NOVAVAX

Creating Tomorrow's Vaccines Today

Annual Report 2017

To Our Shareholders

2017 was a highly productive and significant year for Novavax, with substantial progress made in our leading clinical programs for RSV and influenza. Most notably, in December 2017, we successfully completed an informational analysis of the ongoing Phase 3 Prepare™ clinical trial for our RSV F Vaccine for infants via maternal immunization. Based upon this analysis, we gained increased confidence in the potential success of the trial and in our plans to continue development of the program. We also executed on a Phase 1/2 clinical trial for our NanoFlu™ influenza vaccine, and announced the top-line results in February 2018, which highlighted the potential for our vaccine candidate to address key factors that cause current flu vaccines to have poor vaccine efficacy.

Additionally, in July 2017, we announced positive top-line data from our Phase 2 clinical trial of our RSV F Vaccine in older adults. In this trial, we assessed the safety and immunogenicity for two regimens of the RSV F Vaccine with and without our proprietary Matrix-M™ adjuvant. Data from this trial support inclusion of adjuvanted formulations of our RSV F Vaccine in future older adult trials.

These accomplishments are a testament to our entire team, our platform, and our continued commitment to the development of first-in-class vaccines to address some of the world's most prevalent and serious infectious diseases.

Global Prepare Phase 3 Trial of RSV F Vaccine for Infants via Maternal Immunization Remains Top Focus for 2018

RSV in infants remains a significant unmet medical need; it is the leading cause of hospitalization in the U.S., and globally, is second only to malaria as a cause of death in children under one year of age. We have calculated that, when taking into account both direct and indirect costs, the worldwide cost burden of RSV in newborns exceeds $5.6 billion. We expect our RSV vaccine to have potential global revenue of greater than $1.5 billion.

Our ongoing Prepare trial was significantly de-risked by the successful informational analysis I mentioned above. We have completed enrollment of over 4,500 participants in an unprecedented global clinical trial in pregnant women. This initiates the process for an interim efficacy analysis, which should be completed by the first quarter of 2019. Assuming positive results, we would then be in a position to file the very first Biologics License Application (BLA) for an RSV vaccine with the U.S. Food and Drug Administration (FDA) by early 2020.

We believe that this vaccine could have a significant impact on global health and become a standard of care for all pregnant women. We are proud that this trial continues to be supported by a grant of up to $89 million from The Bill & Melinda Gates Foundation, with the goal of reducing global infant mortality through an effective RSV vaccine.

Phase 1/2 NanoFlu Influenza Vaccine Clinical Trial Achieves Positive Top-Line Results

Our seasonal influenza nanoparticle program continues to produce compelling results. In February 2018, we announced positive top-line results from a Phase 1/2 clinical trial in older adults in which NanoFlu, which includes our proprietary Matrix-M™ adjuvant, was compared to the market-leading licensed egg-based, high-dose influenza vaccine for older adults (IIV3-HD).

Key findings from the clinical trial showed that NanoFlu induced significantly higher hemagglutination inhibition (HAI) antibody responses, the industry standard, and established a surrogate marker of protection against homologous A-type strains, as well as against historic and forward-drifted H3N2 strains. Data from the study further demonstrated that NanoFlu has the potential to address two primary confounding factors related to poor vaccine efficacy: virus drift and vaccine mutation resulting from egg-based manufacturing. These factors were evident in the 2017–2018 influenza season in the Northern Hemisphere, which became a serious public health epidemic, largely because of the H3N2 flu strain and the inability of current vaccines to provide adequate protection, particularly to older adults and other vulnerable populations.

We are incredibly encouraged by these results and look forward to the next major step in the program: a Phase 2 quadrivalent NanoFlu clinical trial, expected to begin in the third quarter of 2018.

2018 and Beyond

I would like to thank all of our dedicated employees, including our experienced management team and board of directors, who have worked diligently to accomplish key milestones in 2017 and early 2018, leaving us well-positioned for the remainder of 2018 and into 2019. I would also like to express my sincere gratitude for our shareholders' continued support. I look forward to providing continued updates on the progress of our key programs. We will continue to approach the future focused on creating value for our stakeholders and doing our best to make a positive difference in public health.

Stanley C. Erck
President and Chief Executive Officer

NOVAVAX
Creating Tomorrow's Vaccines Today

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Gaithersburg, MD 20878
T 240-268-2000
F 240-268-2100

www.novavax.com
Nasdaq: NVAX

April 30, 2018

Dear Novavax Stockholder:

You are cordially invited to our Annual Meeting of Stockholders on Thursday, June 14, 2018, beginning at 8:30 a.m., local time, at Novavax' offices located at 21 Firstfield Road, Gaithersburg, Maryland 20878. We are pleased to also provide a copy of our 2017 Annual Report to Stockholders with this proxy statement.

Your vote is important, and we hope you will be able to attend the Annual Meeting. You may vote over the Internet, by telephone, or, if you requested printed proxy materials, by mailing a proxy card or voting instruction form. Please review the instructions on each of your voting options described in this proxy statement. Also, please let us know if you plan to attend our Annual Meeting by marking the appropriate box on the proxy card, if you requested printed proxy materials, or, if you vote by telephone or over the Internet, by indicating your plans when prompted.

We look forward to seeing you there.

Very truly yours,

Stanley C. Erck
President and Chief Executive Officer

NOVAVAX, INC.
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON THURSDAY, JUNE 14, 2018

To the Stockholders of Novavax, Inc.:

NOTICE IS HEREBY GIVEN that the 2018 Annual Meeting of Stockholders (the "Annual Meeting") of Novavax, Inc., a Delaware corporation (the "Company," "Novavax," "we," or "us"), will be held on Thursday, June 14, 2018 at 8:30 a.m., local time, at the Company's offices located at 21 Firstfield Road, Gaithersburg, Maryland 20878, to consider and act upon the following matters:

1. To elect two directors as Class II directors to serve on the board of directors of the Company (the "Board"), each for a three-year term expiring at the 2021 Annual Meeting of Stockholders;
2. To consider and vote whether to approve, on an advisory basis, the compensation paid to our principal executive officer, principal financial officer, and three other most highly compensated individuals serving as executive officers on December 31, 2017 (collectively, the "Named Executive Officers");
3. To amend and restate the Novavax, Inc. Amended and Restated 2015 Stock Incentive Plan, as amended (the "2015 Stock Plan") to increase the number of shares of the Company's common stock, par value $0.01 (our "Common Stock"), available for issuance thereunder by 20,000,000 shares;
4. To amend and restate the Novavax, Inc. Amended and Restated 2013 Employee Stock Purchase Plan, (the "ESPP") to increase the number of shares of the Company's Common Stock available for issuance thereunder by 4,000,000 shares;
5. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018; and
6. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

The Board has fixed the close of business on April 18, 2018 (the "Record Date") as the record date for determining stockholders of the Company entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof.

The following Proxy Statement is included with the Company's Annual Report to Stockholders for the fiscal year ended December 31, 2017, which contains financial statements and other information of interest to stockholders.

By Order of the Board of Directors,

John A. Herrmann III
Senior Vice President, General Counsel and Corporate Secretary

Gaithersburg, Maryland
April 30, 2018

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE PROMPTLY VOTE OVER THE INTERNET OR BY TELEPHONE AS PER THE INSTRUCTIONS ON THE ENCLOSED PROXY OR COMPLETE, SIGN AND DATE THE ENCLOSED PROXY AND MAIL IT PROMPTLY IN THE ACCOMPANYING ENVELOPE. POSTAGE IS NOT NEEDED IF MAILED IN THE UNITED STATES.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE STOCKHOLDERS ANNUAL MEETING
TO BE HELD ON JUNE 14, 2018:

Notice of Annual Meeting, Proxy Statement, and Annual Report are available free of charge at *http://www.viewproxy.com/Novavax/2018*.

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Novavax, Inc.
20 Firstfield Road
Gaithersburg, Maryland 20878

PROXY STATEMENT
For the Annual Meeting of Stockholders
To Be Held on Thursday, June 14, 2018

INFORMATION CONCERNING THE ANNUAL MEETING

This Proxy Statement ("Proxy Statement") is being furnished to stockholders in connection with the solicitation of proxies by the Board for use at the 2018 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Thursday, June 14, 2018 at 8:30 a.m. local time at the Company's offices located at 21 Firstfield Road, Gaithersburg, Maryland 20878 and at any adjournments or postponements thereof. This Proxy Statement, the form of proxy, and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (the "Annual Report") are being made available via the Internet and, upon request, will be mailed to our stockholders on or about May 4, 2018.

Why am I receiving these materials?

The Company has made these proxy materials available to you on the Internet or, upon your request, has delivered print versions of these proxy materials to you by mail, in order to provide you with information regarding the matters on which you may vote at the Annual Meeting. You are invited to attend the Annual Meeting and are requested to vote on the proposals described in this Proxy Statement.

Can I access the materials on the Internet instead of receiving paper copies?

Yes, stockholders may access the Proxy Statement and the Annual Report via the Internet and vote online at www.AALVote.com/NVAX. On or about May 4, 2018, a Notice of Internet Availability of Proxy Materials (the "Notice") was mailed to stockholders of record as of the close of business on the Record Date. We are furnishing our proxy materials to our stockholders on the Internet in lieu of mailing a printed copy of our proxy materials. You will not receive a printed copy of our proxy materials unless you request one. If you would like to receive a printed or electronic copy of the proxy materials, free of charge, you should follow the instructions for requesting such materials in the Notice. The Notice instructs you as to how you may access and review on the Internet all of the important information contained in these proxy materials or request a printed copy of those materials. The Notice also instructs you as to how you may vote your proxy.

The Company encourages stockholders to take advantage of the availability of the proxy materials on the Internet to help reduce the environmental impact of printing and mailing annual meeting materials.

What is "householding" and how does it affect me?

The Company has adopted the process called "householding" for mailing annual meeting materials to stockholders who share the same address. Such stockholders will have received a notice from their bank, broker, or other holder of record, indicating that they will receive only one copy of this Proxy Statement and Annual Report.

If you own your shares through a bank, broker, or other holder of record and wish to either stop or begin householding, you may do so, or you may request a separate copy of this Proxy Statement and Annual Report, either by contacting your bank, broker, or other holder of record at the telephone number or address provided in the above referenced notice, or contacting Novavax by telephone at (240) 268-2000 or in writing to Novavax, Inc., 20 Firstfield Road, Gaithersburg, Maryland 20878, Attention: Corporate Secretary. If you request to begin or stop householding, you should provide your name, the name of your broker, bank, or other record holder, and your account information.

What is the purpose of the Annual Meeting?

At the Annual Meeting, stockholders will vote on the following matters:

- To elect two directors as Class II directors to serve on the Board, each for a three-year term expiring at the 2021 Annual Meeting of Stockholders;
- To approve, on an advisory basis, the compensation paid to our Named Executive Officers;
- To approve an amendment and restatement of the 2015 Stock Plan to increase the number of shares of the Company's Common Stock available for issuance thereunder by 20,000,000 shares;
- To approve an amendment and restatement of the ESPP to increase the number of shares of the Company's Common Stock available for issuance thereunder by 4,000,000 shares;
- To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018; and
- To transact such other business that may properly come before the Annual Meeting or any adjournments or postponements thereof.

In addition, management will report on the Company's performance during fiscal year 2017 and respond to questions from stockholders.

Who is entitled to vote?

The only class of stock of the Company entitled to vote at the Annual Meeting is its Common Stock. Only the record holders of shares of Common Stock at the close of business on the Record Date may vote at the Annual Meeting. On the Record Date, there were 381,637,388 shares of Common Stock outstanding and entitled to be voted. Each share entitles the holder to one vote on each of the matters to be voted upon at the Annual Meeting.

What is the quorum requirement for the Annual Meeting?

The presence in person or by proxy of the holders of a majority of the shares of Common Stock issued and outstanding on the Record Date and entitled to vote is required to constitute a quorum at the Annual Meeting. If a quorum is not present, the stockholders entitled to vote who are present in person or represented by proxy at the Annual Meeting have the power to adjourn the Annual Meeting until a quorum is present, without notice other than an announcement at the Annual Meeting, so long as such adjournment is less than 30 days and a new record date is not fixed. At any adjourned meeting at which a quorum is present, any business may be transacted that might have been transacted at the Annual Meeting as originally scheduled. Abstentions and broker non-votes will count in determining whether a quorum is present at the Annual Meeting. A broker non-vote occurs when a broker or other nominee who holds shares represented by a proxy has not received voting instructions with respect to a particular item and does not have discretionary authority to vote such shares on the item.

How do I vote?

You may vote using any of the following methods:

- **Proxy card or voting instruction card**. You may vote by filling out the proxy card or voting instruction form (if received by mail) and returning it in the envelope provided.
- **Telephone or the Internet**. You may vote by calling 1-866-804-9616 or visiting the website *www.AALVote.com/NVAX*. The telephone and Internet voting procedures established by the Company for stockholders are designed to authenticate your identity, to allow you to give your voting instructions and to confirm that these instructions have been properly recorded. The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank, or nominee. Therefore, we recommend that you follow the voting instructions in the materials you receive.

- **In person at the Annual Meeting**. All stockholders may vote in person at the Annual Meeting. You may also be represented by another person at the Annual Meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank, or nominee and present it to the inspector of election with your ballot when you vote at the meeting.

How can I attend the Annual Meeting?

To attend the Annual Meeting, you must demonstrate that you were a Novavax stockholder as of the close of business on April 18, 2018 or hold a valid proxy for the Annual Meeting from such a stockholder. If you received a Notice of Internet Availability of Proxy Materials, the Notice will serve as an admission ticket to attend the Annual Meeting. If you received a paper copy of the proxy materials in the mail, the proxy card includes an admission ticket to attend the Annual Meeting. You may alternatively present a brokerage statement showing proof of your ownership of Novavax common stock as of April 18, 2018. All stockholders must also present a valid form of government-issued picture identification in order to attend. If you do not provide photo identification or comply with the other procedures outlined above, you will not be admitted to the Annual Meeting. Please allow additional time for these procedures.

What is the difference between a stockholder of record and a beneficial owner of shares held in street name?

Stockholder of Record. If your shares are registered directly in your name with the Company's transfer agent, Computershare, Inc., you are considered the stockholder of record with respect to those shares, and the proxy materials were sent directly to you by the Company.

Beneficial Owner of Shares Held in Street Name. If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the "beneficial owner" of shares held in "street name." As a beneficial owner, you have the right to instruct your broker, bank, trustee, or nominee how to vote your shares.

How does discretionary voting authority apply?

All properly executed proxies will be voted in accordance with the instructions of the stockholder. If you are a stockholder of record and you sign and return a proxy card without giving specific instructions, then the persons named as proxy holders, Stanley C. Erck and John A. Herrmann III, will vote your shares in the manner recommended by the Board on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting, including any floor proposals.

Broker non-votes occur when a beneficial owner of shares held in street name does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed "non-routine." Generally, if shares are held in street name, the beneficial owner of the shares is entitled to give voting instructions to the broker or nominee holding the shares. If the beneficial owner does not provide voting instructions, the broker or nominee can still vote the shares with respect to matters that are considered to be "routine," but not with respect to "non-routine" matters. Under the rules and interpretations of the Nasdaq and the New York Stock Exchange, which generally govern this issue regardless of the exchange on which the company is listed, "non-routine" matters are matters that may substantially affect the rights or privileges of stockholders, such as mergers, stockholder proposals, equity compensation matters, and the election of directors, even if they are not contested.

Most brokers are permitted to vote your shares only with respect to the ratification of the appointment of Ernst & Young LLP as the Company's independent auditor for the year ending December 31, 2018, even if they do not receive instructions from you in a timely manner, so long as they hold your shares in their name and have requested your instructions. Brokers do not have authority, discretionary or otherwise, to vote your shares for the election of directors, the approval, on an advisory basis, of the compensation paid to our Named Executive Officers, or the approval of the amendment to the Company's 2015 Stock Plan unless they receive proper instructions to do so from you in a timely manner.

In order to minimize the number of broker non-votes, the Company encourages you to vote or to provide voting instructions with respect to each proposal to the organization that holds your shares by carefully following the instructions provided in the proxy card or voting instruction form.

What are the Board's recommendations?

Proposal	Board Recommendation
No. 1 — Election of Directors	For all nominees
No. 2 — The approval, on an advisory basis, of the compensation paid to our Named Executive Officers	For
No. 3 — Amendment and Restatement of the 2015 Stock Plan	For
No. 4 — Amendment and Restatement of the ESPP	For
No. 5 — Ratification of Ernst & Young LLP as Independent Auditors for 2018	For

What is the voting requirement to approve each of the proposals?

Proposal	Vote Required	Broker Non-Votes Allowed	Abstentions	You May Vote
No. 1 — Election of Directors	Plurality of Votes Cast	No	No Effect	FOR or WITHHOLD
No. 2 — Say-on-Pay, on an advisory basis	Majority of Votes Cast	No	No Effect	FOR, AGAINST, ABSTAIN
No. 3 — Amendment and Restatement of the 2015 Stock Plan	Majority of Votes Cast	No	No Effect	FOR, AGAINST, ABSTAIN
No. 4 — Amendment and Restatement of the ESPP	Majority of Votes Cast	No	No Effect	FOR, AGAINST, ABSTAIN
No. 5 — Ratification of Ernst & Young LLP as Independent Auditors for 2018	Majority of Votes Cast	Yes	No Effect	FOR, AGAINST, ABSTAIN

Can I change my vote after I have voted?

Stockholders may revoke proxies at any time before they are exercised at the Annual Meeting by (a) signing and submitting a later-dated proxy to the Secretary of the Company; (b) delivering written notice of revocation to the Secretary of the Company; or (c) voting in person at the Annual Meeting. Attendance at the Annual Meeting will not itself be deemed to revoke a proxy unless the stockholder gives affirmative notice at the Annual Meeting that the stockholder intends to revoke the stockholder's proxy and vote in person.

Where can I find the voting results of the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. The Company will publish the final voting results in a Current Report on Form 8-K, which the Company is required to file with the Securities and Exchange Commission ("SEC") within four business days following the Annual Meeting.

Who bears the cost of solicitation of proxies?

The Company will bear the cost of soliciting proxies. In addition to solicitations by mail, the Company's directors, officers, and regular employees may, without additional remuneration, solicit proxies in person, by telephone, or by electronic transmission and/or facsimile transmission. The Company may also utilize the assistance of third parties in connection with our proxy solicitation efforts, and will compensate such third parties for their efforts. The Company has retained Alliance Advisors, LLC., to assist in the solicitation of proxies and provide related advice and informational support, for a services fee and the reimbursement of expenses that are not expected to exceed $18,000 in the aggregate. The Company will also request brokerage houses, custodians, nominees and fiduciaries or other similar organizations to forward copies of the proxy materials to those persons for whom they hold shares and request instructions for voting the proxies. The Company will reimburse such brokerage houses, custodians, nominees and fiduciaries or other similar organizations for their reasonable expenses in connection with this distribution.

PROPOSAL NO. 1

ELECTION OF CLASS II DIRECTORS

Pursuant to the Company's charter, the Board may consist of no fewer than three directors, with the specific number to be authorized by the Board from time to time at its discretion. The Board is presently authorized to consist of eight members, and currently includes the following six individuals: Richard H. Douglas, Ph.D., Stanley C. Erck, Gary C. Evans, Michael A. McManus, Jr., J.D., Rajiv I. Modi, Ph.D., and James F. Young, Ph.D. Mr. John O. Marsh, Jr., J.D. resigned from the Board effective June 12, 2014, and the Board bestowed upon Mr. Marsh the honorary title of Director Emeritus. On November 5, 2017, Gail K. Boudreaux resigned from the Board and all committees of the Board on which she served.

The members of the Board are divided into three classes, designated as Class I, Class II, and Class III, each serving staggered three-year terms. The term of the Class II directors expires at the Annual Meeting. The terms of the Class I and Class III directors will expire at the 2020 and 2019 Annual Meetings of Stockholders, respectively. A director of any class who is elected by the Board to fill a vacancy resulting from an increase in the number of directors holds office for the remaining term of the class to which he or she is elected. A director who is elected by the Board to fill a vacancy arising in any other manner holds office for the remaining term of his or her predecessor. Directors elected by the stockholders at an annual meeting to succeed those whose terms expire at such meeting are of the same class as the directors they succeed and are elected for a term to expire at the third annual meeting of stockholders after their election and until their successors are duly elected and qualified.

In the event of any increase or decrease in the authorized number of directors, the newly created or eliminated directorships must be apportioned by the Board among the three classes so as to ensure that no one class has more than one director more than any other class, unless otherwise determined by a resolution of the Board. However, existing directors cannot move across classes and, therefore, the number of directors in each class may become temporarily imbalanced.

Nominees for Election as Class II Directors

After recommendation by the Nominating and Corporate Governance Committee, the Board has designated Richard H. Douglas, Ph.D. and Gary C. Evans as nominees for election as Class II directors of the Company at the Annual Meeting. If elected, each such nominee will serve until the expiration of his term at the 2021 Annual Meeting of Stockholders and until his successor is elected and qualified. Dr. Douglas and Mr. Evans have consented to being named in this Proxy Statement and to serve if elected. The Board has no reason to believe that Dr. Douglas and Mr. Evans will be unable or unwilling to serve if elected. If any nominee becomes unavailable to serve as a director, the persons named in the proxy will vote the proxy for a substitute nominee or nominees as they, in their discretion, shall determine.

Information on the nominees follows:

RICHARD H. DOUGLAS, PH.D.

Age: 65 **Year First Elected Director: 2010**

Former Senior Vice President, Corporate Development, Genzyme Corporation. From 1989 to 2011, Dr. Douglas led Genzyme Corporation's Corporate Development team, and was involved in numerous acquisitions, licenses, financings, joint ventures, and strategic alliances. From 1982 until its merger with Genzyme Corporation in 1989 (now Sanofi Genzyme), Dr. Douglas served in science and corporate development capacities at Integrated Genetics. Dr. Douglas was a postdoctoral fellow in Dr. Leroy Hood's laboratory at the California Institute of Technology.

Other Directorships: Dr. Douglas serves as a member of the boards of University of Michigan Technology Transfer National Advisory Board, Aldeyra Therapeutics, Inc. (ALDX), and MaxCyte, Inc.

Education: Dr. Douglas received a B.S. in chemistry from the University of Michigan and a Ph.D. in biochemistry from the University of California, Berkeley.

Skills/Qualifications: We believe that Dr. Douglas is well-suited to serve on our Board due to his significant business experience and scientific background.

GARY C. EVANS

Age: 60 **Year First Elected Director: 1998**

Chairman of the Board and Chief Executive Officer of Energy Hunter Resources, Inc., a Dallas based oil and gas exploration and production company, since May 2016. From May 2009 until May 2016, Mr. Evans served as Chairman of the Board and Chief Executive Officer of Magnum Hunter Resources Corporation ("Magnum Hunter"). In December 2015, Magnum Hunter filed for Chapter 11 bankruptcy and exited restructuring in May 2016 under Mr. Evans' leadership. Mr. Evans was also founder and CEO of Eureka Hunter Holdings, LLC, Magnum Hunter Resources Inc., Wind Hunter Energy, LLC, and GreenHunter Energy, Inc. Mr. Evans was inducted into the World Hall of Fame for Ernst & Young Entrepreneurs. He was also recognized as the Energy Industry Leader of the year in 2013 and chosen by Finance Monthly in 2013 as one of the most respected CEO's. Mr. Evans was chosen as the Best CEO in the "Large Company" category by Texas Top Producers in 2013 and won the Deal Maker of the Year Award in 2013 by Finance Monthly.

Other Directorships: Mr. Evans serves as a member of the board of directors of Energy Hunter Resources, Inc., and on the Advisory Board of the Maguire Energy Institute at Southern Methodist University.

Skills/Qualifications: We believe that Mr. Evans is well-suited to serve on our Board due to his entrepreneurial experience in the development of a number of companies as well as his extensive leadership experience and his aptitude for reading and understanding financial statements.

FOR PROPOSAL NO. 1, THE BOARD RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" THE ELECTION OF THE NOMINEES.

Directors Continuing as Class I Directors

STANLEY C. ERCK

Age: 70 **Year First Elected Director: 2009**

President and Chief Executive Officer of Novavax, Inc. since April 2011 and a Director since June 2009, and previously served as Executive Chairman from February 2010 to April 2011 and Interim Chief Financial Officer from November 2017 to March 2018. 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 AG. He also previously held leadership positions at Procept, a publicly traded immunology company, Integrated Genetics, now Sanofi Genzyme, and Baxter International.

Other Directorships: Mr. Erck serves as a member of the boards of BioCryst Pharmaceuticals, Inc. (BCRX), MaxCyte, Inc., and MDBio Foundation.

Education: Mr. Erck received a B.S. in economics from the University of Illinois and a M.B.A from the University of Chicago.

Skills/Qualifications: We believe that Mr. Erck is well-suited to serve on our Board due to his leadership experience in the biotechnology industry, having held CEO positions for several companies, and his extensive experience of serving on other companies' boards.

RAJIV I. MODI, PH.D.

Age: 57 **Year First Elected Director: 2009**

Chairman and Managing Director of Cadila Pharmaceuticals, Ltd. ("Cadila"), a company organized in India, since 1995. Dr. Modi was elected to Novavax, Inc.'s Board based upon his relationship with the Company's largest stockholder at the time. As of April 18, 2018, Satellite Overseas (Holdings) Limited, a subsidiary of Cadila, holds less than one percent of the Company's outstanding Common Stock. Dr. Modi serves as a member of the boards of other Cadila group companies.

