: _____

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 16, 2010, with respect to the consolidated financial statements, schedule and internal control over financial reporting included in the Annual Report of Novavax, Inc. and subsidiary on Form 10-K for the year ended December 31, 2009. We hereby consent to the incorporation by reference of said report in the Registration Statements of Novavax, Inc. and subsidiary on Forms S-3 (No. 333-118210 effective August 13, 2004; No. 333-118181 effective August 12, 2004; and No. 333-22685 effective March 4, 1997) and on Forms S-8 (No. 333-145298 effective August 9, 2007; No. 33-80277 effective December 11, 1995; No. 33-80279 effective December 11, 1995; No. 333-130990 effective January 12, 2006; No. 333-110401 effective November 12, 2003; No. 333-97931 effective August 9, 2002; No. 333-46000 effective September 18, 2000 and No. 333-77611, effective May 3, 1999).

/s/ Grant Thornton LLP
Baltimore, Maryland
March 16, 2010

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Rahul Singhvi, certify that:

1. I have reviewed this Annual Report on Form 10-K of Novavax, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Rahul Singhvi
President and Chief Executive Officer

Date: March 16, 2010

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER

I, Frederick W. Driscoll, certify that:

1. I have reviewed this Annual Report on Form 10-K of Novavax, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Frederick W. Driscoll
Vice President, Chief Financial Officer and
Treasurer

Date: March 16, 2010

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 UNITED STATES C. §1350 (SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Annual Report of Novavax, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Rahul Singhvi, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the dates and periods covered by this Report.

By: /s/ Rahul Singhvi
Title: President and Chief Executive Officer

Date: March 16, 2010

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER PURSUANT TO 18 UNITED STATES C. §1350 (SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Annual Report of Novavax, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Frederick W. Driscoll, Vice President, Chief Financial Officer and Treasurer, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the dates and periods covered by this Report.

By: /s/ Frederick W. Driscoll
Vice President, Chief Financial Officer and Treasurer

Date: March 16, 2010