Other Directorships: Dr. Modi serves as a member of the boards of Energy Hunter Resources, Inc. and Cadila Pharmaceuticals, Ltd.

Education: Dr. Modi received a bachelor's degree of technology in chemical engineering from the Indian Institute of Technology, a master's degree in biological engineering from University College, London, and a Ph.D. in biological science from the University of Michigan.

Skills/Qualifications: We believe that Dr. Modi is well-suited to serve on our Board due to his extensive leadership experience, as well as technical expertise in the development and manufacturing of pharmaceutical products. He also brings broad experience in international joint ventures and pharmaceutical sales.

Directors Continuing as Class III Directors

MICHAEL A. MCMANUS, JR., J.D.

Age: 75 **Year First Elected Director: 1998**

Former President and Chief Executive Officer of Misonix, Inc. from 1999 to 2016. Mr. McManus served as President, Chief Executive Officer and Director of New York Bancorp Inc. from 1991 through March 1998. He also served as President and Chief Executive Officer of Home Federal Savings Bank, the principal subsidiary of New York Bancorp Inc., from February 1995 through March 1998. From 1990 through November 1991, Mr. McManus was President and Chief Executive Officer of Jamcor Pharmaceuticals Inc. Mr. McManus served as an Assistant to the President of the United States from 1982 to 1985 and held positions with Pfizer Inc. and Revlon Group. Mr. McManus served in the U.S. Army Infantry from 1968 through 1970. Mr. McManus is a recipient of the Ellis Island Medal of Honor.

Other Directorships: Mr. McManus serves as a member of the board of directors of The Eastern Company (EML).

Education: Mr. McManus received a B.A. in economics from the University of Notre Dame and a J.D. from the Georgetown University Law Center.

Skills/Qualifications: We believe that Mr. McManus is well-suited to serve on our Board due to his successful growth and development of businesses and products, experience as a chief executive officer of a public company, his significant experience in governance, legal, and risk management, and reading and understanding financial statements.

JAMES F. YOUNG, PH.D.

Age: 65 **Year First Elected Director: 2010**

Chairman of the Board and Chief Executive Officer of Targeted Microwave Solutions, Inc. since 2016. Former President, Research and Development, at MedImmune, Inc. Dr. Young has been Chairman of the Board of Novavax, Inc. since April 2011 and a Director since April 2010. Dr. Young held the position of President, Research and Development, at MedImmune, Inc. from 2000 until 2008 and previously served as Executive Vice President, Research and Development from 1999 to 2000, Senior Vice President from 1995 to 1999, and as Senior Vice President, Research and Development from 1989 to 1995.

Other Directorships: Dr. Young serves as a member of the boards of Targeted Microwave Solutions, Inc. (OTCQX: TGTMF), CannaRoyalty Corp. (OTCMKTS: CNNRF), and 3-V Biosciences, Inc., a privately-held biopharmaceutical company.

Education: Dr. Young received B.S. degrees in general science and biology from Villanova University, as well as a Ph.D. in microbiology and immunology from Baylor College of Medicine.

Skills/Qualifications: We believe that Dr. Young is well-suited to serve on our Board due to his years of experience in the fields of molecular genetics, microbiology, immunology, and pharmaceutical development. In addition, Dr. Young brings extensive scientific background and experiences, particularly in the areas of vaccine research and development.

INFORMATION REGARDING THE BOARD AND CORPORATE GOVERNANCE MATTERS

On March 15, 2018, the Board determined, upon a recommendation by the Nominating and Corporate Governance Committee, that, with the exception of Dr. Modi and Mr. Erck, all of the members of the Board are "independent" directors, as that term is defined in the Nasdaq listing standards. Mr. Erck is currently the President and Chief Executive Officer of the Company. Dr. Modi is not an "independent" director due to his interest in Cadila and the joint venture it has with the Company, as described in the section titled "Certain Relationships and Related Transactions."

During 2017, the Board met seven times and acted by written consent in lieu of a meeting one time. In addition, the non-employee directors met six times in executive session during the same period. Each of our incumbent directors, other than Dr. Modi, attended at least 75% of the aggregate of the total number of meetings of the Board they were eligible to attend and the total number of meetings held by all committees on which they served. Dr. Modi was unable to attend two of the seven Board meetings as a result of unavoidable obligations. Dr. Modi has been a member of the Board since 2009, and this is the first year that Dr. Modi did not attend at least 75% of the meetings of the Board. In light of the circumstances relating to Dr. Modi's meeting attendance in 2017, and the absence of any attendance issues in prior years, the Board does not have any concerns regarding Dr. Modi's future attendance at the Board and Board committee meetings.

Recognizing that director attendance at the Company's annual meetings of stockholders provides stockholders with an opportunity to communicate with members of the Board, the Company strongly encourages (but does not require) members of the Board to attend such meetings. All of the Board members attended the 2017 Annual Meeting of Stockholders.

Leadership Structure and Risk Oversight

The Board has elected to separate the roles of Chief Executive Officer and Chairman of the Board. On April 19, 2011, Mr. Erck was elected to the role of President and Chief Executive Officer and Dr. Young was elected as Chairman of the Board. Mr. Erck had served as Executive Chairman from February 2010 until April 19, 2011. Before being elected as Chairman of the Board, Dr. Young had served as a member of the Board from April 2010 until April 19, 2011.

The Chief Executive Officer and Chairman work closely together to execute the strategic plan of the Company. The Chairman mentors and advises the senior scientific team, provides an extensive network of contacts, and reports regularly to the Board. The Company believes that the combination of Mr. Erck as the President and Chief Executive Officer and Dr. Young as the Chairman of the Board is an effective leadership structure for the Company. The additional avenues of communication between the Board and management associated with having Dr. Young serve as Chairman provides the basis for the proper functioning of the Board and its oversight of management.

Management of the Company is primarily responsible for managing the risks Novavax faces in the ordinary course of operating the business. The Board actively oversees potential risks and risk management activities by receiving operational and strategic presentations from management, which include discussions of key risks to the business. In addition, the Board has delegated risk oversight to each of its key committees within their areas of responsibility. For example, the Audit Committee assists the Board in its risk oversight function by reviewing and discussing with management the system of disclosure controls and internal controls over financial reporting and discusses the key risks facing the Company and the processes or actions being taken to mitigate those risks. The Audit Committee also reviews specific risk areas, such as cybersecurity risk, on a regular basis with input from management. As part of this review, the Company's Senior Director of IT provides regular updates to the Audit Committee regarding any current cybersecurity risks and the Company's cybersecurity risk management program and activities. The Nominating and Corporate Governance Committee assists the Board in its risk oversight function by periodically reviewing and discussing with management important compliance and quality issues. The Compensation Committee assists the Board in its risk oversight function by overseeing strategies with respect to incentive compensation programs and key employee retention issues. The Board committees are chaired by independent directors and, at each Board meeting, each of the committee chairs delivers a report to the full Board on the activities and decisions made by the committees at recent meetings. There is also a significant amount of cross-over with respect to the membership of the various committees, allowing information to flow freely outside of a full board meeting.

Board Committees

The Board currently has three standing committees: an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. In addition to the descriptions below, please refer to the "Compensation Committee Report" and "the Audit Committee Report" included in this Proxy Statement. The members of the committees are shown below.

Director	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Richard H. Douglas, Ph.D.	Member	Member	—
Stanley C. Erck	—	—	—
Gary C. Evans	Member	—	Chair
Michael A. McManus, Jr., J.D.	Chair	Member	Member
Rajiv I. Modi, Ph.D.	—	—	—
James F. Young, Ph.D.	—	Chair	Member

Audit Committee

Each Audit Committee member is a "non-employee director," as defined by Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), "outside director," as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), and an "independent director," as defined by the listing standards of the Nasdaq. The Board has determined that each of Mr. McManus and Mr. Evans qualifies as an "audit committee financial expert" as that term is defined by the rules and regulations of the SEC, and is financially sophisticated as required by the listing standards of the Nasdaq. During 2017, the Audit Committee met seven times and acted by written consent in lieu of a meeting one time.

The Audit Committee acts pursuant to a written charter as adopted by the Board. A current copy of the charter is available on the Company's website at *www.novavax.com*. The Audit Committee reviews and evaluates the charter annually to ensure its adequacy and accuracy, and is charged with performing an annual self-evaluation with the goal of continuing improvement.

The Audit Committee is directly responsible for the appointment, compensation, retention, and oversight of the work of any independent registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company. To this end, the Audit Committee meets with the Company's independent registered public accounting firm to discuss the scope and results of its examination and reviews the financial statements and reports contained in the Company's periodic and other filings. The Audit Committee also reviews the adequacy and efficacy of the Company's accounting, auditing and financial control systems, as well as the Company's disclosure controls and procedures; monitors the adequacy of the Company's accounting and financial reporting processes and practices; and considers any issues raised by its members, the Company's independent registered public accounting firm and the Company's employees. To assist in carrying out its duties, the Audit Committee is authorized to investigate any matter brought to its attention, retain the services of independent advisors (including legal counsel, auditors, and other experts), and receive and respond to concerns and complaints relating to accounting, internal accounting controls, and auditing matters. The Audit Committee regularly meets with both the Company's management and its independent auditor collectively and, at times, independently and without the other present, and meets in executive session without management or the independent auditor present.

Compensation Committee

Each Compensation Committee member is a "non-employee director," as defined by Rule 16b-3 of the Exchange Act, "outside director," as defined in Section 162(m) of the Code ("Section 162(m)"), and an "independent director," as defined by the listing standards of the Nasdaq, including the heightened standards that apply to compensation committee members. During 2017, the Compensation Committee met five times and acted by written consent in lieu of a meeting one time.

The Compensation Committee acts pursuant to a written charter, a current copy of the charter is available on the Company's website at *www.novavax.com*. The Compensation Committee reviews and evaluates the charter annually to ensure its adequacy and accuracy.

The Compensation Committee reviews and recommends salaries and other compensatory benefits for the employees, executive officers, and directors of Novavax. The Compensation Committee also recommends actions to administer the Company's equity incentive plans and recommends stock option grants and other awards for employees, executive officers, and directors of Novavax.

As set forth in its charter, the Compensation Committee's authority and responsibilities include but are not limited to:

- reviewing and recommending to the Board the goals and objectives relevant to the Company's Chief Executive Officer and other executive officers, annually evaluating the performance of the Chief Executive Officer and other executive officers, and recommending to the independent members of the Board the compensation levels and annual awards for the Chief Executive Officer and other executive officers;
- overseeing the Company's overall compensation philosophy, policies, and programs;
- making recommendations to the Board about the compensation of the directors;
- approving and administering the Company's equity-based plans and awards and management incentive plans; and
- approving and reviewing employment agreements, severance arrangements, retirement arrangements, change in control provisions, and any supplemental benefits or perquisites for senior management.

The Compensation Committee has the authority to engage independent compensation consultants or advisors, as it may deem appropriate in its sole discretion, and to approve related fees and retention terms of such consultants or advisors.

The Compensation Committee routinely holds meetings, some of which management attends, as well as executive sessions without management, where compensation is discussed. The chair of the Compensation Committee is responsible for leadership of the Compensation Committee and sets meeting agendas.

The Compensation Committee may request that any executive officer or employee of the Company, outside counsel, or consultant attend Compensation Committee meetings or confer with any members of, or consultants to, the Compensation Committee. The Compensation Committee is supported in its efforts by the Company's Legal and Human Resources teams, to which the Compensation Committee delegates authority for certain administrative functions. The Chief Executive Officer gives performance assessments and compensation recommendations for each executive officer of the Company (other than himself). The Chairman gives performance assessments and compensation recommendations for the Chief Executive Officer. The Compensation Committee considers the Chief Executive Officer's and the Chairman's recommendations and the information provided by the Human Resources team in its deliberations regarding executive compensation and sets the compensation of the executive officers based on such deliberations and recommends that the Board ratify such compensation. The Chief Executive Officer and the Vice President, Human Resources generally attend Compensation Committee meetings but are not present for executive sessions or any discussion of their own compensation.

Nominating and Corporate Governance Committee

Each Nominating and Corporate Governance Committee member is an "independent director," as defined by the listing standards of the Nasdaq. During 2017, the Nominating and Corporate Governance Committee met four times and did not act by written consent in lieu of a meeting.

The Nominating and Corporate Governance Committee acts pursuant to a written charter, a current copy of the charter is available on the Company's website at *www.novavax.com*. The Nominating and Corporate Governance Committee reviews and evaluates the charter annually to ensure its adequacy and accuracy.

As provided in the charter, the primary function of the Nominating and Corporate Governance Committee is to assist the Board in fulfilling its responsibilities by: reviewing and making recommendations to the Board regarding the Board's size, structure, and composition; establishing criteria for Board membership; identifying and evaluating candidates qualified to become members of the Board, including candidates proposed by stockholders; selecting, or recommending for selection, director nominees to be presented for approval at the annual meeting of stockholders and to fill vacancies on the Board; overseeing the Company's corporate governance guidelines; evaluating Company policies relating to the recruitment of Board members; developing and recommending to the Board corporate governance policies and practices applicable to the Company; monitoring compliance with the Company's Code of Business Conduct and Ethics and handling such other matters as the Board or committee deems appropriate. The Nominating and Corporate Governance Committee's goal is to contribute to the effective representation of the Company's stockholders and to play a leadership role in shaping the Company's corporate governance.

As noted above, it is the Nominating and Corporate Governance Committee's responsibility to review and evaluate director candidates, including candidates submitted by stockholders. In performing its evaluation and review, the Nominating and Corporate Governance Committee does not differentiate between candidates based on the proposing constituency, but rather applies the same criteria to each candidate.

Nomination Procedures

Stockholders who wish to nominate qualified candidates to serve as directors of the Company may do so in accordance with the procedures set forth in the Company's Amended and Restated By-Laws ("By-Laws"), which procedures did not change during the last fiscal year. As set forth in the By-Laws, a stockholder must notify the Company in writing, by notice delivered to the attention of the Secretary of the Company at the address of the Company's principal executive offices, of a proposed nominee. In order to ensure meaningful consideration of such candidates, notice must be received not less than 60 days nor more than 90 days prior to the anniversary date of this year's Annual Meeting; provided, however, that in the event that the date of the current year's annual meeting of stockholders is more than 30 days before or after the anniversary date of the prior year's annual meeting of stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or public disclosure of the date of such meeting was made, whichever occurs first.

The notice must set forth as to each proposed nominee:

- name, age, business and residence address;
- his or her principal occupation or employment;
- the class and number of shares of capital stock and other securities of the Company, if any, which are beneficially owned by such nominee and whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding has been made, the effect or intent of which is to increase or decrease the voting power or economic interest of, such person with respect to the Company's securities; and
- any other information concerning the nominee that must be disclosed as to nominees in proxy solicitations, or is otherwise required, in each case pursuant to applicable law.

The notice must also set forth with respect to the stockholder giving the notice and each Stockholder Associated Person:

- the name and address, as they appear on the Company's books, of such stockholder;
- a description of all direct and indirect compensation and other material monetary arrangements, agreements or understandings during the past three years, and any other material relationship, if any, between or concerning such stockholder and each Stockholder Associated Person, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, on the other hand;

- the class and number of shares of capital stock and other securities of the Company that are owned by such person; and
- any derivative positions held of record or beneficially by such person and whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding has been made, the effect or intent of which is to increase or decrease the voting power or economic interest of, such person, with respect to the Company's securities.

For purposes of this Proxy Statement, a "Stockholder Associated Person" of any stockholder means (i) any "affiliate" or "associate" (as those terms are defined in Rule 12b-2 under the Exchange Act) of the stockholder who owns beneficially or of record any capital stock or other securities of the Company or, through one or more derivative positions, has an economic interest (whether positive or negative) in the price of securities of the Company and (ii) any person acting in concert with such stockholder or any affiliate or associate of such stockholder with respect to the capital stock or other securities of the Company.

In addition, any nominee proposed by a stockholder shall complete a questionnaire, in a form provided by the Company, and such completed questionnaire shall be submitted promptly, and in any event within ten days, after the Company provides the form of such questionnaire. The Company may require any proposed nominee to furnish such other information as may reasonably be required to determine the eligibility of the nominee to serve as a director. Nominations received through this process will be forwarded to the Nominating and Corporate Governance Committee for review.

The Nominating and Corporate Governance Committee strives to maintain a board of directors with a diverse set of skills and qualifications, to ensure that the board of directors is adequately serving the needs of the Company's stockholders. Before evaluating director candidates, the Nominating and Corporate Governance Committee reviews the skills and qualifications of the directors currently serving on the Board and identifies any areas of weakness or skills of particular importance. On the basis of that review, the Nominating and Corporate Governance Committee will evaluate director candidates with those identified skills. While the Nominating and Corporate Governance Committee does not have a formal policy on Board diversity, the committee takes into account a broad range of diversity considerations when assessing director candidates, including individual backgrounds and skill sets, professional experiences, and other factors that contribute to the Board having an appropriate range of expertise, talents, experiences, and viewpoints, and considers those diversity considerations, in view of the needs of the Board as a whole, when making decisions on director nominations. The Nominating and Corporate Governance Committee considers the following skills and experiences necessary to the Board: industry knowledge, clinical development expertise, commercialization expertise, manufacturing expertise, financial expertise and capital raising experience, and scientific or medical education and experience, particularly in vaccine-related fields.

While there are no set minimum requirements, a candidate should:

- be intelligent, thoughtful, and analytical;
- possess superior business-related knowledge, skills, and experience;
- reflect the highest integrity, ethics, and character;
- have excelled in both academic and professional settings;
- demonstrate achievement in his or her chosen field;
- be free of actual or potential conflicts of interest;
- have the ability to devote sufficient time to the business and affairs of the Company; and
- demonstrate the capacity and desire to represent the best interests of the Company's stockholders as a whole.

In addition to the above criteria (which may be modified from time to time), the Nominating and Corporate Governance Committee may consider such other factors as it deems in the best interests of the Company and its stockholders and that may enhance the effectiveness and responsiveness of the Board and

its committees. Finally, the Nominating and Corporate Governance Committee must consider a candidate's independence to make certain that the Board includes at least a majority of "independent" directors to satisfy all applicable independence requirements, as well as a candidate's financial sophistication and special competencies.

The Nominating and Corporate Governance Committee identifies potential candidates through referrals and recommendations, including by incumbent directors, management, and stockholders, as well as through business and other organizational networks. To date, the Nominating and Corporate Governance Committee has not retained or paid any third party to identify or evaluate, or assist in identifying or evaluating, potential director nominees, although it reserves the right to engage executive search firms and other third parties to assist in finding suitable candidates.

Current members of the Board with the requisite skills and experience are considered for re-nomination, balancing the value of the member's continuity of service with that of obtaining a new perspective, and considering each individual's contributions, performance and level of participation, the current composition of the Board, and the Company's needs. The Nominating and Corporate Governance Committee also must consider the age and length of service of incumbent directors. In March 2005, the Nominating and Corporate Governance Committee recommended to the Board, and the Board adopted, a rule not to re-nominate a director for re-election if such director has served ten years as a director or has reached 75 years of age, unless circumstances exist which cause the Nominating and Corporate Governance Committee to believe that despite such factors, such a nomination was in the best interest of the Company. If any existing members do not wish to continue in service or if it is decided not to re-nominate a director, new candidates are identified in accordance with those skills, experience, and characteristics deemed necessary for new nominees, and are evaluated based on the qualifications set forth above. In every case, the Nominating and Corporate Governance Committee meets (in person or telephonically) to discuss each candidate, and may require personal interviews before final approval. Once a slate of nominees is selected, the Nominating and Corporate Governance Committee presents it to the full Board.

Corporate Governance Guidelines

The Board adopted corporate governance guidelines that are available on the Company's website at *www.novavax.com*.

Code of Business Conduct and Ethics

The Board has adopted a Code of Business Conduct and Ethics ("Code of Ethics") that applies to each of Novavax' employees, officers, and directors, including, but not limited to, the Company's Chief Executive Officer and Chief Financial Officer. The Code of Ethics is reviewed at least annually by the Nominating and Corporate Governance Committee. A current copy of the Code Ethics, as amended, is available on the Company's website at *www.novavax.com*. The Company intends to disclose on its website any future amendments to and waivers of the Code of Ethics that apply to its Chief Executive Officer, Principal Financial Officer and Principal Accounting Officer, and persons performing similar functions.

Stockholder Communications with the Board of Directors

The Board welcomes communications from stockholders and has adopted a procedure for receiving and addressing such communications. Stockholders may send written communications to the entire Board or individual directors, addressing them to Novavax, Inc., 20 Firstfield Road, Gaithersburg, Maryland 20878, Attention: Corporate Secretary. Communications by email should be addressed to ir@novavax.com and marked "Attention: Corporate Secretary" in the "Subject" field. All such communications will be forwarded to the full Board or to any individual director or directors to whom the communication is directed unless the communication is clearly of a marketing nature or is unduly hostile, threatening, illegal, or similarly inappropriate, in which case the Company has the authority to discard the communication or take appropriate legal action.

Certain Relationships and Related Transactions

The Company's Code of Ethics provides that the Audit Committee is responsible for approving all transactions or business relationships involving Novavax and any director or executive officer, including any transactions between Novavax and either the director or officer personally, members of their immediate families or entities in which they have an interest. In evaluating related party transactions, the Audit Committee members apply the same standards of good faith and fiduciary duty they apply to their general responsibilities as a committee of the Board and as individual directors. The Audit Committee will approve a related party transaction when, in its good faith judgment, the transaction is in the best interest of the Company.

Dr. Modi, a director of Novavax, is also the managing director of Cadila Pharmaceuticals Ltd. ("Cadila"). Novavax and Cadila have formed a joint venture called CPL Biologicals Private Limited ("CPLB"), of which Novavax owns 20% and Cadila owns the remaining 80%. As of April 18, 2018, a subsidiary of Cadila owns 2.5 million shares of Novavax' outstanding Common Stock.

In July 2017, the Company entered into a consulting agreement with Dr. Sarah Frech, the spouse of Mr. Stanley C. Erck, the Company's President and Chief Executive Officer. Dr. Frech is a seasoned biotechnology executive with significant experience managing multiple clinical programs. Under the agreement, Dr. Frech provides clinical development and operations services related to the Company's Phase 3 clinical trial of its RSV F Vaccine for infants via maternal immunization and other professional services. The consulting agreement is scheduled to terminate in July 2018. In 2017, the Company incurred $0.2 million in consulting expenses under the agreement. The amount due and unpaid for services performed under the agreement at December 31, 2017 was less than $0.1 million. See also the information regarding the consulting agreement in Note 15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC on March 14, 2018.

Barclay A. Phillips resigned as Senior Vice President, Chief Financial Officer and Treasurer of the Company, effective November 10, 2017. In connection with Mr. Phillips' departure and the Company's desire to retain his consulting services, the Company and Mr. Phillips entered into a consulting agreement, in which Mr. Phillips agreed to provide financial, accounting and transition services as a consultant to the Company for nominal cash consideration and continued vesting in outstanding equity awards pursuant to the terms of his equity award grants, which provide for continued vesting for a recipient so long as such recipient is performing services for the Company. The consulting agreement expired by its terms on December 31, 2017 without any fees incurred.

There are no family relationships among any of the directors or executive officers (or any nominee therefor) of Novavax. No director, executive officer, nominee, or any associate of any of the foregoing has any interest, direct or indirect, in any proposal to be considered and acted upon at the Annual Meeting (other than the election of directors).

Compensation Committee Interlocks and Insider Participation

During 2017, Ms. Boudreaux, Dr. Douglas, Mr. McManus, and Dr. Young served as members of the Compensation Committee. None of the members of the Compensation Committee was at any time during 2017 an employee or executive officer of Novavax.

No executive officer of the Company currently serves, or during 2017 served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of the Company's Board or Compensation Committee.

Compensation of Directors

Compensation for non-employee directors is comprised of two components: (i) cash compensation and (ii) equity awards.

Cash Compensation

On March 15, 2018, the Board and Compensation Committee approved increases to cash retainers for our non-employee directors. Our non-employee director cash compensation arrangement for each of 2017 and 2018 is as follows:

Fee(s)	2017 Amount	2018 Amount
Annual Director Retainer	$40,000 – Non-Employee Director	$40,000 – Non-Employee Director
Annual Chairperson Retainer	$35,000 – Board $18,000 – Audit Committee $12,500 – Compensation Committee $9,500 – Nominating and Corporate Governance Committee	$35,000 – Board $20,000 – Audit Committee $15,000 – Compensation Committee $10,000 – Nominating and Corporate Governance Committee
Committee Member Retainer	$10,000 – Audit Committee $7,000 – Compensation Committee $5,000 – Nominating and Corporate Governance Committee	$10,000 – Audit Committee $7,500 – Compensation Committee $5,000 – Nominating and Corporate Governance Committee
Board and Committee Meetings	Directors do not receive compensation for attending meetings. Directors are reimbursed for reasonable costs and expenses incurred in connection with attending any Board or committee meetings or any other Company related business activities.	Directors do not receive compensation for attending meetings. Directors are reimbursed for reasonable costs and expenses incurred in connection with attending any Board or committee meetings or any other Company related business activities.

Non-Employee Director Deferred Fee Policy

In 2015, the Company implemented a Director Deferred Fee Policy (the "Policy") for its non-employee directors. The Policy permits an eligible director to defer receipt of all or part of the director's cash retainer. To defer fees payable during any calendar year, a director must make an election by the end of the preceding calendar year. A director can elect to have 100% of deferred amounts credited to a "cash account" or a "Company Common Stock account," or, alternatively, a director may elect to have deferred amounts credited 50% to each account. Cash accounts are credited with interest quarterly at the IRS Applicable Federal Rate for short-term debt instruments for the last month of such calendar quarter. Company Common Stock accounts are credited as if amounts were invested in notional stock units based upon the market price of Company Common Stock and are credited with additional notional units if dividends are paid on Company Common Stock. Payment of deferred amounts is to be made in cash upon the occurrence of certain events, including the director's separation from service, death of the director, or a change in control of the Company. The director may also elect to receive payment of the deferred amounts in a specified year that is not more than ten years from the year in which the director's fees were earned. A director may elect to receive payment in either a lump sum or in up to ten annual installments.

Dr. Douglas has elected to defer fees earned in the fiscal year ending December 31, 2017. The following table shows how he currently has his deferred fees credited.

Name	Annual Retainer
Richard H. Douglas, Ph.D.	Cash account – 0% Company Common Stock account – 100%

Equity Awards

On March 16, 2017, the Board granted options to purchase 80,000 shares of Company Common Stock to each of Ms. Boudreaux, Messrs. Evans and McManus, and Dr. Douglas. Dr. Young was granted an option to purchase 200,000 shares of Company Common Stock. All of the aforementioned options have an exercise price of $1.38 per share and will vest in full one year from the date of grant. Ms. Boudreaux's 2017 stock options were forfeited for no consideration upon her resignation from the Board.

In December 2017, in order to align with the Company's desire to incentivize and retain its employees, the Compensation Committee decided to adjust the time period that it makes annual stock option grants from its standing first quarter meeting of the fiscal year to its standing fourth quarter meeting at the end of the prior fiscal year. Going forward, equity grants in respect of each fiscal year will be made in the fourth quarter of the prior fiscal year. On December 15, 2017, the Compensation Committee granted options to purchase 80,000 shares of Company Common Stock to each of Messrs. Evans and McManus, and Dr. Douglas. Dr. Young was granted an option to purchase 200,000 shares of Company Common Stock. All of the aforementioned options have an exercise price of $1.38 per share and will vest in full one year from the date of grant.

Summary Director Compensation Table

The Company does not pay employee directors additional compensation for service on the Board. The following table sets forth information concerning the compensation paid by the Company to each individual who served as a non-employee director at any time during fiscal year 2017:

Name	Fees Earned or Paid in Cash[(1)] ($)	Option Awards[(2)] ($)	Total ($)
Gail K. Boudreaux[(3)]	44,056	87,704	131,760
Richard H. Douglas, Ph.D.	57,000	176,512	233,512
Gary C. Evans	59,500	176,512	236,012
Michael A. McManus, Jr., J.D.	70,000	176,512	246,512
Rajiv I. Modi, Ph.D.[(4)]	—	—	—
James Young, Ph.D.	92,500	441,280	533,780

(1) Represents fees earned in 2017.

(2) Represents options granted in March 2017 in respect of 2017 service on the Board, and options granted in December 2017, in respect of 2018 service on the Board. The grant date fair value was calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 718. Assumptions used in the calculation of this amount are included in Note 11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC on March 14, 2018. As of December 31, 2017, the aggregate number of stock options held by each non-employee director is as follows: Ms. Boudreaux, 80,000; Dr. Douglas, 370,000; Mr. Evans, 355,000; Mr. McManus, 275,000; Dr. Modi, none; and Dr. Young, 1,065,000.

(3) Ms. Boudreaux resigned from the Board, effective November 5, 2017. As a result of her resignation, in addition to 2017 fees earned shown in this table, Ms. Boudreaux received final payment of her total deferred fees in January 2018 in an amount equal to $99,156.

(4) Due to his relationship with Cadila and CPLB, Dr. Modi did not receive compensation for his services as a director.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's executive officers, directors, and holders of more than 10% of the Company's Common Stock to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Based solely on a review of the (i) copies of such reports (and any amendments thereto) furnished to the Company during or with respect to 2017 or (ii) written representations that no reports were required, the Company believes that during 2017 its executive officers, directors, and holders of more than 10% of the Company's Common Stock complied with all Section 16(a) filing requirements.

EXECUTIVE OFFICERS

Our executive officers hold office until the first meeting of the Board 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 information outlines our executive officers and their ages and positions as of April 18, 2018, followed by biographical information of each such executive officer:

Name	Age	Title
Stanley C. Erck	70	President and Chief Executive Officer and Director
John J. Trizzino	58	Senior Vice President, Chief Business Officer and Chief Financial Officer and Treasurer
Gregory M. Glenn, M.D.	64	President, Research and Development
John A. Herrmann III	52	Senior Vice President, General Counsel and Corporate Secretary

Stanley C. Erck has served as President and Chief Executive Officer since April 2011 and a Director since June 2009, and previously served as Executive Chairman from February 2010 to April 2011 and Interim Chief Financial Officer from November 2017 to March 2018. 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 AG. He also previously held leadership positions at Procept, a publicly traded immunology company, Integrated Genetics, now Sanofi Genzyme, and Baxter International. Mr. Erck also serves on the board of directors of BioCryst Pharmaceuticals, MaxCyte, Inc., and MDBio Foundation. Mr. Erck received a B.S. in economics from the University of Illinois and a M.B.A. from the University of Chicago.

John J. Trizzino has served as Senior Vice President, Chief Business Officer and Chief Financial Officer since March 2018, and previously served as Senior Vice President, Commercial Operations from March 2014 to March 2018. He previously served as the Company's Senior Vice President, Business Development from August 2010 to September 2011, and its Senior Vice President, International and Government Alliances from July 2009 to July 2010. Mr. Trizzino was the CEO of ImmunoVaccine. Inc. from September 2011 to September 2013, and, prior to joining the Company, VP, Vaccine Franchise at Medimmune, LLC, Senior Vice President, Business Development at ID Biomedical, and Vice President, Business Development in the Medical Group of Henry Schein, Inc. following his position as Vice President, General Manager of its GIV division. Mr. Trizzino also serves on the board of directors of The Maryland Tech Council. Mr. Trizzino received a B.S. from Long Island University, CW Post and a M.B.A. from New York University.

Gregory M. Glenn, M.D. has served as President, Research and Development since March 2016, and previously served as Senior Vice President, Research and Development since January 2014, as Senior Vice President, Chief Medical Officer from January 2011 to January 2014, and Senior Vice President and Chief Scientific Officer from June 2010 to January 2011. Prior to joining the Company, Dr. Glenn was the Chief Scientific Officer and founder of Iomai Corporation, which was acquired in 2008 by Intercell AG, an associate in international health at Johns Hopkins University's School of Public Health and a clinical and basic research scientist at Walter Reed Army Institute of Research. Dr. Glenn received a B.A. in biology and chemistry from Whitman College and a M.D. from Oral Roberts University School of Medicine. He also completed the Medical Research Fellowship at the Walter Reed Army Institute of Research.

John A. Herrmann III has served as Senior Vice President, General Counsel and Corporate Secretary since June 2014. He previously served as the Company's Vice President, General Counsel and Corporate Secretary from March 2012 to June 2014, and its Executive Director, Legal Affairs and Corporate Secretary from April 2010 to March 2012. Prior to joining the Company, Mr. Herrmann was General Counsel at Ore Pharmaceuticals and Deputy General Counsel at Gene Logic before it became Ore Pharmaceuticals. Mr. Herrmann worked as Senior Counsel for Celera Genomics following his position as Senior Corporate Counsel at Baxter Healthcare in its Renal Division. Mr. Herrmann received a B.A. in political science and history from Brown University and a J.D. from the University of Illinois.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The Compensation Discussion and Analysis (the "CD&A") discusses the compensation of our five "Named Executive Officers" for 2017 (each an "NEO"): (i) Stanley C. Erck, President, Chief Executive Officer and Interim Chief Financial Officer; (ii) Barclay A. Phillips, former Senior Vice President, Chief Financial Officer and Treasurer; (iii) Dr. Gregory M. Glenn, President, Research and Development; (iv) John A. Herrmann III, Senior Vice President, General Counsel and Corporate Secretary; and (v) John J. Trizzino, Senior Vice President, Commercial Operations. In March 2018, the Board appointed Mr. Trizzino as Senior Vice President, Chief Business Officer, Chief Financial Officer and Treasurer of the Company.

The CD&A reviews the Company's executive compensation philosophy, the objectives and operation of the compensation program, how compensation was set for 2017, and the various elements of compensation paid to the executive officers including the NEOs for services during 2017.

Executive Compensation Philosophy

Our compensation program is designed to attract, retain, and reward a high-performance workforce in an extremely competitive recruitment and retention market to achieve the Company's mission, vision, and goals. This philosophy is reflected in the components of the Company's compensation program, which include:

- a competitive compensation package upon hire;
- a performance management process that defines objectives, tracks employee performance, and ties into the annual rewards process;
- an annual performance increase practice that rewards each individual employee's performance against his or her objectives and his or her contribution over the prior year;
- an annual incentive cash bonus program designed to reward both Company performance and functional area performance;
- an equity incentive plan that provides initial grants upon hire, annual subsequent grants, and additional grants for promotions, strong performance, and retention of high potential personnel; and
- a market-competitive, comprehensive benefits program.

The Compensation Committee believes that these components provide the tools needed to deliver performance-based compensation that retains and rewards high-performing employees and aligns with general industry practices. We conducted our most recent advisory vote on executive compensation at our 2017 Annual Meeting of Stockholders. Our Board and our Compensation Committee value the opinions of our stockholders, so we paid close attention to the outcome of this vote even though it is non-binding. More than 80% of the votes cast on the advisory vote on executive compensation were in favor of our Named Executive Officer compensation as disclosed in our 2017 proxy statement. We view this support as an affirmation of our pay practices; and, consequently, we have maintained a consistent approach to executive compensation since that time. We have held, and will continue to hold, regular discussions with our shareholders to understand and address any outstanding concerns or other thoughts related to our executive compensation practices.

Objectives of the Executive Compensation Program

The Compensation Committee believes that the compensation for our executive officers, including our NEOs, should be designed to attract, motivate, and retain highly qualified executive officers responsible for the success of Novavax and should be determined within a framework that rewards performance and aligns the interests of the executive officers with the interests of the Company's stockholders. Within this overall philosophy, the Compensation Committee's objectives are to:

- attract and retain highly qualified employees;
- reward executives for meeting the strategic goals and objectives of the Company, and reward strong individual performance; and
- align executives' interests with those of our stockholders.

Attract and Retain Highly Qualified Executives

Our compensation program is designed to attract, motivate, and retain, from a limited pool of resources, individuals who are highly experienced with proven records of success, and to provide total compensation that is competitive with the Company's peers within the biotechnology and pharmaceutical industries.

Reward Executives for Meeting Strategic Goals and Objectives of the Company

The Compensation Committee believes that a significant portion of an executive officer's total compensation should reflect overall Company performance. The compensation program rewards the Company's executive officers for achieving specified corporate performance goals, as well as goals that fall within their individual functional areas. Incentives are based on meeting criteria in each of these categories and reflect the executive officer's overall contribution to the Company.

Align Executives' Interests with Those of Our Stockholders

The Compensation Committee believes that Novavax' long-term success depends upon aligning executives' and stockholders' interests. To support this objective, Novavax provides executive officers with equity accumulation opportunities by awarding stock options. Generally, time-vesting stock option grants vest over four years, although certain options granted in 2010 vest annually over a three-year period. Beginning with stock option awards made in 2016, such time-vesting stock option grants vest as to 25% of the award on the first anniversary of the grant date and the remaining 75% vests monthly thereafter over the next three-year period. Such vesting supports long-term retention of executive officers because executive officers cannot exercise the options until they have vested. Fifty percent of the stock options granted to each NEO in November 2016 are eligible to vest only on the achievement of performance milestones based on stock price.

Oversight and Operation of the Executive Compensation Program

The Compensation Committee is appointed by the Board to assist the Board with its responsibilities related to the compensation of the Company's directors, officers, and employees and the development and administration of the Company's compensation plans. For details on the Compensation Committee's oversight of the executive compensation program, see the section titled "Information Regarding the Board and Corporate Governance Matters — Compensation Committee" beginning on page 9 of this Proxy Statement.

The Chief Executive Officer (the "CEO") evaluates and provides to the Compensation Committee performance assessments and compensation recommendations for each executive officer other than himself. The Chairman of the Board evaluates the CEO's performance and makes compensation recommendations for the CEO to the Compensation Committee. The Compensation Committee considers the CEO's and the Chairman's recommendations and information provided by the Human Resources team in its deliberations regarding executive compensation and recommends to the Board the compensation of the executive officers based on such deliberations. The Board determines all executive compensation based on the

recommendation of the Compensation Committee. In 2017, the CEO and the Vice President, Human Resources generally attended Compensation Committee meetings, but were not present for executive sessions or any discussion of their own compensation.

Process for Setting Executive Compensation

Generally speaking, compensation packages for each executive officer are analyzed and discussed separately at the first Compensation Committee meeting each year. Prior to that meeting, an independent compensation consultant performs a comprehensive competitive analysis on the compensation package for each executive officer. In September 2016, the Compensation Committed retained Radford, an Aon Hewitt Company — a business unit of Aon plc ("Radford") to conduct annual analyses and provide ongoing compensation support. In the fourth quarter of 2016, based on the failed results of the Resolve Phase 3 clinical trial and a subsequent employee workforce reduction of approximately thirty percent (30%), the Board made a determination, with advice from Radford, that no employee would receive a cash bonus for performance in 2016. While most employees below the level of Senior Vice Presidents received a retention cash bonus generally equivalent to their performance cash bonus, the Board determined that no employee at or above the level of Senior Vice Presidents above would be eligible to receive a retention cash bonus, and further that no employee at or above the level of Senior Vice President would receive a base pay increase in 2017. As a result, the usual competitive analysis was not completed for 2017. In the fourth quarter of 2017, Radford completed a thorough competitive analysis for 2018 executive compensation, and this analysis was used to inform decisions made on stock option awards granted to executive officers in December 2017. Radford's competitive analysis was based on a combination of survey data and peer group data.

Survey Data

When determining stock option awards in the fourth quarter of 2017, along with overall compensation for 2018, the Compensation Committee reviewed analysis based on a combination of compensation survey data and peer group data. The compensation survey data source was the Radford Global Life Sciences Survey (the "Survey"). The Survey provides total compensation and practices data for more than 800 life sciences companies and more than 550,000 individuals. Global market data is available for 58 countries and positions at the executive, management, professional, sales, and support levels, as well as overall compensation practices. Target industries include biotechnology, pharmaceutical, diagnostic and clinical research organizations.

Radford benchmarks each executive officer's current compensation against the 50th percentile of the Survey. The Compensation Committee believes this is a common reference point among biotechnology companies similar in size to Novavax and that the Company remains competitive by targeting the 50th percentile of the Survey data.

Peer Data

The Compensation Committee also considered peer group data in making its executive compensation analysis. In doing so, the Compensation Committee used comparative compensation information from a relevant peer group of companies (the "Peer Group"). The Compensation Committee selected the companies in the Peer Group with the assistance of Radford based on factors including, but not limited to, the following: industry sector, stage of development, market capitalization, business focus and employee headcount.

The Peer Group Utilized in 2017 Consists of the Following 19 Companies:	Achaogen	Celldex Therapeutics	Recro Pharma
	Achillion Pharmaceuticals	Chimerix	Seres Therapeutics
	Agenus	Cytokinetics	Tetraphase Pharmaceuticals
	Alder Biopharmaceuticals	ImmunoGen	XBiotech
	Athersys	Inovio Pharmaceuticals	Zogenix
	BioCryst Pharmaceuticals	MacroGenics	
	BioTime	Merrimack Pharmaceuticals	

Internal Equity

The Compensation Committee considers internal equity when determining compensation to ensure that the Company is fair in its compensation practices across roles similar in scope and level of responsibility.

Independent Compensation Analysis

As required by rules adopted by the SEC under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the Compensation Committee engaged Radford after assessing Radford's independence. Based upon this assessment, it was determined that the engagement of Radford in September 2016 did not raise any conflicts of interest or similar concerns. The Compensation Committee will assess Radford's independence and potential conflicts of interest on a regular basis, no less than annually.

Radford was authorized by the Compensation Committee to work with certain executive officers of the Company, as well as other employees in the Company's Human Resources, Legal, and Finance departments in connection with Radford's work for the Compensation Committee.

What the Compensation Program is Designed to Reward

Company Performance

The executive compensation program is designed to reward both individual and Company performance. A significant portion of an executive officer's total compensation package is based on the Company's performance and the achievement of corporate goals. Because of the key roles the executive officers play in the success of the Company, a significant portion of the achievement of corporate goals is reflective of the executive officers' individual performance. During 2017, the Board and the Company's senior executives jointly developed a set of objectives for 2017, which were based on the Company's strategic plan (the "2017 Objectives"). These objectives are described below under "2017 Performance and Outcomes."

Individual Performance

For 2017, the CEO reviewed and evaluated the performance of the executive officers other than himself, and recommended their performance goals and objectives for 2018. This review was conducted in the first quarter of 2018. For 2017, the Chairman of the Board reviewed and evaluated the performance of the CEO. The performance goals and objectives for the CEO were the same as the annual corporate objectives based on the strategic plan.

With the exception of the CEO, whose incentive compensation is based entirely on achievement of the 2017 Objectives and the discretion of the Board, each NEO had additional individual goals to support the 2017 Objectives or to further the Company's strategic plan. Each NEO achieved his individual objectives.

2017 Performance and Outcomes

During the first quarter of 2018, the Compensation Committee reviewed the Company's performance related to its 2017 Objectives. The following table summarizes its conclusions regarding these objectives:

2017 Objective	Weight	Achievement	Percent	Explanation
Execute on RSV vaccine development plans	45%	Partially met objective	43.75%	Phase 3 maternal trial enrollment to target and informational analysis results that de-risk program; Phase 2 older adult trial shows positive adjuvant effect results
Execute on influenza vaccine development plans	35%	Exceeded objective	43.75%	Phase 1/2 trial in older adults demonstrates superiority against drifted H3N2 strain compared immune responses to FluZone HD; comparable in homologous trivalent strains
Execute on Zika vaccine development plans	5%	Did not meet objective	0%	De-emphasis of program based on perceived reduced needs and uncertain funding
Support advancement of vaccine candidates at CPLB	5%	Met objective	5%	JV commercial sale of influenza vaccine and supported rabies vaccine development
Complete financing to end 2017 with 18 months of cash	10%	Met objective	10%	Continued efforts to reduce expenses and preserve cash while accomplishing important objectives
Total	100%		102.50%	

Elements of Compensation

The Compensation Committee believes that the most effective compensation program is one that provides a competitive base salary, rewards the achievement of established annual and long-term goals and objectives, and provides an incentive for retention. For this reason, the compensation program is comprised of three primary elements: (i) base salary, (ii) an incentive cash bonus program, and (iii) equity awards. The Compensation Committee believes that these three elements are the most effective combination to motivate and retain executive officers.

The Compensation Committee has not adopted any formal guidelines for allocating total compensation between equity compensation and cash compensation, but generally seeks to provide an overall executive compensation package designed to attract, motivate, and retain highly qualified executive officers, to reward them for performance over time, and to align the interests of the executive officers with the interests of our stockholders.

Base Salary

The Compensation Committee's philosophy is to maintain base salaries at a competitive level sufficient to recruit and retain individuals possessing the skills and capabilities necessary to achieve the Company's goals over the long term.

As mentioned above under the heading "Process for Setting Executive Compensation", senior executive officers did not receive base salary increases in 2017. The base salaries for the NEOs were:

Executive	Base Salary ($)	Percentage Increase in Base Salary from December 31, 2016 (%)
Stanley C. Erck	624,000	0.0
Barclay A. Phillips[(1)]	366,000	0.0
Gregory M. Glenn, M.D.	450,000	0.0
John A. Herrmann III	340,000	0.0
John J. Trizzino	366,000	0.0

(1) Mr. Phillips resigned from the Company effective, November 10, 2017.

Incentive Cash Bonus Program

The incentive cash bonus program is designed to motivate and reward executive officers for the achievement of specific corporate objectives. The purpose of the incentive cash bonus program is to align company, departmental, and individual goals throughout the Company and to provide an incentive that further ties compensation to individual contribution and teamwork. At the time that the Board (or the Compensation Committee as its delegate) approves the corporate objectives for a particular calendar year, the Board also weights each objective, as shown, for example, in the table of the 2017 Objectives above. In reviewing corporate objectives at the end of each calendar year, the Board generally assigns a percentage to each objective that reflects its determination as to whether the Company achieved that objective, failed to meet that objective, partially met that objective, or exceeded that objective. In some instances, the Board uses its discretion to make such determinations, and in doing so looks at other performance factors, mitigating circumstances, and other material successes or missed opportunities. By applying the achievement percentage to the initial weighting percentage, each objective's weight contribution and the overall cumulative percentage of corporate performance for the calendar year is determined.

A target bonus is set at a percentage of the executive officer's base salary, with such percentages being based on market data, although the ultimate amount of any bonus payout is at the discretion of the Board. The Compensation Committee believes that the higher the individual's position within Novavax, the more closely his or her bonus award should be tied to the Company's success. Thus, the CEO's target bonus is based entirely on the achievement of the annual corporate objectives and the discretion of the Board. 80% of Dr. Glenn's target bonus is based on corporate objectives and 20% of his bonus is based on the performance of his functional area. For the other NEOs, 75% of their bonuses are based on corporate achievement and 25% of their bonuses are based on the functional area performance of each NEO. The 2017 NEO bonus targets were as follows:

Executive	Percentage of Base Salary (%)
Stanley C. Erck	60.0
Barclay A. Phillips	40.0
Gregory M. Glenn, M.D.	50.0
John A. Herrmann III	40.0
John J. Trizzino	40.0

The conclusions regarding the Company's performance related to its 2017 Objectives are shown above, under the heading "2017 Performance and Outcomes."

Equity Awards

Equity awards are a fundamental incentive element in the executive compensation program because they emphasize long-term performance, as measured by creation of stockholder value, and foster a commonality of interest between stockholders and key executives. In addition, they are crucial to a competitive compensation program for executive officers because they act as a powerful retention tool. The Compensation Committee views the Company as still facing significant risk, but with a potential for a high upside. In the case of stock options, the executive officers are motivated by the potential appreciation in the stock price above the exercise price. To encourage continued employment, stock option grants to executive officers typically include options that require the executive to remain an employee of the Company for four years before the options are fully vested, although certain options granted in 2010 have a three-year vesting period. Beginning with stock option awards made in 2016, such stock option grants vest as to 25% of the award on the first anniversary of the grant date and the remaining 75% vests monthly thereafter over the next three-year period. In addition, the Compensation Committee may award options that vest as the executive officer achieves certain milestones. The Compensation Committee believes it is important to tie the long-term benefit potentially realizable by the executive to a long-term commitment with Novavax.

Annual stock option grants are awarded to executive officers at the discretion of the Board upon a recommendation by the Compensation Committee. In December 2017, the Compensation Committee determined that annual stock option grants would occur in the fourth quarter of each calendar year, with the grant of such equity occurring at the fourth quarter in-person meeting of the Compensation Committee in December. In making its recommendations, the Compensation Committee considers Company performance, competitive data, and the individual's scope of responsibility and continuing performance. With guidance from Radford upon its analysis of competitive data, stock options were awarded to the NEOs in December 2017, and these options vest over a four-year period (25% on the first anniversary of the grant date and the remaining 75% monthly thereafter over a three-year period).

Performance-Based Awards

From time to time, the Company may grant Performance-Based stock option awards. The following table contains information about the grant, vesting, and forfeiture of outstanding performance-based awards:

	Number of Shares
Non-vested at December 31, 2014	—
Granted	—
Vested	—
Forfeited	—
Non-vested at December 31, 2015	—
Granted	1,100,000
Vested	—
Forfeited	—
Non-vested at December 31, 2016	1,100,000
Granted	—
Vested	—
Forfeited	(125,000)
Non-vested at December 31, 2017	975,000

The executive officers also have the ability to participate in the Company's Amended and Restated 2013 Employee Stock Purchase Plan ESPP ("ESPP").

Clawback Policy

On April 26, 2017, the Board adopted a policy providing that, if the Company is required to prepare an accounting restatement due to material non-compliance with financial reporting requirements under applicable securities laws, with respect to any cash bonus or other cash compensation paid or awarded, or equity-based bonus or other equity-based incentive compensation that was exercised, vested or settled, within six months preceding such restatement, and that was granted or earned or became vested based wholly or in part upon the attainment of any financial reporting measure, if the recipient of such cash or equity-based bonus or other cash or equity-based incentive compensation engaged in fraud, intentional misconduct, or gross negligence that caused or partially caused the need for the restatement, the Board generally may seek reimbursement of any amount paid under an award in excess of what would have been paid had such material noncompliance not occurred.

Perquisites and Other Personal Benefits

The Company does not have any executive perquisite programs. From time to time, on a limited or exception basis, it may decide to provide other benefits that are related to a business purpose or are customary among peer public companies that may otherwise be considered perquisites. All of the NEOs are eligible to participate in the Company's benefit plans offered to all employees, including health, dental and vision insurance, a prescription drug plan, flexible spending accounts, short and long term disability, life insurance, and a 401(k) plan.

Employment Agreements and Severance Benefits

As of December 31, 2017, the Company had employment agreements in place with all of the NEOs with the exception of Mr. Barclay A. Phillips, the Company's former Senior Vice President, Chief Financial Officer and Treasurer. The employment agreements provide for certain payments if the NEO is terminated by the Company without cause or leaves for good reason. The terms of these agreements are described in greater detail in the section titled "Overview of Employment and Change in Control Agreements." All of the NEOs are "at will" employees.

The Company has established a Change in Control Severance Benefit Plan, which provides for severance payments to participating employees if the participant's employment is terminated in connection with a change in control. This plan is described in greater detail in the section titled "Overview of Employment and Change in Control Agreements." The Compensation Committee believes it is important to provide such employees with an incentive to remain with the Company amid the uncertainty that often accompanies efforts to consummate a corporate sale or similar transaction that may enhance stockholder value. All of the NEOs (with the exception of Mr. Phillips) participate in the Change in Control Severance Benefit Plan.

Tax and Accounting Implications

Section 162(m) limits to $1 million the amount a company may deduct for compensation paid to certain executive officers. For 2017, this limitation did not apply to compensation paid to a company's chief financial officer or to compensation meeting the requirements for qualifying performance-based compensation within the meaning of Section 162(m). Recent tax legislation effective for taxable years beginning after December 31, 2017 expanded the group of executive officers whose compensation is subject to Section 162(m)'s limitation on deductibility, and repealed the exemption for qualifying performance-based compensation. As a result, compensation paid to our Named Executive Officers in excess of $1 million may not be deductible unless it is performance-based compensation that qualifies for certain transition relief. The Compensation Committee believes that a compensation program that attracts and retains highly qualified executives and rewards them for their achievements is necessary for our success and, therefore, is in the best interests of the Company and our stockholders. Accordingly, the Compensation Committee believes that in establishing the cash and equity incentive compensation program for the Company's executive officers, the potential deductibility of the compensation payable under that program should only be one of a number of relevant factors taken into consideration. Consequently, the Compensation Committee may pay or provide compensation that is not tax deductible or is otherwise limited as to tax deductibility.

Anti-Hedging Policy

Our insider trading policy prohibits all directors and officers from pledging or engaging in hedging or similar transactions in our Common Stock, such as prepaid variable forwards, equity swaps, collars, puts, calls, and short sales.

Compensation Risk Assessment

The Compensation Committee regularly reviews the Company's compensation and benefits programs, policies and practices, including its executive compensation program and its incentive-based compensation programs for its executive officers, to determine whether such programs, policies and practices create risks that are reasonably likely to have a material adverse effect on the Company. Our compensation and governance-related policies are enhanced by our clawback policy, described in the section titled "Elements of Compensation — Clawback Policy" on page 27 of this Proxy Statement, as well as a policy prohibiting hedging and pledging of our securities by our directors and officers, including our NEOs. Based on its assessment, the Compensation Committee does not believe that our compensation programs, policies and practices, in conjunction with our existing processes and controls, create risks that are reasonably likely to have a material adverse effect on our business and operations.

Stockholder Outreach

Active stockholder outreach and interaction is paramount to Novavax' investor relations strategy. Consistent with that, Novavax attended four investor conferences in 2017, the majority of which included presentations and opportunities to meet with institutional investors in individual one-on-one settings. Novavax further conducted two non-deal roadshows in the U.S. On-site meetings with both sell-side and buy-side contacts included tours of Novavax' facilities and provided additional opportunities for investor interaction and feedback. Novavax holds an annual stockholder day and in recent years, an annual Investor and Analyst Day, the latter of which was conducted as a webcast in 2017. In total, Novavax conducted 67 individual calls or meetings with buy-side investors and had 19 interactions with sell-side analysts in 2017. The Company believes these interactions are central to communicating Novavax' investment opportunity, corporate strategy, milestones and goals, and to obtaining feedback directly from the investment community.

2017 CEO PAY RATIO

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, the following information describes the relationship of the annual total compensation of our employees and the annual total compensation of Stanley C. Erck, our President and Chief Executive Officer (our "CEO").

For 2017:

- the median of the annual total compensation of all employees of the Company (other than Mr. Erck) was $113,012;
- Mr. Erck's annual total compensation, as reported in the Summary Compensation Table included elsewhere within this Proxy Statement, was $2,771,685; and
- for 2017, the ratio of the annual total compensation of our CEO to the median of the annual total compensation of all employees ("CEO Pay Ratio") is reasonably estimated to be 25 to 1.

To identify its median employee and determine the annual total compensation of that median employee and the CEO:

- The Company determined that, as of December 31, 2017, its employee population consisted of approximately 349 individuals, with approximately 317 employees based in the United States and 32 employees located in Sweden. All employees are included, whether employed as full-time, part-time, temporary, or seasonal employees, and compensation was annualized for any full-time employee that was not employed for all of fiscal year 2017.
- We identified our median employee by reviewing compensation data reflected in payroll records consisting of base salary and annual cash incentive payments, which was consistently applied to all employees included in the calculation. Base salary and annual cash incentive payments were used because they represent the Company's principal broad-based compensation elements.
- No cost of living adjustments were made in identifying the median employee. For compensation of employees located in Sweden, the exchange rate used was the same as for financial statement translation purposes at December 31, 2017.
- After identifying the median employee, all of the elements of such employee's compensation for 2017 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, were totaled resulting in annual total compensation of $113,012. With respect to the annual total compensation of the CEO, the Company used the amount reported in the "Total" column of the Summary Compensation Table included in this Proxy Statement.

The CEO Pay Ratio reported above is a reasonable estimate calculated in a manner consistent with SEC rules, based on our internal records and the methodology described above. The SEC rules for identifying the median compensated employee allow companies to adopt a variety of methodologies, to apply certain exclusions and to make reasonable estimates and assumptions that reflect their employee populations and compensation practices. Accordingly, the pay ratio reported by other companies may not be comparable to the CEO Pay Ratio reported above, as other companies have different employee populations and compensation practices and may use different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.

SUMMARY COMPENSATION TABLE

The following table sets forth information concerning the compensation of our NEOs for the fiscal years ended December 31, 2017, 2016, and 2015.

Name and Principal Position	Year	Salary[1] ($)	Bonus[2] ($)	Option Awards[3] ($)	Non-Equity Incentive Plan Compensation[4] ($)	All Other Compensation[5] ($)	Total ($)
Stanley C. Erck	2017	624,000	—	1,753,125	383,760	10,800	2,771,685
President, CEO and	2016	618,000	—	3,252,440	—	7,379	3,877,819
Interim CFO	2015	575,000	—	3,924,000	345,000	7,800	4,851,800
Barclay A. Phillips[6]	2017	316,261	—	—	—	40,586	356,847[7]
Former SVP, CFO	2016	363,250	—	790,315	—	7,500	1,161,065
and Treasurer	2015	351,250	—	872,000	122,938	6,487	1,352,675
Gregory M. Glenn, M.D.	2017	450,000	—	531,250	229,500	10,500	1,221,250
President, Research and	2016	441,250	—	1,193,920	—	7,500	1,642,670
Development	2015	410,000	—	1,308,000	143,500	10,514	1,872,014
John A. Herrmann III	2017	340,000	—	425,000	138,550	9,767	913,317
SVP, General Counsel and	2016	335,000	—	790,315	—	7,500	1,132,815
Corporate Secretary	2015	315,000	—	872,000	110,250	6,811	1,304,061
John J. Trizzino	2017	366,102	—	425,000	149,145	7,500	947,747
SVP, Commercial Operations	2016	359,500	—	790,315	—	7,387	1,157,202
	2015	335,000	—	872,000	117,250	8,067	1,332,317

(1) Includes amounts earned, but deferred at the election of the NEO, such as salary deferrals under the Company's 401(k) plan.

(2) Performance-based bonuses are generally paid under the Company's incentive cash bonus program and reported as Non-Equity Incentive Plan Compensation.

(3) The grant date fair value was calculated in accordance with FASB ASC Topic 718. Assumptions used in the calculation of this amount are included in Note 11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC on March 14, 2018.

(4) Represents performance-based bonuses awarded in 2017, 2016, and 2015 under the Company's incentive cash bonus program. For a description of the incentive cash bonus program, see page 25 in the CD&A.

(5) For 2017, All Other Compensation consisted of (i) employer matching contributions to the Company's 401(k) plan for Messrs. Erck, Phillips, Herrmann, and Trizzino and Dr. Glenn and (ii) for Mr. Phillips, a payout of vacation time earned, but not used prior to his last day of employment equal to $32,026.

(6) Mr. Phillips resigned from the Company effective November 10, 2017. Mr. Phillips did not receive any severance payments in connection with the termination of his employment with the Company. In connection with his providing consulting services to the Company, Mr. Phillips was eligible to receive consulting fees, described in Footnote 7 below, and his outstanding equity awards continued to vest during the term of his service to the Company, pursuant to the terms of his award agreements.

(7) In connection with Mr. Phillips' departure and the Company's desire to retain his consulting services, the Company and Mr. Phillips entered into a consulting agreement, in which Mr. Phillips agreed to provide financial, accounting and transition services as a consultant to the Company for nominal cash consideration. The consulting agreement expired by its terms on December 31, 2017 without any fees incurred.

GRANTS OF PLAN-BASED AWARDS TABLE

The following table sets forth information with respect to option awards and other plan-based awards granted to our NEOs during the fiscal year ended December 31, 2017:

Name	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Grant Date	All Other Option Awards: Number of Securities Underlying Options[2] (#)	Exercise or Base Price of Option Awards[3] ($/Sh)	Grant Date Fair Value of Stock and Option Awards[4] ($)
	Threshold ($)	Target ($)	Maximum ($)				
Stanley C. Erck	280,800	374,400	468,000	12/15/2017	1,650,000	1.38	1,753,125
Barclay A. Phillips	—	—	—	—	—	—	—
Gregory M. Glenn, M.D.	168,750	225,000	281,250	12/15/2017	500,000	1.38	531,250
John A. Herrmann III	102,000	136,000	170,000	12/15/2017	400,000	1.38	425,000
John J. Trizzino	109,800	146,400	183,000	12/15/2017	400,000	1.38	425,000

(1) A cash bonus could not be paid under the incentive cash bonus program unless at least 75% of the 2017 Objectives were achieved. The bonus was capped at 125% achievement of the 2017 Objectives. The target amount of any bonus was, subject to Board discretion, prorated between the minimum 75% achievement of 2017 Objectives and the maximum 125% achievement. The target amount was based on the individual's earned base salary for 2017 and represented 60% of Mr. Erck's base salary, 50% of Dr. Glenn's base salary, and 40% of the base salary of each of Mr. Herrmann, and Mr. Trizzino.

(2) Represents stock options granted to our Named Executive Officers under the Company's 2015 Stock Plan. All stock option awards in this column are options to purchase shares of the Company's Common Stock and are subject to service-based vesting, as described below.

(3) Options granted have an exercise price equal to the fair market value of the Company's Common Stock on the date of grant which, under the Company's 2015 Stock Plan, is equal to the closing price of the Company's Common Stock as reported on Nasdaq on the date of grant.

(4) The grant date fair value was calculated in accordance with FASB ASC Topic 718. Assumptions used in the calculation of this amount are included in Note 11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC on March 14, 2018.

OUTSTANDING EQUITY AWARDS AT 2017 FISCAL YEAR END

The following table sets forth certain information with respect to the value of all outstanding equity awards to the NEOs as of December 31, 2017:

		Option Awards[1]				
Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
Stanley C. Erck	6/24/2009	20,000	—		2.44	6/24/2019[2]
	2/15/2010	150,000	—		2.40	2/15/2020[3]
	6/22/2011	850,000	—		1.99	6/22/2021
	3/1/2012	500,000	—		1.28	3/1/2022
	3/2/2013	900,000	—		1.83	3/2/2023
	3/6/2014	675,000	225,000		6.05	3/6/2024
	3/5/2015	450,000	450,000		8.94	3/5/2025
	3/15/2016	393,750	506,250		4.99	3/15/2026[4]
	11/14/2016	148,958	401,042		1.35	11/14/2026[4]
	11/14/2016	—	—	550,000	1.35	11/14/2026[5]
	12/15/2017	—	1,650,000		1.38	12/15/2027[4]
Barclay A. Phillips	6/24/2013	300,000	—		2.03	6/24/2023
	3/6/2014	112,500	—		6.05	3/6/2024
	3/5/2015	100,000	—		8.94	3/5/2025
	3/15/2016	98,438	—		4.99	3/15/2026[4]
	11/14/2016	33,854	—		1.35	11/14/2026[4]
Gregory M. Glenn, M.D. . .	7/1/2010	335,000	—		2.11	7/1/2020[6]
	3/10/2011	64,000	—		2.50	3/10/2021
	3/1/2012	150,000	—		1.28	3/1/2022
	3/2/2013	88,114	—		1.83	3/2/2023
	3/6/2014	131,250	43,750		6.05	3/6/2024
	3/5/2015	150,000	150,000		8.94	3/5/2025
	3/15/2016	153,125	196,875		4.99	3/15/2026[4]
	11/14/2016	47,396	127,604		1.35	11/14/2026[4]
	11/14/2016	—	—	175,000	1.35	11/14/2026[5]
	12/15/2017	—	500,000		1.38	12/15/2027[4]

		Option Awards[1]				
Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
John A. Herrmann III	4/15/2010	75,000	—		2.66	4/15/2020
	3/10/2011	20,000	—		2.50	3/10/2021
	3/1/2012	150,000	—		1.28	3/1/2022
	3/2/2013	150,000	—		1.83	3/2/2023
	3/6/2014	112,500	37,500		6.05	3/6/2024
	6/12/2014	37,500	12,500		4.55	6/12/2024
	3/5/2015	100,000	100,000		8.94	3/5/2025
	3/15/2016	98,437	126,563		4.99	3/15/2026[4]
	11/14/2016	33,854	91,146		1.35	11/14/2026[4]
	11/14/2016	—	—	125,000	1.35	11/14/2026[5]
	12/15/2017	—	400,000		1.38	12/15/2027[4]
John J. Trizzino	3/10/2014	225,000	75,000		5.86	3/10/2024
	3/5/2015	100,000	100,000		8.94	3/5/2025
	3/15/2016	98,437	126,563		4.99	3/15/2026[4]
	11/14/2016	33,854	91,146		1.35	11/14/2026[4]
	11/14/2016	—	—	125,000	1.35	11/14/2026[5]
	12/15/2017	—	400,000		1.38	12/15/2027[4]

(1) All options were awarded under the Amended and Restated 2005 Stock Incentive Plan (the "2005 Stock Plan") or 2015 Stock Plan and, except as noted, vest in four equal increments on the first four anniversaries of the date of grant.

(2) These options vested six months following the date of grant.

(3) These options vested one year following the date of grant.

(4) Twenty-five percent of the shares subject to this option vest one year following the date of grant, and the remaining seventy-five percent will vest in equal monthly installments over the following three years subject to continued employment through the vesting date.

(5) The amounts represent performance- and time-based options, and assume achievement of performance at threshold levels. These options are eligible to vest according to the satisfaction of both a time-based vesting requirement, pursuant to which twenty-five percent of the shares subject to this option vest one year following the date of grant, and the remaining seventy-five percent will vest in equal monthly installments over the following three years subject to continued employment through the vesting date; and a performance-based vesting requirement, pursuant to which 33.33%, 33.33%, and 33.34% of the shares will vest if, at any time during the four-year period from the grant date, the volume-weighted average stock price of Novavax' common stock meets or exceeds three separate pre-determined dollar targets, respectively, for twenty (20) consecutive trading days.

(6) These options vested in three equal increments on the first three anniversaries of the date of grant.

OPTIONS EXERCISED AND STOCK VESTED

Our NEOs did not exercise any stock options, or hold any restricted stock awards that vested, during the fiscal year ended December 31, 2017.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information about the Company's Common Stock authorized for issuance under our equity compensation plans as of December 31, 2017. See also the information regarding stock options in Note 11 to the Company's consolidated financial statements for the year ended December 31, 2017, included in the Company's Annual Report on Form 10-K filed with the SEC on March 14, 2018.

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 in Column (a)) (c)
Equity compensation plans approved by security holders[1]	46,494,649	$3.51	3,087,705[2]
Equity compensation plans not approved by security holders	—	—	—
Total	46,494,649	$3.51	3,087,705

(1) Consists of the 2015 Stock Plan, 2005 Stock Plan, and ESPP. The 2005 Stock Plan terminated pursuant to its terms on February 23, 2015 and no further awards will be made pursuant to that plan.

(2) Does not include the shares proposed to be made available under the Amended 2015 Stock Plan (as defined in Proposal No. 3) or the Amended ESPP (as defined in Proposal No. 4).

OVERVIEW OF EMPLOYMENT AND CHANGE IN CONTROL AGREEMENTS

Employment Agreements

On December 31, 2017, the Company had employment agreements in place with each of our NEOs, with the exception of Mr. Barclay A. Phillips, the Company's former Senior Vice President, Chief Financial Officer and Treasurer. Each employment agreement provides for a base salary subject to review each year, an incentive bonus, and equity awards. Salary information and the target amount of the incentive bonus are described in greater detail on pages 20 through 28 in the CD&A. The amount of any incentive bonus and the form of payment (cash, shares of restricted stock, or some combination of the two) are at the discretion of the Board.

The employment agreements also provide that additional equity may be awarded to the NEO based upon his or her performance and subject to the Board's approval, for the reimbursement of reasonable expenses incurred by him or her in connection with the performance of his or her duties, and for the NEO to participate in the Company's Severance Plan (discussed below). Each NEO must devote his or her full business time to the performance of services to the Company.

The employment agreements require each NEO to maintain the confidentiality of the Company's proprietary information and provide that all work product discovered or developed by the NEO in the course of the NEO's employment belongs to the Company. In addition, in the employment agreements, the NEOs have agreed not to compete with the Company, directly or indirectly, within the United States or interfere with or solicit the Company's contractual relationships, in each case during the term of his or her employment and for the duration of the severance period described for the NEO following the termination of his or her employment.

If an NEO is terminated without "cause" or leaves the Company for "good reason" (as such terms are defined in each employment agreement), the NEO may receive a lump sum separation payment. The amount of these payments is more specifically described in the section "Potential Payments Upon Termination" beginning on page 38. To be entitled to such a payment, the NEO must execute and deliver to the Company a waiver and separation agreement, releasing the Company from any claims.

Amended and Restated Change in Control Severance Benefit Plan

In August 2005, the Board adopted a Change in Control Severance Benefit Plan, which has since been amended in July 2006, December 2008, and June 2011 (the "Severance Plan"). The purpose of the Severance Plan is to provide severance pay and benefits to a select group of employees whose employment with the Company may be terminated following a change in control event, to provide such employees with an incentive to remain with the Company, and help the Company consummate a strategic corporate sale or transaction that maximizes stockholder value. Participants in the Severance Plan are recommended by the CEO and approved by the Board. Selected participants with existing severance agreements will be deemed to elect coverage under the Severance Plan and are not eligible for any severance benefits under other agreements unless expressly provided otherwise by the Board. Each of the NEOs participates in the Severance Plan with the exception of Mr. Barclay A. Phillips, the Company's former Senior Vice President, Chief Financial Officer and Treasurer.

The Severance Plan provides for the payment of benefits upon certain triggering events. A triggering event occurs if a participant's employment is terminated due to an "Involuntary Termination without Cause" for a reason other than death or disability or as a result of a "Constructive Termination" either (i) within a certain period (not to exceed 24 months) after the effective date of a "Change in Control" or (ii) before the Change in Control but after the first day on which the Board and/or senior management of the Company has entered into formal negotiations with a potential acquirer that results in the consummation of the Change in Control.

The specific periods of time following the effective date of a Change in Control during which payment of benefits under the Severance Plan may be triggered by termination are as follows:

		Severance[1][2]	
Executive	Protected Period	Payment	Continuation of Benefits Period
Stanley C. Erck	24 months	24 months salary	18 months
Gregory M. Glenn, M.D.	12 months	12 months salary	12 months
John A. Herrmann III	12 months	12 months salary	12 months
John J. Trizzino	12 months	12 months salary	12 months

(1) If a triggering event occurs, the participant is entitled to a lump sum severance payment; a bonus equal to 100% of the target annual performance bonus for the year in which the termination date occurred multiplied by the length in years of the participant's severance benefit period; and continuation of medical, dental, and vision benefits for the same number of months as the severance period, with the exception of Mr. Erck, whose benefits continue for 18 months.

(2) The NEOs are also entitled to certain payments and benefits upon termination of employment that are provided on a non-discriminatory basis to salaried employees generally upon termination of employment. These include accrued salary and accrued, but unused vacation pay, and availability for distribution of plan balances under the Company's 401(k) plan.

As used herein, the below terms shall have the following meanings:

Term	Definition
Involuntary Termination without Cause	The termination of an eligible employee's employment which is initiated by the Company for a reason other than Cause.
Cause	• Conviction of, a guilty plea with respect to, or a plea of nolo contendere to a charge that the eligible employee has committed a felony under the laws of the United States or of any state or a crime involving moral turpitude, including, but not limited to, fraud, theft, embezzlement, or any crime that results in or is intended to result in personal enrichment at the expense of the Company; • Material breach of any agreement entered into between the eligible employee and the Company that impairs the Company's interest therein; • Willful misconduct, significant failure to perform the eligible employee's duties, or gross neglect by the eligible employee of the eligible employee's duties; or • Engagement in any activity that constitutes a material conflict of interest with the Company.
Constructive Termination	A termination initiated by an eligible employee because any of the following events or conditions has occurred: • a change in the eligible employee's position or responsibilities (including reporting responsibilities) which represents an adverse change from the eligible employee's position or responsibilities as in effect immediately preceding the effective date of a Change in Control or at any time thereafter; the assignment to the eligible employee of any duties or responsibilities which are inconsistent with the eligible employee's position or responsibilities as in effect immediately preceding the effective date of a Change in Control or at any time thereafter; except in connection with the termination of the eligible employee's employment for Cause or the termination of an eligible employee's employment because of an eligible

	employee's disability or death, or except resulting from a voluntary termination by the employee other than as a result of a Constructive Termination; • a material reduction in the eligible employee's pay or any material failure to pay the eligible employee any compensation or benefits to which the eligible employee is entitled within five (5) days of the date due; • the Company's requiring the eligible employee to relocate his principal worksite to any place outside a fifty (50) mile radius of the eligible employee's current worksite, except for reasonably required travel on the business of the Company or its affiliates which is not materially greater than such travel requirements prior to the Change in Control; • the failure by the Company to continue in effect (without reduction in benefit level and/or reward opportunities) any material compensation or employee benefit plan in which the eligible employee was participating immediately preceding the effective date of a Change in Control or at any time thereafter, unless such plan is replaced with a plan that provides substantially equivalent compensation or benefits to the eligible employee; • any material breach by the Company of any provision of the Severance Plan; or • the failure of the Company to obtain an agreement, from any successors and assigns to assume and agree to perform the obligations created under the Severance Plan as a result of a Change in Control.
Change in Control	• A sale, lease, license, or other disposition of all or substantially all of the assets of the Company; • A consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, in which the stockholders of the Company immediately prior to such consolidation, merger, or reorganization, own less than fifty percent (50%) of the outstanding voting power of the surviving entity and its parent following the consolidation, merger, or reorganization; • Any transaction or series of related transactions involving a person or entity, or a group of affiliated persons or entities (but excluding any employee benefit plan or related trust sponsored or maintained by the Company or an affiliate) in which such persons or entities that were not stockholders of the Company immediately prior to their acquisition of the Company securities as part of such transaction become the owners, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation, or similar transaction and other than as part of a private financing transaction by the Company; or • A change in the Incumbent Board, which occurs if the existing members of the Board on the date the Severance Plan was initially adopted by the Board (the "Incumbent Board") cease to constitute at least a majority of the members of the Board, provided, however, that any new Board member shall be considered a member of the Incumbent Board for this purpose if the appointment or election (or nomination for such election) of the new Board member is approved or recommended by a majority vote of the members of the Incumbent Board who are then still in office.

POTENTIAL PAYMENTS UPON TERMINATION

The following table summarizes the payment that would be payable to our NEOs, with the exception of Mr. Barclay A. Phillips, the Company's former Senior Vice President, Chief Financial Officer and Treasurer, as of December 31, 2017, in the event of the various termination scenarios, including termination other than for cause, termination for cause, and termination in connection with a change in control. Mr. Phillips did not receive any severance payments in connection with the termination of his employment with the Company, but did receive a payout of vacation time earned but not used prior to his last day of employment equal to $32,026:

		Triggering Event		
Executive	Benefit	Termination Other Than for Cause[1] ($)	Termination For Cause[2] ($)	Termination in Connection with a Change in Control[3] ($)
Stanley C. Erck	Severance Payment	936,000	—	1,248,000
	Bonus	—	—	748,800[4]
	Equity Awards	—	—	—[5]
	Health Insurance	—	—	28,945[6]
	Total	936,000	—	2,025,745
Gregory M. Glenn, M.D.	Severance Payment	450,000	—	450,000
	Bonus	—	—	225,000[4]
	Equity Awards	—	—	—[5]
	Health Insurance	—	—	19,297[6]
	Total	450,000	—	694,297
John A. Herrmann III	Severance Payment	340,000	—	340,000
	Bonus	—	—	136,000[4]
	Equity Awards	—	—	—[5]
	Health Insurance	—	—	14,642[6]
	Total	340,000	—	490,642
John J. Trizzino	Severance Payment	366,000	—	366,000
	Bonus	—	—	146,400[4]
	Equity Awards	—	—	—[5]
	Health Insurance	—	—	19,297[6]
	Total	366,000	—	531,697

(1) On December 31, 2017, the Company had employment agreements with Dr. Glenn and Messrs. Erck, Herrmann, and Trizzino, which provided for a lump sum cash severance payment if the executive is terminated without "cause" or leaves for "good reason." All vested and exercisable stock options held by Dr. Glenn and Messrs. Herrmann and Trizzino must be exercised within three months following the termination date. Mr. Erck is entitled to the accelerated vesting of 50% of the unvested portion of each stock option or restricted stock grant made by the Company and may exercise all outstanding vested stock options held at termination (including any accelerated options or grants) during the twelve (12) month period following the date of termination.

(2) In the event an NEO is terminated for cause, the Company has no further obligation to the executive other than the obligation to pay any unpaid base salary and unused vacation accrued through the termination date. Cause means (i) the executive's willful failure or refusal to perform in all material respects the services required to be performed by him; (ii) the executive's willful failure or refusal to

carry out any proper and material direction by the President and Chief Executive Officer or Board (or, with respect to Mr. Erck's agreement, the Board, and with respect to Mr. Herrmann's agreement, the CMO, the CEO or the Board) with respect to the services to be rendered by him or the manner of rendering such services; (iii) the executive's willful misconduct or gross negligence in the performance of his duties (or, with respect to Mr. Herrmann's and Mr. Trizzino's agreements, the executive's misconduct in the performance of his duties); (iv) the executive's commission of an act of fraud, embezzlement, or theft or felony involving moral turpitude; (v) the executive's use of confidential information, other than for the benefit of the Company in the course of rendering services to the Company; or (vi) a breach of the executive's non-competition obligations.

(3) Under the Severance Plan, all current unvested awards become vested and exercisable in full only upon a termination of employment following a Change in Control (a double trigger acceleration). The Severance Plan provides that all vested and exercisable options may be exercised within one year from the participant's termination date, provided, however, that no exercise may occur later than the expiration date of the option as set forth in the applicable option agreement.

(4) Bonus equals 100% of the NEO's target annual bonus award, expressed as a monthly payment, multiplied by the participant's severance benefit period, expressed monthly.

(5) Represents the value of all unvested equity awards at the closing price on December 31, 2017, minus any applicable exercise price.

(6) Reflects the premiums for health, dental, and vision coverage under the Company's group health insurance program. Amounts are based on the premiums in effect at December 31, 2017.

Termination as a Result of Death or Disability

In the event an NEO is terminated as a result of death or disability, all outstanding stock options granted to the executive on or after March 2016 will vest as to 50% of the unvested portion of each stock option grant as of the termination date. Otherwise, the Company has no further obligation to the executive other than the obligation to pay any unpaid base salary and unused vacation accrued through the termination date. If the executive dies while in the employ of the Company (or within three months after the date on which the executive ceases to be an employee), vested and exercisable options may be exercised by the executive's estate for one year following the executive's death. If the executive becomes disabled while in the employ of the Company, vested and exercisable options may be exercised by the executive for a period of one year after the executive ceases to be an employee due to a disability.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

COMPENSATION COMMITTEE
James F. Young, Chair
Richard H. Douglas, Ph.D.
Michael A. McManus, Jr., J.D.

This Compensation Committee Report shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934 except to the extent that Novavax specifically incorporates this information by reference, and shall not otherwise be deemed filed under the Securities Act of 1933 and the Securities Exchange Act of 1934 and shall not be deemed soliciting material.

AUDIT COMMITTEE REPORT

The Audit Committee operates under a written charter adopted by the Board of Directors and monitors the Company's financial reporting process on behalf of the Board of Directors. This report reviews the actions taken by the Audit Committee with regard to the Company's financial reporting process during 2017 and particularly with regard to the Company's audited consolidated statements of financial condition as of December 31, 2017, and the related statements of operations, comprehensive loss, changes in stockholders' equity (deficit), and cash flows for each of the years in the three-year period ended December 31, 2017.

The Audit Committee believes that it has taken the actions necessary or appropriate to fulfill its oversight responsibilities under the Audit Committee's charter. In fulfilling its oversight responsibilities, the Audit Committee has reviewed and discussed the Company's audited financial statements with management and with Ernst & Young LLP, the Company's independent registered public accounting firm, the matters required to be discussed by the Public Company Accounting Oversight Board (PCAOB) AU Section 380, "Communication with Audit Committees" (as currently in effect), which includes, among other items, matters related to the conduct of the audit of the Company's financial statements.

The Audit Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of its examinations, its evaluations of the Company's internal controls, the overall quality of the Company's financial reporting, and their judgments as to the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee in accordance with PCAOB standards. The Audit Committee has also received the written disclosures and the letter from Ernst & Young LLP required by the PCAOB independence and ethics rule, Rule 3526, "Communication with Audit Committees Concerning Independence," relating to the firm's independence from the Company and its related entities, discussed with Ernst & Young LLP its independence from the Company and considered the compatibility of the firm's provision of non-audit services with maintaining its independence. Management and the Company's internal and independent auditors also made presentations to the Audit Committee throughout the year on specific topics of interest, that include but are not limited to: (i) information technology systems, controls and security; (ii) critical accounting policies; (iii) the impact of new accounting guidance; (iv) compliance with internal controls required under Section 404 of the Sarbanes-Oxley Act; (v) compliance with Company's Code of Ethics; (vi) risk management initiatives and controls; (vii) significant legal matters; and (viii) insider and related party transactions. Additionally, the Audit Committee discussed with the Company's internal and independent auditors the overall scope and plan for their respective audits.

Based on the review and discussions referred to above, the Audit Committee recommended to the Company's Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for filing with the SEC.

AUDIT COMMITTEE
Michael A. McManus, Jr., J.D., Chair
Richard H. Douglas, Ph.D.
Gary C. Evans

This Audit Committee Report shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934 except to the extent that Novavax specifically incorporates this information by reference, and shall not otherwise be deemed filed under the Securities Act of 1933 and the Securities Exchange Act of 1934 and shall not be deemed soliciting material.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of April 18, 2018, unless otherwise indicated, with respect to the beneficial ownership of our Common Stock by (i) each person (including any group) known to the Company to beneficially own more than 5% of the outstanding shares of our Common Stock, (ii) each director of the Company or nominee for director, (iii) each of the NEOs of the Company as identified in the "Summary Compensation Table," and (iv) all directors and NEOs of the Company as a group.

Name of Beneficial Owner[1]	Shares of Common Stock Beneficially Owned[2]	Percentage of Class Outstanding[3]
5% or Greater Stockholders		
BlackRock, Inc.[4]	25,018,622	6.6
Directors, Nominees, and Executive Officers		
Gail K. Boudreaux[5]	280,000	*
Richard H. Douglas, Ph.D.[6]	840,000	*
Gary C. Evans[7]	581,979	*
Michael A. McManus, Jr., J.D.[8]	472,590	*
Rajiv I. Modi, Ph.D.[9]	2,500,000	*
James F. Young, Ph.D.[10]	865,000	*
Stanley C. Erck[11]	4,947,237	1.3
Barclay A. Phillips[12]	38,669	*
Gregory M. Glenn, M.D.[13]	1,330,471	*
John A. Herrmann III[14]	928,114	*
John J. Trizzino[15]	715,007	*
All directors and executive officers as a group (9 persons)[16]	13,180,398	3.4

* Less than 1%.

(1) Each beneficial owner named in the table above (except as otherwise indicated in the footnotes below) has an address in c/o Novavax, Inc., 20 Firstfield Road, Gaithersburg, Maryland 20878.

(2) Beneficial ownership is determined in accordance with the rules and regulations of the SEC and includes voting or investment power with respect to shares of the Company's Common Stock. Unless otherwise indicated, each beneficial owner named in the table has sole voting and investment power over the shares beneficially owned. With respect to each person or group, percentages are calculated based on the number of shares of Common Stock beneficially owned, including shares that may be acquired by such person or group within 60 days of April 18, 2018 upon the exercise of stock options, warrants, or other purchase rights, but not the exercise of options, warrants, or other purchase rights held by any other person.

(3) Percentages have been calculated based on 381,637,388 shares of the Company's Common Stock outstanding as of April 18, 2018.

(4) As reported by BlackRock, Inc. ("BlackRock") on Schedule 13G/A as filed on February 8, 2018. BlackRock is a parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G). Beneficial ownership (and other information in this footnote) is as of December 31, 2017. BlackRock beneficially owns 25,018,622 shares of Common Stock, for which it has sole voting power with respect to 24,469,007 shares of Common Stock and sole dispositive power with respect to 25,018,622 shares of Common Stock. The principle office address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055.

(5) Mrs. Boudreaux resigned from the Company's Board of Directors on November 5, 2017. The information regarding Mrs. Boudreaux reflected in the table is based solely upon information obtained from Company records. Includes 80,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 18, 2018.

(6) Includes 290,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 18, 2018.

(7) Includes 260,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 18, 2018. Also includes 4,000 shares owned of record by Gary Evans Custodian for Dustin Evans UTMA/TX and 4,000 shares owned by record by Gary Evans Custodian for Casey Evans UTMA/TX.

(8) Includes 195,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 18, 2018.

(9) Consists of 2,500,000 shares owned by Satellite Overseas (Holdings) Limited, a wholly-owned subsidiary of Cadila Pharmaceuticals Ltd. Dr. Modi is a managing director of Cadila Pharmaceuticals Ltd.

(10) Consists solely of 865,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 18, 2018.

(11) Includes 4,718,958 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 18, 2018.

(12) Mr. Phillips' employment with the Company ended on November 10, 2017. The information regarding Mr. Phillips reflected in the table is based solely upon information obtained from Company records.

(13) Includes 1,303,260 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 18, 2018.

(14) Includes 921,042 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 18, 2018.

(15) Includes 626,042 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 18, 2018.

(16) Includes 9,179,302 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 18, 2018 and does not include Mr. Phillips who was not an Executive Officer as of such date or Ms. Boudreaux who was not a Director as of such date.

PROPOSAL NO. 2

ADVISORY VOTE ON EXECUTIVE COMPENSATION

We are asking stockholders to approve, on an advisory, non-binding basis, the compensation of our Named Executive Officers as disclosed in this Proxy Statement. The Company provides its stockholders with the opportunity to cast an annual advisory vote to approve the compensation of its Named Executive Officers and this Proposal No. 2, commonly referred to as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views on our executive compensation programs.

As described in detail in the Compensation Discussion and Analysis section and the related tables and narrative disclosure in this Proxy Statement, our executive compensation programs are designed to attract and retain highly qualified executives, reflect performance and reward high performance, reward Named Executive Officers for meeting Novavax' strategic goals and objectives, and align Named Executive Officers' goals with those of our stockholders. Please read the Compensation Discussion and Analysis section for additional details about our executive compensation objectives, philosophy, and programs, along with the compensation paid to our Named Executive Officers with respect to the fiscal year ended December 31, 2017 and the rationale for such compensation.

Accordingly, the Board is asking stockholders to cast a non-binding, advisory vote "FOR" the compensation paid to our Named Executive Officers in 2017, as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, compensation tables, and related narrative discussion included in this Proxy Statement.

We recommend that you vote "FOR" the following resolution at the Annual Meeting:

> RESOLVED, that the compensation of the Company's Named Executive Officers as disclosed in the Company's proxy statement for the 2018 Annual Meeting of Stockholders pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables, and narrative discussion, is hereby approved.

Although the say-on-pay vote we are asking you to cast is non-binding, the Board and the Compensation Committee, who are responsible for designing and administering our executive compensation programs, value the opinions of our stockholders on this Proposal No. 2 and will consider the outcome of the vote on this Proposal No. 2 when making future compensation decisions for our Named Executive Officers. The Board has determined to provide stockholders with an annual opportunity to approve the compensation of the Named Executive Officers.

FOR PROPOSAL NO. 2, THE BOARD RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE COMPENSATION PAID TO OUR NAMED EXECUTIVE OFFICERS IN 2017.

PROPOSAL NO. 3

AMENDMENT OF 2015 STOCK PLAN

At the Annual Meeting, stockholders will be asked to approve the adoption of the Amended and Restated 2015 Stock Incentive Plan adopted by our Board on March 15, 2018 (the "Amended 2015 Stock Plan"). The 2015 Stock Plan was originally adopted by our Board on March 5, 2015 and approved by Novavax stockholders on June 18, 2015, with an amendment thereto approved by our stockholders on June 9, 2016 and an amendment and restatement thereof approved by our stockholders on June 15, 2017. The number of shares originally authorized for issuance under the 2015 Stock Plan was 25,000,000 shares of Common Stock, which included 4,620,369 shares of Common Stock that were available for issuance under our 2005 Stock Plan immediately prior to its expiration on February 23, 2015. On June 9, 2016, Novavax stockholders voted to approve an amendment to increase the number of shares under the 2015 Stock Plan by an additional 6,000,000 shares. On June 15, 2017, Novavax stockholders voted to approve an amendment to increase the number of shares under the 2015 Stock Plan by an additional 5,000,000 shares. As discussed further below, stockholders are being asked to approve the Amended 2015 Stock Plan to enable us to increase the number of shares of our Common Stock available for issuance pursuant to awards under the plan by 20,000,000 shares.

Equity grants are an essential element of the Company's compensation program. Stockholder approval of the Amended 2015 Stock Plan would allow us to continue to attract and retain high quality and high performing directors, executives, and other employees with equity incentives. The Board approved the Amended 2015 Stock Plan and the additional shares of Common Stock authorized for issuance under it based upon its review and consideration of:

- the Company's historic rates of equity award issuances;
- the dilutive impact to stockholders;
- equity plan guidelines established by certain institutional investors and proxy advisory firms; and
- advice provided by Radford, the Compensation Committee's independent consultant.

The Board believes that it is in the best interest of the Company's stockholders for the Company's employees (including its officers), directors, and consultants to have an ownership interest in the Company and that granting equity awards to such persons motivates them to contribute to the Company's success. Given the emphasis placed on equity awards in the Company's compensation philosophy and, in general, a decline in the Company's stock price, more shares of our Common Stock were granted as awards under the 2015 Stock Plan (prior to its amendment) in 2017 than previously anticipated. As a result, we do not believe that the remaining shares of Common Stock available for issuance under the 2015 Stock Plan are sufficient to continue implementing the Company's stock incentive program over the next year taking into account our historic burn rate (discussed below) and certain other factors, including the Company's anticipated need to attract new employees with appropriate levels of experience and talent. Accordingly, on March 15, 2018, our Board approved the Amended 2015 Stock Plan, subject to stockholder approval, to increase the number of shares of Common Stock reserved for issuance under the Amended 2015 Stock Plan by 20,000,000 shares and to increase the number of shares of Common Stock that may be issued under the Amended 2015 Stock Plan upon the exercise of incentive stock options by 20,000,000 shares. The Amended 2015 Stock Plan is being submitted to the Company's stockholders for approval.

The Board believes that the Amended 2015 Stock Plan continues to promote the interests of our stockholders and continues to be consistent with principles of good corporate governance including:

- *Independent Committee*. The Amended 2015 Stock Plan will continue to be administered by the Compensation Committee and its authorized delegates. The Compensation Committee is composed entirely of independent directors who meet the Nasdaq Global Select Market ("Nasdaq") standards for independence and who meet the definitions of "outside directors" for purposes of Section 162(m), as in effect prior to December 22, 2017, and "non-employee directors" under Rule 16b-3(b)(3) of the Exchange Act.

- *Stockholder Approval is Required for Additional Shares*. The Amended 2015 Stock Plan does not contain an annual "evergreen" provision. The Amended 2015 Stock Plan authorizes a fixed number of shares and, as a result, stockholder approval is required to issue any additional shares under awards under the plan. This gives our stockholders the opportunity to provide direct input on our equity compensation programs.

- *Limits on Awards.* The Amended 2015 Stock Plan limits the number of shares of Common Stock that may be awarded through stock options, stock appreciation rights ("SARs"), and other awards that may be granted to any person in any calendar year and contains a separate limit that applies to awards granted to our non-employee directors.

- *No Discounted Stock Options or SARs*. All stock options and SARs under the Amended 2015 Stock Plan must have an exercise price or base value that is not less than the fair market value of a share of Common Stock on the date of grant.

- *Performance Awards*. Under the Amended 2015 Stock Plan, the Compensation Committee may grant performance-based awards, including awards that were intended to satisfy the requirements of the exception for qualified performance-based compensation as in effect under Section 162(m) for tax years beginning prior to January 1, 2018.

- *No Repricing*. Other than in connection with a corporate transaction affecting the Company, the Amended 2015 Stock Plan prohibits any repricing of stock options or SARs without obtaining stockholder approval in accordance with Nasdaq requirements.

- *No Liberal Share Recycling*. Shares retained or withheld by or delivered to the Company to satisfy the purchase or exercise price of (or withholding taxes applicable to) an award and the total number of shares subject to a SAR any portion of which is settled in shares reduce the number of shares available for issuance under the Amended 2015 Stock Plan. In addition, the number of shares available for delivery under the Amended 2015 Stock Plan will not be increased by any shares that have been delivered under the Amended 2015 Stock Plan that are subsequently repurchased using proceeds directly attributable to stock option exercises.

- *Minimum Vesting Provisions*. The Amended 2015 Stock Plan requires a minimum vesting period of at least one year for all awards granted under the plan, subject to a carve-out for awards not exceeding five percent of the total shares of our Common Stock reserved for issuance under the plan.

- *Accelerated Vesting on a Change in Control*. The Amended 2015 Stock Plan provides that, upon the consummation of a corporate transaction (as described below) the plan administrator may not accelerate the time-based vesting of an award unless such award is not assumed or substituted by the acquiring or succeeding company. Further, the Amended 2015 Stock Plan requires that, on the consummation of a corporate transaction, the performance-based vesting of any award be determined based on the greater of (a) assumed achievement of the applicable performance goals at 100% of target with the result prorated based on the period of the Participant's actual employment or service relationship with the Company prior to the corporate transaction during the applicable full performance period, or (b) actual achievement of the applicable performance goals through the date of the corporate transaction.

- *Clawback Policy*. Awards under the Amended 2015 Stock Plan are subject to recoupment in accordance with any applicable Company clawback or recoupment policy that may be adopted by the Board or as otherwise required by law or applicable listing standards. The Company's current clawback policy, as adopted by the Board, provides that, if the Company is required to prepare an accounting restatement due to material non-compliance with financial reporting requirements under applicable securities laws, with respect to any cash bonus or other cash compensation paid or awarded, or equity-based bonus or other equity-based incentive compensation that was exercised, vested or settled, within six months preceding such restatement, and that was granted or earned or became vested based wholly or in part upon the attainment of any financial reporting measure, if the recipient of such cash or equity-based bonus or other cash or equity-based

incentive compensation engaged in fraud, intentional misconduct, or gross negligence that caused or partially caused the need for the restatement, the Board generally may seek reimbursement of any amount paid under an award in excess of what would have been paid had such error not been made.

- *Payment of Dividends*. The Amended 2015 Stock Plan expressly prohibits the payment of dividends or dividend equivalents on unvested awards.

Existing Equity Plan Information

Since its adoption in 2015, we have granted equity awards exclusively under our 2015 Stock Plan. In fiscal 2017, the Company granted stock options covering a total of 12,411,543 shares and no restricted stock awards. Our fiscal year 2017 burn rate was determined to be 4.2%.

As of March 15, 2018, our 2015 Stock Plan had 2,603,757 shares of Common Stock available for grant as equity awards. If the Amended 2015 Stock Plan is approved, the total number of shares of Common Stock that will be available for future awards under the Amended 2015 Stock Plan will be 22,603,757, which is the sum of 20,000,000 shares plus the number of shares currently available under the 2015 Stock Plan. If the stockholders do not approve the Amended 2015 Stock Plan, the Amended 2015 Stock Plan will not become effective and additional awards will only be granted from the shares currently available under the 2015 Stock Plan.

Potential Dilution

The following table provides information regarding the number of shares subject to each type of outstanding award under the 2015 Stock Plan and the 2005 Stock Plan, the number of shares of our Common Stock available for future awards under the 2015 Stock Plan, the number of additional shares that would be available for future awards under the Amended 2015 Stock Plan, if approved by stockholders, and the dilutive impact of each to our stockholders as of March 15, 2018.

	Number of shares	As a percentage of stock outstanding on a fully diluted basis
Outstanding stock options	45,671,725	11.7%
Outstanding restricted stock	—	0.0%
Total shares subject to outstanding awards under the 2015 Stock Plan and the 2005 Stock Plan	45,671,725	11.7%
Total shares available for future awards under the 2015 Stock Plan	2,603,757	0.7%
Proposed additional shares available for future awards under the Amended 2015 Stock Plan	20,000,000	4.8%
Total potential dilution	68,275,482	16.5%

As indicated by the numbers in the table above, as of March 15, 2018, the date our Board adopted the Amended 2015 Stock Plan, the potential dilution under our 2015 Stock Plan and 2005 Stock Plan was 12.3%. If the Amended 2015 Stock Plan is approved by our stockholders, our potential dilution will be 16.5%.

Supplemental Equity Compensation Plan Information

The following table provides supplemental information on the Company's equity compensation plans as of March 15, 2018 in addition to the required information presented under "Equity Compensation Plan Information" included elsewhere in this Proxy Statement. Under the plans included in the table below, the Company's Common Stock may be issued upon the exercise of options.

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)	Weighted-Average Remaining Term of Outstanding Options, Warrants, and Rights (c)	Number of Restricted Stock Awards Outstanding (d)[1]	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities in Column (a)) (e)
Equity compensation plans approved by security holders[1]	45,671,725[2]	$3.52	7.6	—	2,874,637[3]
Equity compensation plans not approved by security holders[4]	—	—	—	—	—
Total	45,671,725	$3.52	7.6	—	2,874,637

(1) There are no restricted stock awards or other full-value awards outstanding under the 2015 Stock Plan or the 2005 Stock Plan.

(2) Consists of the 2015 Stock Plan, the 2005 Stock Plan, and the ESPP. The 2005 Stock Plan terminated pursuant to its terms on February 23, 2015 and no further awards will be made pursuant to that plan.

(3) Reflects 2,603,757 shares of our Common Stock available under the 2015 Stock Plan and 270,880 shares of our Common Stock available under the ESPP.

(4) Excludes the Amended 2015 Stock Plan, which is subject to stockholder approval in accordance with this Proposal No. 3.

Reasons for Seeking Stockholder Approval

Our Board believes that the ability to grant equity compensation to all employees has been, and will continue to be, essential to the Company's ability to attract and retain the highest quality and highest performing employees and directors. Our Board also believes that equity compensation motivates our employees, including our executive officers, and our directors to contribute to the achievement of our corporate objectives and encourages the alignment of their interests with the interests of our stockholders. After a review of its routine historical practice and an estimation of the Company's future growth, the Company believes that the availability of 20,000,000 additional shares of Common Stock under the Amended 2015 Stock Plan would provide a sufficient number of shares to enable the Company to continue to make awards at historical average annual rates for the next year. The Compensation Committee determined that reserving shares sufficient for approximately one year of new awards at historical grant rates is in line with the practice of our peer public companies.

Summary of the Amended 2015 Stock Plan

The following summary describes the material terms of the Amended 2015 Stock Plan. This summary of the Amended 2015 Stock Plan is not a complete description of all provisions of the Amended 2015 Stock Plan and is qualified in its entirety by reference to the Amended 2015 Stock Plan, which is filed as Appendix A to this Proxy Statement.

Purpose; Term. The purpose of the Amended 2015 Stock Plan is to secure for the Company and its stockholders the benefits arising from capital stock ownership by employees, officers, and directors of, as well as consultants and advisors to, the Company, its parents and its subsidiaries. Unless sooner terminated in accordance with its terms, the Amended 2015 Stock Plan will terminate upon the close of business on March 4, 2025.

Administration. The Amended 2015 Stock Plan is administered by the Compensation Committee and its authorized delegates. Subject to the terms of the Amended 2015 Stock Plan, the Compensation Committee has the authority to determine the individuals to whom, and the time or times at which, awards are made, the number of shares of Common Stock subject to each award, and the terms of all awards and all award agreements; to construe the plan and the award agreements under the plan; to prescribe the forms, rules and procedures relating to the plan; to determine the form of settlement of awards (whether in cash, shares of Common Stock, or other property); and to make all other determinations and take all other actions that are, in the Compensation Committee's judgment, necessary or desirable for the administration of the Amended 2015 Stock Plan. Notwithstanding the foregoing, except in connection with a change in control of the Company or the death or disability of a participant after the time an award has been granted, the Compensation Committee may not accelerate the time or times at which an award vests or becomes exercisable. The Compensation Committee's construction and interpretation of the terms and provisions of the Amended 2015 Stock Plan and any award agreement are final and conclusive.

Shares Reserved. Subject to adjustment as described below, the number of shares of Common Stock that are reserved for issuance under the Amended 2015 Stock Plan is 56,000,000 shares (which includes 25,000,000, 6,000,000, and 5,000,000 shares that were approved by stockholders at the Annual Meeting of Stockholders in 2015, 2016, and 2017 respectively). Shares of Common Stock underlying any award made under the Amended 2015 Stock Plan to the extent the award expires, terminates or is forfeited, in whole or in part, without the issuance of shares become available for issuance again under the Amended 2015 Stock Plan. Shares of Common Stock that are retained or withheld by or delivered to the Company to satisfy any purchase or exercise price or tax withholding obligation, and the total number of shares of Common Stock subject to a SAR, any portion of which is settled in shares of Common Stock, are treated as issued under the Amended 2015 Stock Plan. The shares available for issuance under the Amended 2015 Stock Plan are not increased by any shares that have been delivered under the Amended 2015 Stock Plan that are subsequently repurchased using the proceeds directly attributable to stock option exercises.

Maximum Number of Shares Available under ISOs. The maximum aggregate number of shares that may be issued under the Amended 2015 Stock Plan upon the exercise of ISOs is 56,000,000.

Individual Limits. The maximum number of shares of Common Stock subject to stock options and the maximum number of shares of Common Stock subject to SARs that may be granted to any person in any calendar year is, in each case, 2,000,000 shares. The maximum number of shares subject to other awards that may be granted to any person in any calendar year is 1,000,000 shares.

Non-Employee Director Limits. A participant in the Amended 2015 Stock Plan who is a non-employee member of our Board may not receive shares of Common Stock underlying awards under the Amended 2015 Stock Plan in any calendar year in excess of 750,000 shares. This limit does not apply to any award or shares of Common Stock granted pursuant to a director's election to receive shares of Common Stock in lieu of cash fees.

Eligible Participants. The Compensation Committee may select recipients of awards from among key employees, officers, or directors of, or consultants or advisors to the Company and its parents and subsidiaries who are expected to contribute to the Company's future growth and success. Eligibility for stock options intended to be "incentive stock options" within the meaning of Section 422 of the Code is limited to employees of the Company or its parents and subsidiaries, in accordance with Section 422 of the Code. As of March 15, 2018, 351 employees, three consultants, and four directors are eligible to participate in the Amended 2015 Stock Plan.

Awards. The Amended 2015 Stock Plan provides for grants of stock options, restricted stock, unrestricted stock, SARs, stock units, restricted stock units, and performance awards. Dividend equivalents may also be provided in connection with awards under the Amended 2015 Stock Plan.

- *Restricted and Unrestricted Stock*. A restricted stock award is an award of stock subject to forfeiture restrictions, while an unrestricted stock award is not subject to restrictions.

- *Stock Options and SARs*. The Amended 2015 Stock Plan provides for the grant of incentive stock options, non-statutory stock options and SARs. Stock options entitle the holder to acquire shares of Common Stock upon payment of the exercise price. A SAR is a right entitling the

holder upon exercise to receive an amount (payable in cash or in shares of Common Stock of equivalent value) equal to the excess of the fair market value of the shares of Common Stock subject to the SAR over the base value from which appreciation under the SAR is to be measured. The exercise price of a stock option, and the base value against which a SAR is to be measured, may not be less than the fair market value (or, in the case of an incentive stock option granted to a ten percent stockholder, 110% of the fair market value) of a share of Common Stock on the date of grant. The Compensation Committee will determine when stock options or SARs become exercisable and the terms on which such awards remain exercisable. Stock options and SARs will generally have a maximum term of ten years (or, in the case of an incentive stock option granted to a ten percent stockholder, five years); however, in general, if (i) a participant holds an outstanding but unexercised stock option or SAR on the date that is ten years from the date of grant (or, in the case of a stock option or SAR with a maximum term of less than ten years, the last day of such maximum term) and has not exercised such stock option or SAR as of the regular closing time of the exchange on which shares of our Common Stock are traded on the last day of the applicable term of the stock option or SAR, (ii) on such date shares of our Common Stock is publicly traded, and (iii) at such time the fair market value of a share of our Common Stock is greater than the exercise price or base value applicable to such stock option or SAR, such stock option or SAR to the extent then vested and exercisable will be automatically exercised on the last day of the applicable term and the number of shares of Common Stock otherwise to be delivered upon exercise of the stock option or SAR will be reduced by, in the case of a stock option, a number of shares having a fair market value equal to the aggregate exercise price of the stock option being exercised and, in the case of a stock option or SAR, a number of shares having a fair market value equal to the amount necessary to satisfy any applicable tax withholding obligation (but not in excess of the minimum tax withholding required by law).

- *Stock Units.* A stock unit award is denominated in shares of Common Stock and entitles the recipient to receive stock or cash measured by the value of the shares in the future. The delivery of Common Stock or cash under a stock unit may be subject to the satisfaction of performance or other vesting conditions.

- *Performance Awards.* A performance award is an award of a stock option, SAR, restricted stock, or restricted stock unit the vesting, settlement or exercisability of which is subject to specified performance criteria.

Vesting. The Compensation Committee will determine the time or times at which awards will vest or become exercisable. However, no award may vest prior to the first anniversary of the grant date, subject to the Compensation Committee's discretion to accelerate the vesting of such an award upon a change in control of the Company or the death or disability of a participant.

Termination of Employment or Service. The Compensation Committee determines the effect of the termination of employment or service on an award. Unless otherwise provided by the Compensation Committee, upon a termination of employment or service, all unvested stock options and SARs will terminate, all other unvested awards will be forfeited, and vested stock options and SARs then held by the participant will remain exercisable for a period of three months, or twelve months in the case of death or disability, following such termination of employment or, in each case, until the applicable expiration date, if earlier. All stock options and SARs held by a participant, whether vested or unvested, immediately prior to the participant's termination of employment or service will terminate if such termination is for cause.

Non-transferability of Awards. In general, awards under the Amended 2015 Stock Plan may not be transferred except by will or the laws of descent and distribution, unless, in the case of awards other than incentive stock options, expressly permitted in the agreement evidencing the award. Awards other than incentive stock options may be transferred pursuant to a domestic relations order (within the meaning of Rule 16a-12 of the Exchange Act).

Recovery of Compensation. The Compensation Committee may cancel, rescind, withhold or otherwise limit or restrict any award at any time under the Amended 2015 Stock Plan if the participant is not in compliance with the provisions of the Amended 2015 Stock Plan or the award or if the participant breaches any agreement with the Company with respect to non-competition, non-solicitation, or

confidentiality. The Compensation Committee also may recover any award or payments or gain with respect to any award under the Amended 2015 Stock Plan in accordance with any applicable Company clawback or recoupment policy, as such policy may be in effect from time to time, or as otherwise required by applicable law or applicable stock exchange listing standards. On April 26, 2017, the Board adopted a policy providing that, if the Company is required to prepare an accounting restatement due to material non-compliance with financial reporting requirements under applicable securities laws, with respect to any cash bonus or other cash compensation paid or awarded, or equity-based bonus or other equity-based incentive compensation that was exercised, vested or settled, within six months preceding such restatement, and that was granted or earned or became vested based wholly or in part upon the attainment of any financial reporting measure, if the recipient of such cash or equity-based bonus or other cash or equity-based incentive compensation engaged in fraud, intentional misconduct, or gross negligence that caused or partially caused the need for the restatement, the Board generally may seek reimbursement of any amount paid under an award in excess of what would have been paid had such error not been made.

Adjustment Provisions. If the outstanding shares of Common Stock are exchanged for a different number or kind of shares or other securities of the Company or increased or decreased as a result of any recapitalization, reclassification, stock dividend, stock split or reverse stock split, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Common Stock or other securities, an appropriate and proportionate adjustment will be made to (a) the maximum number and kind of shares reserved for issuance under the Amended 2015 Stock Plan, (b) the maximum number of shares that can be issued upon exercise of incentive stock options under the Amended 2015 Stock Plan, (c) the limitations on the number of shares of Common Stock that may be delivered through awards granted to any person in any calendar year and the limitations on awards granted to our non-employee directors, (d) the number and kind of shares or other securities subject to any then outstanding awards under the Amended 2015 Stock Plan, and (e) the exercise or purchase prices (or base values) relating to awards and any other provision of awards affected by such change, without (in the case of stock options or SARs) changing the aggregate exercise price (or base values) for such awards.

Change in Control. In the event of a corporate transaction (as defined in the Amended 2015 Stock Plan) in which awards are not assumed or substituted by the acquiring or succeeding corporation (or an affiliate thereof), the Compensation Committee will provide for the accelerated vesting or delivery of shares under awards and may provide for (a) the cash-out of outstanding awards or (b) the termination of awards that are not exercised prior to the consummation of the transaction. In the event of a corporate transaction in which awards are assumed or substituted by the acquiring or succeeding corporation (or an affiliate thereof), the Compensation Committee will provide that such awards will continue in existence with appropriate adjustments or modifications. The performance-based vesting of any award is determined based on the greater of (a) assumed achievement of the applicable performance goals at 100% of target with the result prorated based on the period of the Participant's actual employment or service relationship with the Company prior to the corporate transaction during the applicable full performance period, or (b) actual achievement of the applicable performance goals through the date of the corporate transaction. Except as the Compensation Committee may otherwise provide in any case, all awards will terminate automatically or, in the case of restricted stock, will be forfeited automatically upon the consummation of a covered transaction other than awards that are assumed by the acquiring or succeeding corporation. In general, a corporate transaction under the Amended 2015 Stock Plan means a consolidation, merger, combination or reorganization of the Company, the sale, lease or other disposition of all or substantially all of the assets of the Company, a transaction or series of related transactions involving a person or entity, or a group of affiliated persons or entities in which such persons or entities become the owners, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction, or a dissolution or liquidation of the Company.

Prohibition on Repricing. Except in connection with certain corporate transactions involving the Company, the Company may not, without obtaining stockholder approval, amend the terms of outstanding stock options or SARs to reduce the exercise price or base value of such awards, cancel outstanding stock options or SARs in exchange for stock options or SARs with an exercise price or base value that is less than

the exercise price or base value applicable to the original award, or cancel outstanding stock options or SARs that have an exercise price or base value greater than the fair market value of a share of Common Stock on the date of such cancellation in exchange for cash or other consideration.

Plan Amendments and Termination. The Board may at any time, and from time to time, modify or amend the Amended 2015 Stock Plan in any respect, except that any such modification or amendment will be subject to stockholder approval to the extent required by applicable tax or securities laws or stock exchange listing requirements, and no such modification or amendment may adversely affect the rights under an award previously granted to a participant without such participant's consent. The Compensation Committee may amend outstanding award agreements only with the consent of the affected participant, except that the Administrator, without the consent of the affected participant, may amend or modify the terms and provisions of the Amended 2015 Stock Plan and of any outstanding incentive stock options granted under the Amended 2015 Stock Plan to the extent necessary to qualify any or all such stock options as incentive stock options or to the extent necessary to ensure the qualification of the Amended 2015 Stock Plan under Rule 16b-3 (if then applicable) or compliance with, or exemption from, Section 409A of the Code.

The Board may at any time suspend or terminate the Amended 2015 Stock Plan except that any such suspension or termination may not adversely affect the rights under an award previously granted to a participant while the Amended 2015 Stock Plan is in effect without the consent of the affected participant.

Federal Income Tax Consequences

The following is a summary of some of the material federal income tax consequences associated with the grant and exercise of awards under the Amended 2015 Stock Plan under current federal tax laws and certain other tax considerations associated with awards under the Amended 2015 Stock Plan. The summary does not address tax rates or non-U.S., state, or local tax consequences, nor does it address employment-tax or other federal tax consequences except as noted.

Restricted Stock. A participant who is awarded or purchases shares subject to a substantial risk of forfeiture generally does not have income until the risk of forfeiture lapses. When the risk of forfeiture lapses, the participant has ordinary income equal to the excess of the fair market value of the shares at that time over the purchase price, if any, and a corresponding deduction is generally available to the Company. However, a participant may make an election under Section 83(b) of the Code to be taxed on restricted stock when it is acquired rather than later, when the substantial risk of forfeiture lapses. An 83(b) election must be made not later than thirty (30) days after the transfer of the shares to the participant and must satisfy certain other requirements. A participant who makes an effective 83(b) election will realize ordinary income equal to the fair market value of the shares as of the time of acquisition less any price paid for the shares. A corresponding deduction will generally be available to the Company. Fair market value for this purpose is determined without regard to the forfeiture restrictions. If a participant makes an effective 83(b) election, no additional income results by reason of the lapsing of the restrictions.

For purposes of determining capital gain or loss on a sale of shares awarded under the Amended 2015 Stock Plan, the holding period in the shares begins when the participant realizes taxable income with respect to the transfer. The participant's tax basis in the shares equals the amount paid for the shares plus any income realized with respect to the transfer. However, if a participant makes an effective 83(b) election and later forfeits the shares, the tax loss realized as a result of the forfeiture is limited to the excess of what the participant paid for the shares (if anything) over the amount realized (if any) in connection with the forfeiture.

Incentive Stock Options. In general, a participant realizes no taxable income upon the grant or exercise of an incentive stock option. However, the exercise of an incentive stock option may result in an alternative minimum tax liability to the participant. With some exceptions, a disposition of shares purchased under an incentive stock option within two years from the date of grant or within one year after exercise produces ordinary income to the participant (and generally a deduction to the Company) equal to the value of the shares at the time of exercise less the exercise price. Any additional gain recognized on the disposition is treated as a capital gain, for which the Company is not entitled to a deduction. If the participant does not dispose of the shares until after the expiration of these one- and two-year holding periods, any gain or loss recognized upon a subsequent sale is treated as a long-term capital gain or loss, for which the Company is not entitled to a deduction.

Non-statutory Stock Options. In general, a participant has no taxable income upon the grant of a non-statutory stock option but realizes income in connection with exercise of the option in an amount equal to the excess (at time of exercise) of the fair market value of the shares acquired upon exercise over the exercise price. A corresponding deduction is generally available to the Company. Upon a subsequent sale or exchange of the shares, any recognized gain or loss is treated as a capital gain or loss for which the Company is not entitled to a deduction. An incentive stock option that is exercised more than three months after termination of employment (other than termination by reason of death) is generally treated as a non-statutory stock option. Incentive stock options are also treated as non-statutory stock options to the extent they first become exercisable by an individual in any calendar year for shares having a fair market value (determined as of the date of grant) in excess of $100,000.

SARs. The grant of a SAR does not itself result in taxable income, nor does taxable income result merely because a SAR becomes exercisable. In general, a participant who exercises a SAR for shares of stock or receives payment in cancellation of a SAR will have ordinary income equal to the amount of any cash and the fair market value of any stock received. A corresponding deduction is generally available to the Company.

Restricted Stock Units. The grant of a restricted stock unit does not itself result in taxable income. Instead, the participant is taxed upon delivery of the underlying shares (and a corresponding deduction is generally available to the Company). If the shares delivered are restricted for tax purposes, the participant will be subject to the rules described above for restricted stock.

Section 162(m). Section 162(m) generally disallows a deduction to a publicly held corporation and its affiliates for certain compensation paid to a "covered employee" in a taxable year in excess of $1 million, unless, for tax years beginning prior to January 1, 2018, the compensation satisfies the requirements of the "performance-based compensation" exception under Section 162(m). Stock options, SARs and certain performance awards under the Amended 2015 Stock Plan are generally intended to satisfy the requirements of this exception. However, as discussed above, the Compensation Committee has had discretionary authority to grant awards under the Amended 2015 Stock Plan that do not satisfy the requirements of this exception.

Certain Change in Control Payments. Under Section 280G of the Code, the vesting or accelerated exercisability of stock options or the vesting and payment of other awards in connection with a change in control of a corporation may be required to be valued and taken into account in determining whether participants have received compensatory payments contingent on the change in control in excess of certain limits. If these limits are exceeded, a substantial portion of amounts payable to the participant, including income recognized by reason of the grant, vesting or exercise of awards, may be subject to an additional 20% federal tax and may be non-deductible to the Company.

New Plan Benefits

Awards under the Amended 2015 Stock Plan are subject to the discretion of the Compensation Committee and, therefore, are not determinable at this time. The Compensation Committee has full discretion to determine the shares subject to awards to be granted to participants under the Amended 2015 Stock Plan, subject to the limits described above under *Summary of the Amended 2015 Stock Plan — Individual Limits* and *— Non-employee Director Limits*.

The table below reflects all awards that have been granted under the 2015 Stock Plan. On March 15, 2018, the closing price of a share of our Common Stock as reflected on the Nasdaq was $2.06.

Name and Position	Number of Units
Stanley C. Erck President and Chief Executive Officer	1,650,000
John J. Trizzino SVP, Chief Business Officer and Chief Financial Officer	400,000
Barclay A. Phillips Former SVP, Chief Financial Officer and Treasurer	—
Gregory M. Glenn, M.D. President, Research and Development	500,000
John A. Herrmann III SVP, General Counsel and Corporate Secretary	400,000
Executive Officer Group	2,950,000
Non-Executive Director Group	960,000
Non-Executive Officer Employee Group	8,501,543

Required Vote

Approval of the Amended 2015 Stock Plan requires the affirmative vote of the holders of a majority of the shares of Common Stock present in person or represented by proxy and voting on the matter. Abstentions and broker non-votes will not be counted as shares voting on this matter and accordingly will have no effect on the approval of this Proposal No. 3.

FOR PROPOSAL NO. 3, THE BOARD RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE ADOPTION OF THE AMENDED 2015 STOCK PLAN, INCLUDING AN AMENDMENT TO INCREASE THE NUMBER OF SHARES BY 20,000,000 UNDER THE AMENDED 2015 STOCK PLAN.

PROPOSAL NO. 4

AMENDMENT OF ESPP

At the Annual Meeting, stockholders will be asked to approve the ESPP, as amended and restated, adopted by our Board on March 15, 2018 (the "Amended ESPP"). The ESPP was originally adopted by our Board on April 11, 2013 and approved by Novavax stockholders on June 13, 2013. On June 9, 2016, Novavax stockholders voted to approve an amendment to increase the number of shares under the ESPP by an additional 1,000,000 shares. As discussed further below, stockholders are being asked to approve the Amended ESPP to enable us to increase the number of shares of our Common Stock available for issuance pursuant to awards under the plan by 4,000,000 shares

The purpose of the Amended ESPP is to enable eligible employees of the Company and certain of its subsidiaries to use payroll deductions to purchase shares of our Common Stock and thereby enhance the sense of participation in the affairs of the Company. Our Board believes that providing eligible employees with the opportunity to acquire an ownership interest in the Company has been, and will continue to be, essential to the Company's ability to attract and retain the highest quality and highest performing employees. Our Board also believes that the ownership of shares of our Common Stock by our employees motivates our employees to contribute to the achievement of our corporate objectives and our success.

We do not believe that the shares of our Common Stock currently available for purchase under the ESPP are sufficient to continue offering shares for purchase under the ESPP until its expiration in 2023. The number of shares originally authorized for purchase under the ESPP was the lesser of (a) 2,000,000 shares increased on each anniversary of the adoption of the Amended ESPP by five percent and (b) 3,000,000 shares. As of March 15, 2018, 270,880 shares of our Common Stock were available for purchase under the ESPP. Accordingly, on March 15, 2018, our Board adopted the Amended ESPP, subject to stockholder approval, which will increase the number of shares of our Common Stock reserved for purchase under the ESPP by 4,000,000 shares (the "Share Increase"). In establishing the Share Increase, our Board considered the potential dilutive impact to stockholders and the projected participation rate over the remaining term of the plan based on historic rates of participation in the ESPP. For information about options and restricted stock outstanding under our existing equity plans and the number of shares available for issuance under such plans, each as of December 31, 2017, please see "Equity Compensation Plan Information" elsewhere in this Proxy Statement.

Summary of the Amended ESPP

The following summary describes the material terms of the Amended ESPP. This summary of the Amended ESPP is not a complete description of all provisions of the Amended ESPP and is qualified in its entirety by reference to the Amended ESPP, which is filed as Appendix B to this Proxy Statement.

Purpose. The purpose of the Amended ESPP is to enable our eligible employees and eligible employees of our subsidiaries to purchase shares of our Common Stock and thereby enhance their sense of participation in the affairs of the Company. The Amended ESPP will allow eligible employees to purchase, through payroll deductions, shares of our Common Stock at a discount from the market price of the stock at the time of purchase. The ESPP is intended to qualify as an employee stock purchase plan within the meaning of Section 423 of the Code.

Administration. The Compensation Committee of the Board will administer the Amended ESPP, but is authorized to delegate its duties and authority to officers and employees of the Company in its discretion and to the extent permitted by applicable law. The Compensation Committee has the authority to determine eligibility under the Amended ESPP, to interpret the Amended ESPP, to prescribe forms, rules, and procedures under the Amended ESPP, to adopt, amend, rescind, administer and interpret such forms, rules or procedures and otherwise to do all things necessary or advisable to carry out the terms of the Amended ESPP. All determinations and decisions by the Compensation Committee regarding the interpretation and application of the Amended ESPP are final and binding on all parties.

Stock Subject to the Amended ESPP. Subject to adjustment, as described below, the maximum aggregate number of shares of our Common Stock available for purchase under the Amended ESPP is the lesser of (a) 7,000,000 shares increased on each anniversary of the adoption of the Amended ESPP by

five percent, and (b) 8,000,000, which includes the Share Increase of 4,000,000, described above. If any right to purchase shares under the Amended ESPP expires or terminates for any reason without having been exercised in full or ceases for any reason to be exercisable in whole or in part, the unpurchased shares of our Common Stock subject to such right will again be available for purchase under the Amended ESPP.

Eligibility. Our employees who (i) customarily work at least 20 hours per week, (ii) customarily work more than five months in a calendar year, and (iii) have been employed by the Company no less than five business days as of the first day of an offering period are eligible to participate in the Amended ESPP. The Compensation Committee may establish additional eligibility requirements prior to the commencement of the applicable offering period. An employee who is an eligible employee on the first day of an offering period may elect to participate in the Amended ESPP for such offering period. Approximately 317 employees were eligible to participate in the Amended ESPP as of March 15, 2018.

Offerings; Purchase Dates. Unless otherwise determined by the Board, offering periods under the Amended ESPP will be consecutive and overlapping 24-month periods that commence every six months on August 1 and February 1 and end 24 months later on July 31 or January 31, with each offering period having four six-month purchase periods that commence on August 1 or February 1 and end on January 31 or July 31 each year during the offering period, unless the offering period is terminated earlier. Purchases under the Amended ESPP will be made on the last day of each purchase period (the "purchase date"). Our Compensation Committee may change the frequency and duration of offering periods, purchase periods and purchase dates with respect to offering periods that have not yet commenced, in accordance with Section 423 of the Code.

On a purchase date, a participant's accumulated payroll deductions withheld during the purchase period will be applied to purchase the maximum number of whole shares of our Common Stock that can be purchased with such funds, subject to the limitations described below under *Limitations on Purchase and Participation*.

Participation. Eligible employees may become participants in the Amended ESPP by completing an enrollment agreement and filing it with us no later than five business days before the first day of an offering period (unless the Compensation Committee has set a later time for the filing of such subscription agreement). A participant may participate in only one offering period at any time.

Employees electing to participate in the Amended ESPP will authorize us to deduct after-tax dollars from their compensation each payroll period during an offering period. Participants may authorize no more than 15% (in whole percentages) of their compensation to be withheld through payroll deductions. A participant's accumulated payroll deductions will be applied to the purchase of the maximum number of whole shares that may be purchased on each semi-annual purchase date during the offering period in which the participant participates, subject to the limitations described below under *Limitations on Purchase and Participation*. Compensation for purposes of the Amended ESPP includes the following forms of cash compensation paid to or earned by an employee: base wages, salary, overtime, payments for paid time off and holidays, bereavement pay, jury/witness duty pay, pay during a period of suspension, compensation deferred pursuant to Section 401(k) or Section 125 of the Code, distributions under any nonqualified deferred compensation plan and any other compensation or remuneration that the Compensation Committee or the Board approves as "compensation" in accordance with Section 423 of the Code.

Limitations on Purchase and Participation. No employee may be offered the right to purchase shares under the Amended ESPP if, immediately after the election to participate, such employee would own stock (including stock such employee may purchase under outstanding rights under the Amended ESPP) representing 5% or more of the total combined voting power or value of all classes of our stock. In addition, no participant may be offered the right to purchase shares of our Common Stock under the Amended ESPP if the rights of the participant to purchase stock under the Amended ESPP and all employee stock purchase plans maintained by us or our subsidiaries would accrue at a rate that exceeds $25,000 (or such other maximum as may be prescribed from time to time by the Code) of the fair market value of such stock (determined at the time the right is granted) for each calendar year. A maximum of 25,000 shares may be purchased by any participant on any single purchase date.

Purchase Price. For each purchase period, the purchase price per share of our Common Stock will be equal to 85% of the fair market value per share on the first day of the offering period or, if lower, 85% of the fair market value per share on purchase date. Under the Amended ESPP, the fair market value of a share of our Common Stock on any date will be the closing price of a share of our Common Stock on Nasdaq on the date of determination (or, if such day is not a trading day, on the immediately preceding trading day).

If the fair market value of a share of our Common Stock on a purchase date during an offering period is less than the fair market value of a share of our Common Stock on the first day of the offering period, a participant's accumulated payroll deductions for the applicable purchase period within such offering period will be applied to purchase shares of our Common Stock on the purchase date and the offering period will then terminate. A participant in the terminated offering period will automatically be enrolled in the next offering period, with the participant's payroll deductions determined by reference to the last payroll deduction authorization properly submitted by the participant to the Company in accordance with the terms of the Amended ESPP.

Termination of Participation. Employees may end their participation in an offering period by providing written notice of such termination to the Compensation Committee no later than 15 days before a purchase date. A participant's participation in the Amended ESPP will automatically terminate upon a termination of the participant's employment with us or one of our subsidiaries or upon the participant's failure to qualify as an eligible employee. Upon a termination of the employee's participation in the Amended ESPP, such employee's payroll deductions not already used to purchase shares of our Common Stock under the Amended ESPP will be returned to the employee.

Adjustment Provisions. In the event of certain transactions with our stockholders not involving our receipt of consideration, such as a stock split, spin-off, stock dividend, or certain recapitalizations, or, if the Board or the Compensation Committee determines that adjustments would be appropriate to prevent dilution or enlargement of benefits under the Amended ESPP, in the event of the payment of a dividend or other distribution, reorganization, merger, or other changes in corporate structure, the Board or the Compensation Committee will equitably adjust (a) the class of shares of our Common Stock issuable and the maximum number of shares of our Common Stock available under the Amended ESPP, (b) the class and number of shares of our Common Stock and the purchase price per share of our Common Stock with respect to any outstanding right to purchase shares of our Common Stock under the Amended ESPP, and (c) the class and maximum number of shares of our Common Stock that may be issued to a participant during any purchase period.

However, no such adjustment may be made unless the Board or the Compensation Committee, as applicable, is satisfied that it will not constitute a modification of the rights granted under the Amended ESPP or otherwise disqualify the Plan as an employee stock purchase plan under the provisions of Section 423 of the Code.

In the event of (i) a merger or similar transaction in which we are not the surviving corporation or that results in our stockholders ceasing to own shares of our Common Stock, (ii) a sale of all or substantially all of our assets, (iii) an acquisition resulting in ownership of more than 50% of the shares of our Common Stock by any one person (or more than one person acting as a group) that did not own more than 50% of the shares of our Common Stock immediately prior to the acquisition, or (iv) the replacement during any 12-month period of a majority of the directors of the Board by new directors whose appointment was not endorsed by a majority of the directors of the Board prior to the date of the appointment or election, each offering period then in progress will continue unless otherwise provided by the Board or the Compensation Committee, which may in its discretion (a) if the Company is merged with or acquired by another corporation, provide that each outstanding offering will be assumed or exchanged for a substitute right granted by the acquiror or successor corporation, (b) cancel each offering period then in progress and return any unused payroll deductions to the participants, or (c) terminate any and all purchase periods on or before the date of the proposed transaction. In the event of our proposed dissolution or liquidation, each offering period then in progress will be cancelled immediately prior to the consummation of such dissolution or liquidation and accumulated payroll deductions will be returned to participants, unless our Compensation Committee or the Board provides otherwise in its sole discretion.

Amendment and Termination of the ESPP. The Board may at any time and for any reason amend, suspend or terminate the Amended ESPP. In general, no amendment may affect an offering period in progress at the time of the amendment or may adversely affect the rights of any participant without such participant's consent unless such amendment is required to satisfy the requirements of Section 423 of the Code, is made in connection with a transaction described above under "Adjustment Provisions," or is determined by the Board to be advisable in the event of changes to the financial accounting treatment for the Amended ESPP (as described below). Additionally, no amendment may be made without approval of our stockholders within 12 months of its adoption by the Board if such amendment would increase the number of shares that may be issued under the Amended ESPP or change the designation of the corporations whose employees (or class of employees) are eligible to participate in the Amended ESPP or otherwise would be treated as the adoption of a new plan under Section 423 of the Code.

Without stockholder consent and without regard to whether any participant rights may be considered to have been "adversely affected," the Board is entitled to make such amendments to the Amended ESPP as it determines are advisable if the continuation of the Amended ESPP or any offering period would result in financial accounting treatment for the Amended ESPP that is different from the financial accounting treatment in effect on the date the Amended ESPP was initially adopted by the Board.

No offers to purchase shares of our Common Stock may be granted under the Amended ESPP after July 21, 2023.

Federal Income Tax Information

The following is a general summary under current law of the material federal income tax consequences to participants in the Amended ESPP. This summary deals with the general tax principles that apply and is provided only for general information. Certain types of taxes, such as state and local income taxes, are not discussed. Tax laws are complex and subject to change and may vary depending on individual circumstances and from locality to locality. The summary does not discuss all aspects of income taxation that may be relevant to a participant in light of his or her personal investment circumstances. This summarized tax information is not tax advice.

The Amended ESPP, and the right of participants to make purchases thereunder, is intended to qualify under the provisions of Section 423 of the Code. The Amended ESPP is not subject to any provisions of the Employee Retirement Income Security Act of 1974.

Under the applicable Code provisions, no income will be taxable to a participant until the sale or other disposition of the shares of our Common Stock purchased under the Amended ESPP (the "ESPP shares"). Upon such sale or disposition, the participant will generally be subject to tax in an amount that depends upon the participant's holding period with respect to the ESPP shares. If the ESPP shares are sold or disposed of more than two years from the first day of the offering period and more than one year from the date of purchase, or upon the participant's death while owning the ESPP shares, the participant will recognize ordinary income measured as the lesser of (1) the excess of the fair market value of the ESPP shares at the time of such sale or disposition over the purchase price or (2) an amount equal to 15% of the fair market value of the ESPP shares as of the first day of the offering period. Any additional gain will be treated as long-term capital gain. If the ESPP shares held for the periods described above are sold and the sale price is less than the purchase price, there is no ordinary income and the participant has a long-term capital loss equal to the difference between the sale price and the purchase price. If shares are sold or otherwise disposed of before the expiration of the holding periods described above, other than following the participant's death while owning the shares, the participant will recognize ordinary income generally measured as the excess of the fair market value of the ESPP shares on the date the ESPP shares are purchased over the purchase price. Any additional gain or loss on such sale or disposition will be long-term or short-term capital gain or loss, depending on the participant's holding period with respect to the ESPP shares. We are not entitled to a deduction for amounts taxed as ordinary income or capital gain to a participant except to the extent of ordinary income recognized upon a sale or disposition of shares prior to the expiration of the holding periods described above. We will treat any transfer of record ownership of shares as a disposition, unless we are notified to the contrary. In order to enable us to learn of dispositions prior to the expiration of the holding periods described above and ascertain the amount of the deductions to which we are entitled, participating employees will be required to notify us in writing of the date and terms of any disposition of shares purchased under the Amended ESPP.

New Plan Benefits

The amounts of future stock purchases under the Amended ESPP are not determinable because, under the terms of the Amended ESPP, purchases are based upon elections made by participants. Future purchase prices are not determinable because they are based upon fair market value of shares of our Common Stock.

Required Vote

Approval of the Amended ESPP requires the affirmative vote of the holders of a majority of the shares of Common Stock present in person or represented by proxy and voting on the matter. Abstentions and broker non-votes will not be counted as shares voting on such matter and accordingly will have no effect on the approval of this Proposal No. 4.

FOR PROPOSAL NO. 4, THE BOARD RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE ADOPTION OF THE AMENDED ESPP, INCLUDING AN AMENDMENT TO INCREASE THE NUMBER OF SHARES BY 4,000,000 UNDER THE AMENDED ESPP.

PROPOSAL NO. 5

RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018

The Audit Committee, comprised solely of independent directors, has appointed the firm Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018. The Board recommends that the stockholders of the Company ratify this appointment. Although ratification is not required by the Company's By-Laws or otherwise, the Company believes that it is advisable to give stockholders an opportunity to ratify this selection.

The affirmative vote of the majority of the shares present in person or represented by proxy at the 2018 Annual Meeting and voting on this proposal shall constitute ratification of the appointment of Ernst & Young LLP. If the appointment of Ernst & Young LLP as the Company's independent auditor is ratified, the Audit Committee may, in its discretion, change the appointment at any time during the year should it determine such a change would be in the best interest of the Company and its stockholders. If the stockholders, however, do not ratify the appointment, the Audit Committee will reconsider whether to retain Ernst & Young LLP, but may proceed with the retention of Ernst & Young LLP if it deems it to be in the best interest of the Company and its stockholders.

Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting and will have an opportunity to address the Annual Meeting if they desire to do so. They will also be available to respond to appropriate questions from stockholders.

Fees and Services

The following table shows the fees billed by Ernst & Young LLP for professional services rendered as the Company's independent registered public accounting firm during the 2017 and 2016 fiscal years.

	Ernst & Young LLP	
Fee Category	**2017 ($)**	**2016 ($)**
Audit Fees	758,042[1]	760,758[2]
Audit-Related Fees	—	—
Tax Fees	55,600	44,600
All Other Fees	—	—
Total Fees	813,642	805,358

(1) Includes $112,845 for services related to the Company's universal shelf registration and supplemental prospectus filings.

(2) Includes $122,000 for services related to the Company's public offering of Convertible Senior Notes.

Audit Fees. Consists of fees for professional services rendered in connection with the audit of the Company's annual consolidated financial statements for 2017 and 2016 and the reviews of the consolidated financial statements included in the Company's quarterly reports on Forms 10-Q. These amounts included fees billed for annual financial statement and internal control audits, quarterly reviews, consultations on accounting matters, and registration statement filings and consents.

Audit-Related Fees. Consists of fees for assurance and related services that were reasonably related to the performance of the independent registered public accounting firm's audit or review of the Company's financial statements.

Tax Fees. Consists of fees for professional services rendered for tax compliance, tax advice, and tax planning for the Company. These amounts represent those billed for tax return preparation for the Company and its subsidiary. All material tax fees were pre-approved by the Audit Committee.

All Other Fees. Consists of fees for products and services provided other than those otherwise described above.

Audit Committee Pre-Approval Policies and Procedures

As contemplated by applicable law and as provided by the Audit Committee's charter, the Audit Committee is responsible for the appointment, compensation, retention, and oversight of the work of the Company's independent registered public accounting firm. In connection with such responsibilities, the Audit Committee is required, and it is the Audit Committee's policy, to pre-approve the audit and permissible non-audit services (both the type and amount) performed by the Company's independent registered public accounting firm in order to ensure that the provision of such services does not impair the firm's independence, in appearance or fact.

Under the policy, unless a type of service to be provided by the independent registered public accounting firm has received general pre-approval, it will require separate pre-approval by the Audit Committee. If fees for a proposed service of a type that has been pre-approved exceed the pre-approved amount, the Audit Committee and the independent registered public accounting firm must confer and the Audit Committee must grant its approval before further work may be performed. For audit services (including the annual financial statement audit, quarterly statement reviews, and other procedures required to be performed by the independent registered public accounting firm to be able to form an opinion on the Company's consolidated financial statements), the independent registered public accounting firm must provide to the Audit Committee in advance an engagement letter, outlining the scope of audit services proposed to be performed with respect to the audit for that fiscal year and associated fees. If, in advance of its meeting, the Audit Committee agrees to the engagement letter, the engagement will be formally accepted by the Audit Committee at its next regularly scheduled meeting.

All permissible non-audit services not specifically approved in advance must be separately pre-approved by the Audit Committee, as noted above, with the exception of certain services of limited financial expense for which the Audit Committee has authorized the Chairman and the Chief Financial Officer to hire at their discretion. Generally, requests or applications to provide services must be in writing and include a description of the proposed services, the anticipated costs and fees, and the business reasons for engaging the independent registered public accounting firm to perform the services. The request must also include a statement as to whether the request or application is consistent with the SEC rules on registered public accounting firm independence.

To ensure prompt handling of unexpected matters, the Audit Committee has delegated authority to pre-approve audit and permissible non-audit services between regularly scheduled meetings of the committee to its chair and, in certain limited instances, to its Chief Financial Officer, who are each responsible for reporting any pre-approval decisions to the Audit Committee at its next scheduled meeting. Except as noted above, the Audit Committee has not and will not delegate to management of the Company the Audit Committee's responsibilities to pre-approve services performed by the independent registered public accounting firm. The Audit Committee pre-approved all audit services provided to the Company by each independent registered public accounting firm engaged during the fiscal years ended December 31, 2017 and 2016.

FOR PROPOSAL NO. 5, THE BOARD RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018

ADDITIONAL INFORMATION

Stockholder Proposals

Stockholder proposals for inclusion in the Company's proxy statement: Stockholders who wish to present proposals for inclusion in the Company's proxy materials for the Company's 2019 Annual Meeting of Stockholders should follow the procedures prescribed in Rule 14a-8 under the Exchange Act and the Company's By-Laws. Those procedures require that the Company receive a stockholder proposal in writing at the Company's principal executive offices no later than January 4, 2019. If the date of next year's annual meeting of stockholders is changed by more than 30 days from the anniversary date of this year's Annual Meeting (June 14, 2018), then the deadline is the close of business on the 10th day following the date on which such notice of the date of the meeting was mailed or public disclosure of the date of such meeting was made, whichever occurs first.

Other stockholder proposals: Under the Company's By-Laws, stockholders who wish to include a proposal in the Company's 2019 Annual Meeting of Stockholders (but do not wish to include such proposal in the Company's proxy materials) must give the Company timely written notice. To be timely, the Company's By-laws provide that such notice must be received by the Company at its principal executive offices not less than 60 days nor more than 90 days prior to the anniversary date of this year's Annual Meeting (June 14, 2018); provided, however, in the event that the date of the meeting is more than 30 days before or after the anniversary date of the prior year's annual meeting of stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the date on which such notice of the date of the meeting was mailed or public disclosure of the date of such meeting was made, whichever occurs first.

In addition to being timely, any such notice must include the following information regarding each matter the stockholder proposes to bring before the Annual Meeting:

- a brief description of the business desired to be brought before the Annual Meeting and the reasons for conducting such business at the Annual Meeting;
- the name and address, as they appear on the Company's books, of the stockholder proposing such business;
- the number of shares of capital stock and other securities of the Company which are beneficially owned by the stockholder and each Stockholder Associated Person;
- any derivative positions held of record or beneficially by the stockholder and any Stockholder Associated Person and whether and the extent to which any hedging or other transactions or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement, or understanding has been made, the effect or intent of which is to increase or decrease the voting power or economic interest of, such stockholder or any Stockholder Associated Person with respect to the Company's securities; and
- any material interest of the stockholder or any Stockholder Associated Person in such proposal.

For purposes of this Proxy Statement, a "Stockholder Associated Person" of any stockholder means (i) any "affiliate" or "associate" (as those terms are defined in Rule 12b-2 under the Exchange Act) of the stockholder who owns beneficially or of record any capital stock or other securities of the Company or, through one or more derivative positions, has an economic interest (whether positive or negative) in the price of securities of the Company and (ii) any person acting in concert with such stockholder or any affiliate or associate of such stockholder with respect to the capital stock or other securities of the Company.

Please note that if the stockholder proposes to nominate a director for election to the Company's Board, the procedures described under the caption "Nomination Procedures" herein relating to director nominations must be followed.

Other Matters

The Board knows of no other matters which will be presented for consideration at the Annual Meeting. If any other business should come before the Annual Meeting, however, it is the intention of the persons named in the enclosed proxy to vote, or otherwise act, in accordance with their best judgment on such matters.

* * *

THE BOARD OF DIRECTORS HOPES THAT STOCKHOLDERS WILL ATTEND THE ANNUAL MEETING. WHETHER OR NOT YOU PLAN TO ATTEND, YOU ARE URGED TO COMPLETE, SIGN, DATE, AND RETURN THE ENCLOSED PROXY IN THE ACCOMPANYING ENVELOPE, OR VOTE OVER THE INTERNET OR TELEPHONE AS DESCRIBED THEREIN. YOUR PROMPT RESPONSE WILL GREATLY FACILITATE ARRANGEMENTS FOR THE ANNUAL MEETING, AND YOUR COOPERATION IS APPRECIATED. STOCKHOLDERS WHO ATTEND THE ANNUAL MEETING MAY VOTE THEIR STOCK PERSONALLY EVEN IF THEY HAVE SENT IN THEIR PROXIES.

By the Order of the Board of Directors

John A. Herrmann III
Senior Vice President, General Counsel and Corporate Secretary

April 30, 2018

NOVAVAX

NOVAVAX, INC.
2015 STOCK INCENTIVE PLAN
AMENDED AND RESTATED MARCH 15, 2018

Adopted by the Board of Directors as of March 15, 2018

1. Purpose.

The purpose of the Plan is to secure for the Company and its stockholders the benefits arising from capital stock ownership by employees, officers and directors of, and consultants or advisors to, the Company. Capitalized terms and operational rules related to such terms not otherwise defined in the Plan are defined on Exhibit A, which is incorporated herein by reference.

2. Type of Stock Awards and Administration.

(a) *Types of Stock Awards*. The Plan provides for the grant of Options (including Incentive Stock Options and Non-Statutory Options), Restricted Stock, Unrestricted Stock, Stock Appreciation Rights (or SARs), Stock Units, Restricted Stock Units (or RSUs) and Performance Awards.

(b) *Administration*.

(i) The Plan will be administered by the Administrator, whose construction and interpretation of the terms and provisions of the Plan and any Award Agreement shall be final and conclusive. The Administrator may in its sole discretion grant Stock Awards with respect to shares of Common Stock and direct the Company to issue shares of Common Stock upon the grant, vesting or exercise of such Stock Awards as provided in the Plan.

(ii) Subject to the express provisions of the Plan, the Administrator shall have authority:

(1) To determine the individuals to whom, and the time or times at which, Stock Awards are made, the number of shares subject to each Stock Award and the terms of all Stock Awards and Award Agreements, which need not be identical;

(2) To construe the Plan and Award Agreements;

(3) To prescribe forms, rules and procedures relating to the Plan;

(4) To determine the form of settlement of Stock Awards (whether in cash, shares of Common Stock or other property); and

(5) To make all other determinations and take all other actions that are, in the judgment of the Administrator, necessary or desirable for the administration of the Plan.

(iii) The Administrator may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award Agreement (or any inconsistency between the Plan and any Award Agreement) in the manner and to the extent it shall deem expedient to carry the Plan into effect and it shall be the sole and final judge of such expediency. No director or individual acting pursuant to authority delegated by the Administrator shall be liable for any action or determination under the Plan made in good faith.

3. Participant Eligibility.

(a) *General*. The Administrator may select Participants from among key employees, officers or directors of, or consultants or advisors to, the Company who are expected to contribute to the Company's future growth and success; provided, however, that the class of persons to whom Incentive Stock Options may be granted shall be limited to employees of the Company, and provided further, that persons to whom

Non-Statutory Options or SARs may be granted shall be limited to persons employed by or providing services to the Company and its "qualifying subsidiaries." For these purposes, a "qualifying subsidiary" means a subsidiary in which the Company owns a "controlling interest" as described in Treasury Regulations §1.409A-1(b)(5)(iii)(E)(1).

(b) *Grant of Stock Awards to Directors and Officers*. In the discretion of the Administrator, the selection of a director or officer (as defined for purposes of Rule 16b-3) as a Participant, and the terms of any Stock Award granted to such Participant, including the grant date, the purchase or exercise price, the number of shares underlying the Stock Award and other terms and conditions, shall be determined either (i) by the Board, of which all members shall be "outside directors" and "non employee directors" (each as hereinafter defined) or (ii) by the Compensation Committee, consisting of two or more directors having full authority to act in the matter, each of whom shall be an "outside director" and a "non-employee director" (with any action of the Compensation Committee subject to approval or ratification by the Board, if required). For the purposes of the Plan, a director shall be deemed to be a "non-employee director" only if such director qualifies as a "non-employee director" within the meaning of Rule 16b-3 and shall be deemed to be an "outside director" only if such director qualifies as an "outside director" within the meaning of Section 162(m).

4. Stock Subject to Plan.

(a) *Number of Shares*. Subject to adjustment as provided in Section 10 below, the maximum number of shares of Common Stock that may be delivered in satisfaction of Stock Awards under the Plan shall be 56,000,000 shares. Subject to adjustment as provided in Section 10 below, the maximum aggregate number of shares that may be issued upon the exercise of Incentive Stock Options shall in no event exceed 56,000,000 shares.

(b) *Reversion of Shares to the Share Reserve*. Shares of Common Stock underlying any Stock Award to the extent the Stock Award, for any reason, expires, terminates or is forfeited, in whole or in part, without the issuance of shares, shall revert to and again become available for issuance under the Plan. Shares of Common Stock that are retained or withheld by or delivered to the Company to satisfy any purchase or exercise price or tax withholding obligation, and the total number of shares of Common Stock subject to a SAR any portion of which is settled in shares of Common Stock will be treated as issued under the Plan. The shares of Common Stock available for issuance pursuant to Section 4(a) will not be increased by any shares that have been delivered under the Plan that are subsequently repurchased using the proceeds directly attributable to stock option exercises.

(c) *Individual Limits*. The following additional limits will apply to Stock Awards of the specified type granted to any person in any calendar year:

(i) Options: 2,000,000 shares of Common Stock.

(ii) SARs: 2,000,000 shares of Common Stock.

(iii) Stock Awards other than Options or SARs: 1,000,000 shares of Common Stock.

In applying the foregoing limits, (A) all Stock Awards of the specified type granted to the same person in the same calendar year will be aggregated and made subject to one limit; (B) the limits applicable to Options and SARs refer to the number of shares of Common Stock subject to those Stock Awards; and (C) the share limit under clause (iii) refers to the maximum number of shares of Common Stock that may be delivered, or the value of which could be paid in cash or other property, under a Stock Award or Stock Awards of the type specified in clause (iii) assuming a maximum payout. Where applicable, the foregoing provisions will be construed in a manner consistent with Section 162(m), including, without limitation, the rules under Section 162(m) pertaining to permissible deferrals of exempt awards.

(d) *Non-employee Director Limits*. Notwithstanding any other provision of the Plan to the contrary, including subsection (c) above, a Participant who is a non-employee director, in any calendar year, may not receive shares of Common Stock underlying Stock Awards in excess of 750,000 shares. The foregoing limit shall not apply to any Stock Award or shares of Common Stock granted pursuant to a director's election to receive shares of Common Stock in lieu of cash fees.

5. Provisions Applicable to Options and Stock Appreciation Rights.

(a) *Forms of Award Agreements*. As a condition to the grant of an Option or SAR under the Plan, each recipient of an Option or SAR shall execute an Award Agreement in such form not inconsistent with the Plan as may be approved by the Administrator. Such Award Agreements may differ among Participants and among Stock Awards.

(b) *Exercise Price and Base Value*. Subject to Section 3(b), the exercise price, or base value from which appreciation is to be measured, per share of Common Stock subject to a Stock Option or SAR, as applicable, shall be determined by the Administrator; provided, however, that the exercise price of an Option or base value of a SAR shall not be less than 100% of the Fair Market Value of a share of Common Stock at the time of grant of such Option or SAR, or less than 110% of such Fair Market Value in the case of an Incentive Stock Option granted to a Participant described in Section 6(b). Except in connection with a corporate transaction involving the Company (which term shall include, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares) or as otherwise contemplated by Section 10 or Section 11 of the Plan, the Company may not, without obtaining stockholder approval in accordance with the applicable requirements of the NASDAQ Global Select Market, (A) amend the terms of outstanding Stock Options or SARs to reduce the exercise price or base value of such Stock Options or SARs, (B) cancel outstanding Stock Options or SARs in exchange for Stock Options or SARs with an exercise price or base value that is less than the exercise price or base value of the original Stock Options or SARs, or (C) cancel outstanding Stock Options or SARs that have an exercise price or base value greater than the fair market value of a share of Stock on the date of such cancellation in exchange for cash or other consideration.

(c) *Payment of Exercise Price*. Payment of the exercise price of Options granted under the Plan shall be made by delivery of cash or a check to the order of the Company in an amount equal to the exercise price of such Options or through a broker-assisted exercise program acceptable to the Administrator, or, to the extent legally permissible and acceptable to the Administrator, (i) by delivery to the Company of shares of Common Stock of the Company already owned by the Participant having a Fair Market Value equal in amount to the exercise price of the Options being exercised, (ii) through the withholding of shares of Common Stock otherwise to be delivered upon exercise of the Option having a Fair Market Value equal to the aggregate exercise price of the Option being exercised, or (iii) by any other means approved by the Administrator. The Fair Market Value of any non-cash consideration which may be delivered upon exercise of an Option shall be determined by the Administrator.

(d) *Maximum Term*. Except as otherwise provided in Section 6 regarding Incentive Stock Options, Options and SARs will have a maximum term of 10 years from the date of grant, subject to earlier termination as provided in the Plan or the applicable Award Agreement.

(e) *Exercise of Options and SARs*. Unless the Administrator expressly provides otherwise, no Option or SAR will be deemed to have been exercised until the Administrator receives a notice of exercise (in form acceptable to the Administrator), which may be an electronic notice, signed (including electronic signature in form acceptable to the Administrator) by the appropriate person and, in the case of an Option, accompanied by any payment required under the Option. An Option or SAR exercised by any person other than the Participant will not be deemed to have been exercised until the Administrator has received such evidence as it may require that the person exercising the Stock Award has the right to do so. Notwithstanding the foregoing, unless otherwise provided by the Administrator in an Award Agreement, if (i) a Participant holds an outstanding but unexercised Option or SAR on the date that is ten (10) years from the date of grant (or, in the case of an Option or SAR with a maximum term of less than ten (10) years, the last day of such maximum term) and has not exercised such Option or SAR as of the regular closing time of the exchange on which the Common Stock is traded on the last day of the applicable term of the Option or SAR, (ii) on such date the Common Stock is publicly traded, and (iii) at such time the Fair Market Value of a share of Common Stock is greater than the exercise price or base value applicable to such Option or SAR, such Option or SAR, to the extent then vested and exercisable, shall be automatically exercised on the last day of the applicable term, and the number of shares of Common Stock otherwise to be delivered upon exercise of the Option or SAR shall be reduced by, in the case of an Option, a number of shares having a

Fair Market Value equal to the aggregate exercise price of the Option being exercised and, in the case of an Option or SAR, a number of shares having a Fair Market Value equal to the amount necessary to satisfy any applicable tax withholding obligation (but not in excess of the minimum tax withholding required by law).

(f) *Vesting and Effect of Termination of Employment or Other Service Relationship*. Subject to Section 8(b) below, the Administrator will determine the time or times at which an Option or SAR will vest or become exercisable and the terms on which an Option or SAR will remain exercisable. Unless the Administrator expressly provides otherwise, however, the following rules will apply when a Participant's employment or other service relationship with the Company ceases:

(i) Immediately upon the cessation of the Participant's employment or other service relationship and except as provided in (ii) and (iii) below, each Option or SAR that is then held by the Participant or by the Participant's permitted transferees, if any, will cease to be exercisable and will terminate.

(ii) Subject to (iii) and (iv) below, all Options and SARs held by the Participant or the Participant's permitted transferees, if any, immediately prior to the cessation of the Participant's employment or other service relationship with the Company, to the extent then exercisable, will remain exercisable for the lesser of (i) a period of three months or (ii) the period ending on the latest date on which such Option or SAR could have been exercised without regard to this Section 5(f)(ii), and will thereupon immediately terminate.

(iii) All Options and SARs held by a Participant or the Participant's permitted transferees, if any, immediately prior to (A) the cessation of the Participant's employment or other service relationship due to his or her death or disability (within the meaning of Section 22(e)(3) of the Code or any successor provision thereto) or (B) the Participant's death within three months following the Participant's termination of employment, to the extent then exercisable, will remain exercisable for the lesser of (i) a period of twelve (12) months or (ii) the period ending on the latest date on which such Option or SAR could have been exercised without regard to this Section 5(f)(iii), and will thereupon immediately terminate.

(iv) All Options and SARs (whether or not exercisable) held by a Participant or the Participant's permitted transferees, if any, immediately prior to the cessation of the Participant's employment or other service relationship with the Company will immediately terminate upon such cessation of employment or other service relationship if the termination is for Cause.

6. Special Provisions for Incentive Stock Options.

Options granted under the Plan which are intended to be Incentive Stock Options shall be subject to the following additional terms and conditions:

(a) *Express Designation*. All Incentive Stock Options granted under the Plan shall, at the time of grant, be specifically designated as such in the Award Agreement evidencing the grant of Incentive Stock Options.

(b) *10% Stockholder*. If any employee to whom an Incentive Stock Option is to be granted under the Plan is, at the time of the grant of such Option, the owner of stock possessing more than 10% of the total combined voting power of all classes of stock of the Company (after taking into account the attribution of stock ownership rules of Section 424(d) of the Code), then the following special provisions shall be applicable to the Incentive Stock Option granted to such employee:

(i) the exercise price per share of the Common Stock subject to such Incentive Stock Option shall not be less than 110% of the Fair Market Value of one share of Common Stock at the time of grant; and

(ii) the Option may not be exercisable after the expiration of five years from the date of grant.

(c) *Dollar Limitation*. For so long as the Code shall so provide, Options granted to any employee under the Plan (and any other incentive stock option plans of the Company) which are intended to be Incentive Stock Options shall not be Incentive Stock Options to the extent that such Options, in the aggregate, become exercisable for the first time in any one calendar year for shares of Common Stock with an aggregate Fair Market Value (determined as of the respective date or dates of grant) of more than $100,000.

(d) *Continuous Employment*. Except as provided in Section 5(f) above, no Incentive Stock Option may be exercised unless, at the time of such exercise, the Participant is, and has been continuously since the date of grant of the Option, employed by the Company. For all purposes of the Plan and any Incentive Stock Option granted hereunder, "employment" shall be defined in accordance with the provisions of Section 1.421-1(h) of the Income Tax Regulations (or any successor regulations).

7. Provisions of Other Stock Awards.

(a) *Restricted Stock Awards*. As a condition to the grant of an award of Restricted Stock under the Plan, each recipient of Restricted Stock shall execute an Award Agreement. The terms and conditions of such Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical; provided, however, that each Restricted Stock Award Agreement shall include (through incorporation of the provisions hereof by reference in the Award Agreement or otherwise) the substance of each of the following provisions:

(i) *Purchase Price*. At the time of the grant of an award of Restricted Stock, the Administrator will determine the price to be paid by the Participant for each share subject to the award, if any.

(ii) *Consideration*. At the time of the grant of an award of Restricted Stock, the Administrator will determine the consideration permissible for the payment of the purchase price of the Restricted Stock. The purchase price of the shares of Common Stock acquired pursuant to an award of Restricted Stock shall be paid in one of the following ways: (i) in cash at the time of purchase; (ii) by services rendered or to be rendered to the Company; or (iii) in any other form of legal consideration that may be acceptable to the Administrator.

(iii) *Vesting*. At the time of grant of an award of Restricted Stock, the Administrator will determine the conditions under which shares of Restricted Stock will vest or no longer be subject to a substantial risk of forfeiture or repurchase option in favor of the Company, which conditions will be set forth in the applicable Award Agreement.

(iv) *Termination of Participant's Service*. Except as otherwise provided in the applicable Award Agreement, shares of Restricted Stock that have not vested will be forfeited upon the termination of the Participant's employment or other service relationship with the Company for any reason.

(b) *Restricted Stock Units*. As a condition to the grant of RSUs under the Plan, each recipient of an RSU shall execute an RSU Award Agreement in such form not inconsistent with the Plan as may be approved by the Administrator. The terms and conditions of RSU Award Agreements may change from time to time, and the terms and conditions of separate RSU Award Agreements need not be identical; provided, however, that each RSU Award Agreement shall include (through incorporation of the provisions hereof by reference in the Award Agreement or otherwise) the substance of each of the following provisions:

(i) *Consideration*. At the time of grant of an award of RSUs, the Administrator will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the award.

(ii) *Vesting*. At the time of the grant of an award of RSUs, the Administrator may impose such restrictions or conditions to the vesting of the shares subject to the award as it deems appropriate.

(iii) *Payment*. RSUs may be settled by the delivery of shares of Common Stock, their cash equivalent, or a combination of the two, as the Administrator deems appropriate. Settlement of RSUs shall occur no later than two and one-half (2½) months following the year in which such RSUs vest, unless the applicable Award Agreement expressly provides that the award of RSUs is intended to comply with the rules applicable to non-qualified deferred compensation under Section 409A.

(iv) *Termination of Participant's Service*. Except as otherwise provided in the applicable Award Agreement, RSUs (and any related dividend equivalents) that have not vested will be forfeited upon the termination of the Participant's employment or other service relationship with the Company for any reason and RSUs, whether vested or unvested, will be forfeited immediately upon the termination of the Participant's employment or other service relationship with the Company if the termination is for Cause.

8. Additional Terms Applicable to all Stock Awards.

(a) *Award Provisions*. The Administrator will determine the terms of all Stock Awards, subject to the limitations provided in the Plan. By accepting (or, under such rules as the Administrator may prescribe, being deemed to have accepted) a Stock Award, the Participant will be deemed to have agreed to the terms of the Stock Award and the Plan. Notwithstanding any provision of this Plan to the contrary, awards of an acquired company that are converted, replaced or adjusted in connection with the acquisition may contain terms and conditions that are inconsistent with the terms and conditions specified herein, as determined by the Administrator.

(b) *Vesting*. Notwithstanding anything provided in Section 5(f), Section 7(a)(iii), Section 7(b)(ii) or Section 11 hereof, no Stock Award shall vest prior to the first anniversary of the grant date. Notwithstanding the foregoing, a number of shares of Common Stock not exceeding 5% of the number of shares of Common Stock that may be delivered in satisfaction of Stock Awards may be delivered in satisfaction of Stock Awards that are not subject to the minimum vesting period specified in the preceding sentence. Nothing in this Section 8(b) shall preclude the Administrator from taking action, in its sole discretion, to accelerate the vesting of any Stock Award in connection with or following the cessation of a Participant's employment or other service relationship due to his or her death or disability (within the meaning of Section 22(e)(3) of the Code or any successor provision thereto), or accelerating the vesting of Stock Awards pursuant to Section 11 below.

(c) *Nontransferability of Stock Awards*. Except as provided in this Section 8(c), Stock Awards shall not be assignable or transferable by the person to whom they are granted, either voluntarily or by operation of law, other than by will or the laws of descent and distribution, and, in the case of Options and SARs, during the life of the Participant, shall be exercisable only by the Participant. Awards, other than Incentive Stock Options, may be transferred pursuant to a domestic relations order (within the meaning of Rule 16a-12 promulgated under the Exchange Act) or as otherwise expressly permitted by the Administrator in the applicable Award Agreement.

(d) *Investment Representations*. The Company may require any person to whom a Stock Award is granted, as a condition of receiving or exercising such Stock Award, as applicable, to give written assurances in substance and form satisfactory to the Company to the effect that such person is acquiring the Common Stock subject to the Stock Award for his or her own account for investment and not with any present intention of selling or otherwise distributing the same, and to such other effects as the Company deems necessary or appropriate in order to comply with federal and applicable state securities laws, or with covenants or representations made by the Company in connection with any public offering of its Common Stock.

(e) *Compliance with Securities Laws*. Each Stock Award shall be subject to the requirement that if, at any time, counsel to the Company shall determine that the listing, registration or qualification of the shares subject to such Stock Award upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, or that the disclosure of non-public information or the satisfaction of any other condition is necessary as a condition of, or in connection with, the issuance or purchase of shares thereunder, such Stock Award may not be issued or exercised, as applicable in whole or in part, unless such listing, registration, qualification, consent or approval, or satisfaction of such condition shall have been effected or obtained on conditions acceptable to the Administrator. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration or qualification, or to satisfy such condition.

(f) *Additional Restrictions*. The Administrator may cancel, rescind, withhold or otherwise limit or restrict any Stock Award at any time if the Participant is not in compliance with all applicable provisions of the applicable Award Agreement and the Plan, or if the Participant breaches any agreement with the Company with respect to non-competition, non-solicitation or confidentiality. Without limiting the generality of the foregoing, the Administrator may recover Stock Awards made under the Plan and payments under or gain in respect of any Stock Award in accordance with any applicable Company clawback or recoupment policy, as such policy may be amended and in effect from time to time, or as otherwise required by applicable law or applicable stock exchange listing standards, including, without limitation, Section 10D of the Exchange Act.

(g) *Dividend Equivalents, Etc*. The Administrator may provide for the payment of amounts (on terms and subject to conditions established by the Administrator) in lieu of cash dividends or other cash distributions with respect to Common Stock subject to a Stock Award whether or not the holder of such Stock Award is otherwise entitled to share in the actual dividend or distribution in respect of such Stock Award. Any entitlement to dividend equivalents or similar entitlements will be established and administered either consistent with an exemption from, or in compliance with, the requirements of Section 409A. Dividends or dividend equivalent amounts payable in respect of Stock Awards that are subject to restrictions may be subject to such limits or restrictions as the Administrator may impose. Notwithstanding the foregoing, no dividends or dividend equivalents may be paid to a Participant in connection with a Stock Award prior to the date on which such Stock Award vests.

(h) *Section 162(m)*. In the case of any Performance Award (other than an Option or SAR) intended to qualify for the performance-based compensation exception under Section 162(m), the Administrator will establish the applicable Performance Criterion or Criteria in writing no later than ninety (90) days after the commencement of the period of service to which the performance relates (or at such earlier time as is required to qualify the Stock Award as performance-based compensation under Section 162(m)) and, prior to the event or occurrence (grant, vesting or payment, as the case may be) that is conditioned on the attainment of such Performance Criterion or Criteria, will certify in writing whether it or they have been attained. Except as otherwise determined by the Administrator, the provisions of this Section 8(h) relating to Performance Awards shall not apply to Stock Awards granted on or after the Amendment Date.

(i) *Coordination with Other Plans*. Stock Awards under the Plan may be granted in tandem with, or in satisfaction of or substitution for, other Stock Awards under the Plan or awards made under other compensatory plans or programs of the Company. For example, but without limiting the generality of the foregoing, awards under other compensatory plans or programs of the Company may be settled in Common Stock (including, without limitation, Unrestricted Stock) if the Administrator so determines, in which case the shares delivered will be treated as awarded under the Plan (and will reduce the number of shares thereafter available under the Plan in accordance with the rules set forth in Section 4). In any case where an award is made under another plan or program of the Company and such award is intended to qualify for the performance-based compensation exception under Section 162(m), and such award is settled by the delivery of Common Stock or another Stock Award under the Plan, the applicable Section 162(m) limitations under both the other plan or program and under the Plan will be applied to the Plan as necessary (as determined by the Administrator) to preserve the availability of the Section 162(m) performance-based compensation exception with respect thereto.

(j) *Section 409A*. Each Award Agreement will contain such terms as the Administrator determines, and will be construed and administered, such that the Stock Award either qualifies for an exemption from the requirements of Section 409A or satisfies such requirements.

9. Rights as a Stockholder.

Nothing in the Plan will be construed as giving any person the rights as a stockholder with respect to any shares of Common Stock underlying a Stock Award (including, without limitation, any rights to receive dividends or non-cash distributions with respect to such shares) except as to shares of Common Stock actually issued under the Plan. Except as otherwise provided in an Award Agreement, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such shares of Common Stock are issued.

10. Adjustment Provisions for Recapitalizations and Related Transactions.

(a) If (i) the outstanding shares of Common Stock are (A) exchanged for a different number or kind of shares or other securities of the Company or (B) increased or decreased as a result of any recapitalization, reclassification, stock dividend, stock split or reverse stock split or (ii) additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Common Stock or other securities, an appropriate and proportionate adjustment shall be made to (1) the maximum number and kind of shares reserved for issuance under the Plan, (2) the maximum number of shares that can be issued upon exercise of Incentive Stock Options under the Plan, (3) the limitations on Stock Awards pursuant to Section 4(c) and (d), (4) the number and kind of shares or other

securities subject to any then outstanding Stock Awards under the Plan, and (5) the exercise or purchase prices (or base values) relating to Stock Awards and any other provision of Stock Awards affected by such change, without (in the case of Options or SARs) changing the aggregate exercise price or base values for such Stock Awards. Any adjustment made pursuant to this Section 10 shall be made by the Administrator having due regard, where applicable, for the qualification of Incentive Stock Options under Section 422, the requirements of Section 409A and the performance-based compensation rules of Section 162(m).

(b) Any adjustments under this Section 10 will be made by the Administrator, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive. No fractional shares will be issued under the Plan on account of any such adjustments.

11. Merger, Consolidation, Asset Sale, Liquidation, etc.

(a) *General*. In the event of (i) a consolidation, merger, combination or reorganization of the Company in which outstanding shares of Common Stock are exchanged for securities, cash or other property of any other corporation or business entity, (ii) the sale, lease or other disposition of all or substantially all of the assets of the Company, (iii) a transaction or series of related transactions involving a person or entity, or a group of affiliated persons or entities (but excluding any employee benefit plan or related trust sponsored or maintained by the Company or an affiliate) in which such persons or entities become the owners, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities (a "***Securities Acquisition***") other than by virtue of a merger, consolidation or similar transaction, or (iv) a dissolution or liquidation of the Company (hereinafter, each of the events described in (i) through (iv) above shall be a "***Corporate Transaction***"), if such Stock Awards are not assumed, or equivalent stock awards are not substituted, by the acquiring or succeeding corporation (or an affiliate thereof), the Administrator will provide that all or any outstanding Stock Awards shall become vested and exercisable (or that any reacquisition or repurchase rights held by the Company shall lapse) at or immediately prior to such event, and will (1) upon written notice to the Participants, provide that all Stock Awards that are outstanding, whether vested or unvested and whether exercisable or unexercisable, including Stock Awards that are "out-of-the-money" or "underwater," will terminate immediately prior to the consummation of a Corporate Transaction, unless exercised (to the extent then vested and exercisable) by the Participant within a specified period following the date of such notice, if applicable, or (2) in the event of a consolidation, merger, combination, reorganization or Securities Acquisition under the terms of which holders of the Common Stock of the Company will receive upon consummation thereof a cash payment for each share surrendered in the transaction (the "***Sale Price***"), make or provide for a cash payment to the Participant equal to the difference between (A) the Sale Price times the number of shares of Common Stock subject to such outstanding Stock Awards (to the extent then vested or exercisable at prices not in excess of the Sale Price), and (B) the aggregate exercise price of all such outstanding Stock Awards (to the extent then vested or exercisable at prices not in excess of the Sale Price) in exchange for the termination of such Stock Awards. In the event of a Corporate Transaction, if such Stock Awards are assumed, or equivalent stock awards are substituted, by the acquiring or succeeding corporation (or an affiliate thereof), the Administrator shall provide that such Stock Awards shall continue in existence with appropriate adjustments or modifications, provided that any such options substituted for Incentive Stock Options shall meet the requirements of Section 424(a) of the Code. Notwithstanding anything to the contrary in this Section 11(a), the vesting of any performance-based Stock Awards will be determined based on the greater of (i) assumed achievement of the applicable performance goals at 100% of the performance target, as provided in the Award Agreement with the result prorated based on the period of the Participant's actual employment or other service relationship with the Company prior to the Corporate Transaction during the applicable full performance period, or (ii) actual achievement of the applicable performance goals, as provided in the Award Agreement, through the date of the consummation of the Corporate Transaction. Except as the Administrator may otherwise determine in any case, each Stock Award will automatically terminate (and in the case of outstanding shares of Restricted Stock will be forfeited automatically) upon consummation of the Corporate Transaction, other than Stock Awards assumed pursuant to clause (1) of this Section 11(a).

(b) *Substitute Options*. The Company may grant Stock Awards under the Plan in substitution for Stock Awards held by employees of another corporation who become employees of the Company, or a subsidiary of the Company, as the result of a merger, consolidation, combination or reorganization of the employing corporation with the Company or a subsidiary of the Company, or as the result of the acquisition by the Company, or one of its subsidiaries, of property or stock of the employing corporation. The Company may direct that substitute Stock Awards be granted on such terms and conditions as the Administrator considers appropriate in the circumstances.

12. No Employment Rights.

Nothing contained in the Plan or in any Award Agreement shall confer upon any Participant any right with respect to the continuation of his or her employment or other service relationship with the Company or interfere in any way with the right of the Company at any time to terminate such employment or to increase or decrease the compensation of the Participant. The loss of existing or potential profit in a Stock Award will not constitute an element of damages in the event of a termination of a Participant's employment or other service relationship with the Company for any reason, even if the termination is in violation of an obligation of the Company to the Participant.

13. Other Employee Benefits.

Except as to plans which by their terms include such amounts as compensation or as otherwise specifically determined by the Administrator, the amount of any compensation deemed to be received by an employee as a result of the issuance of a Stock Award, the lapse of any restrictions thereon, or the exercise of an Option or SAR, or the sale of shares received upon such exercise will not constitute compensation for purposes of determining any other employee benefits of such employee, including, without limitation, benefits under any bonus, pension, profit sharing, life insurance or salary continuation plan.

14. Amendment of the Plan and Stock Awards.

(a) The Board may at any time, and from time to time, modify or amend the Plan in any respect, except that any such modification or amendment (i) shall be subject to stockholder approval if the approval of the stockholders of the Company is required under Section 422 or any successor provision with respect to Incentive Stock Options, Rule 16b-3 (if then applicable), Section 162(m), or any other applicable tax or securities law or stock exchange listing requirements, and (ii) shall not adversely affect the rights under any Stock Award previously granted to a Participant without the Participant's consent.

(b) With the consent of the affected Participant, the Administrator may amend outstanding Stock Award agreements in a manner not inconsistent with the Plan, provided, however, that, without the consent of the affected Participant, the Administrator shall have the right to amend or modify (i) the terms and provisions of the Plan and of any outstanding Incentive Stock Options granted under the Plan to the extent necessary to qualify any or all such Options for such favorable federal income tax treatment (including deferral of taxation upon exercise) as may be afforded incentive stock options under Section 422, (ii) the terms and provisions of the Plan and of any outstanding Stock Award to the extent necessary to ensure (A) the qualification of the Plan under Rule 16b-3 (if then applicable) or (B) compliance with, or exemption from, Section 409A.

15. Withholding.

(a) The delivery, vesting and retention of Common Stock, cash or other property under a Stock Award are conditioned upon full satisfaction by the Participant of all tax withholding requirements with respect thereto. The Administrator will prescribe such rules for the withholding of taxes as it deems appropriate. The Company shall have the right to deduct from payments of any kind otherwise due to a Participant any federal, state or local taxes of any kind required by law to be withheld with respect to any shares of Common Stock issued, or cash or other property delivered, in settlement of a Stock Award, upon the exercise of Options or SARs, and upon the lapse of any restrictions with respect to a Stock Award. Subject to the prior approval of the Administrator, which may be withheld in its sole discretion, a Participant may elect (i) to cause the Company to hold back shares of Common Stock from a Stock Award or (ii) to deliver to the Company shares of Common Stock already owned by the Participant in satisfaction of tax withholding obligations but, in each case, not in excess of the minimum tax withholding required by law.

The shares of Common Stock so delivered or held back shall have a Fair Market Value equal to such withholding obligation. The Fair Market Value of the shares used to satisfy such withholding obligation shall be determined by the Company as of the date that the amount of tax to be withheld is to be determined. A Participant who has made an election pursuant to this Section 15(a) may only satisfy his or her withholding obligation with shares of Common Stock which are not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements.

(b) Notwithstanding the foregoing, in the case of a Reporting Person, no election to use shares for the payment of withholding taxes shall be effective unless made in compliance with any applicable requirements of Rule 16b-3 (unless it is intended that the transaction not qualify for exemption under Rule 16b-3).

16. Effective Date and Duration of the Plan.

(a) *Effective Date*. The Plan is effective as of the Amendment Date, subject to its approval by the Company's stockholders at the Company's annual meeting in 2018. If such stockholder approval is not obtained within twelve months after the Amendment Date, Options and SARs granted under the Plan shall not vest and shall terminate and neither Options nor SARs shall be granted thereafter under the Plan. Amendments to the Plan not requiring stockholder approval shall become effective when adopted by the Board; amendments requiring stockholder approval (as provided in Section 14) shall become effective when adopted by the Board, but no Options or SARs granted after the date of such amendment shall become exercisable (to the extent that such amendment to the Plan was required to enable the Company to grant such Options or SARs) and no other Stock Award shall be granted, unless and until such amendment shall have been approved by the Company's stockholders. If such stockholder approval is not obtained within twelve months of the Board's adoption of such amendment, any Options or SARs granted on or after the date of such amendment shall terminate to the extent that such amendment was required to enable the Company to grant such Options or SARs. Subject to this limitation, Stock Awards may be granted under the Plan at any time after the Amendment Date and before the termination of the Plan as provided in Section 16(b) below.

(b) *Termination*. The Board may suspend or terminate the Plan at any time, except that such suspension or termination of the Plan shall not adversely affect a Participant's rights under a Stock Award previously granted to the Participant while the Plan is in effect without the consent of the Participant. Unless sooner terminated in accordance with this Section or Section 11, the Plan shall terminate upon the close of business on the day immediately preceding the (10^{th}) tenth anniversary of the Adoption Date. Stock Awards outstanding on such date shall remain in force and effect in accordance with their terms.

17. Provision for Foreign Participants; Sub Plans.

(a) The Administrator may, without amending the Plan, modify Stock Awards granted to Participants who are foreign nationals or employed outside the United States to recognize differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

(b) The Board may from time to time establish one or more sub-plans under the Plan for purposes of satisfying applicable blue sky, securities or tax laws of various jurisdictions. The Board will establish such sub-plans by adopting supplements to the Plan setting forth (i) such limitations on the Board's discretion under the Plan as it deems necessary or desirable and (ii) such additional terms and conditions not otherwise inconsistent with the Plan as it deems necessary or desirable. All supplements so established will be deemed to be part of the Plan, but each supplement will apply only to Participants within the affected jurisdiction (as determined by the Administrator).

18. Miscellaneous.

(a) *Waiver of Jury Trial*. By accepting a Stock Award under the Plan, each Participant waives any right to a trial by jury in any action, proceeding or counterclaim concerning any rights under the Plan and any Stock Award, or under any amendment, waiver, consent, instrument, document or other agreement delivered or which in the future may be delivered in connection therewith, and agrees that any such action, proceedings or counterclaim will be tried before a court and not before a jury. By accepting a Stock Award under the Plan, each Participant certifies that no officer, representative, or attorney of the Company has

represented, expressly or otherwise, that the Company would not, in the event of any action, proceeding or counterclaim, seek to enforce the foregoing waivers. Notwithstanding anything to the contrary in the Plan, nothing herein is to be construed as limiting the ability of the Company and a Participant to agree to submit disputes arising under the terms of the Plan or any Stock Award made hereunder to binding arbitration or as limiting the ability of the Company to require any eligible individual to agree to submit such disputes to binding arbitration as a condition of receiving a Stock Award hereunder.

(b) *Limitation of Liability*. Notwithstanding anything to the contrary in the Plan, neither the Company nor the Administrator, nor any person acting on behalf of the Company or the Administrator, will be liable to any Participant or to the estate or beneficiary of any Participant or to any other holder of a Stock Award by reason of any acceleration of income, or any additional tax (including any interest and penalties), by reason of the failure of a Stock Award to satisfy the requirements of Section 422 or Section 409A or by reason of Section 4999 of the Code, or otherwise asserted with respect to the Stock Award.

19. Governing Law.

(a) *Certain Requirements of Corporate Law*. Stock Awards will be granted and administered consistent with the requirements of applicable Delaware law relating to the issuance of stock and the consideration to be received therefor, and with the applicable requirements of the stock exchanges or other trading systems on which the Common Stock is listed or entered for trading, in each case as determined by the Administrator.

(b) *Other Matters*. Except as otherwise provided by the express terms of an Award Agreement, under a sub-plan described in Section 17(b) or as provided in Section 19(a) above, the provisions of the Plan and of Stock Awards under the Plan and all claims or disputes arising out of or based upon the Plan or any Stock Award under the Plan or relating to the subject matter hereof or thereof will be governed by and construed in accordance with the domestic substantive laws of the State of Maryland without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

(c) *Jurisdiction*. By accepting a Stock Award, each Participant will be deemed (a) to have submitted irrevocably and unconditionally to the jurisdiction of the federal and state courts located within the geographic boundaries of the United States District Court for the District of Maryland for the purpose of any suit, action or other proceeding arising out of or based upon the Plan or any Stock Award; (b) to agree not to commence any suit, action or other proceeding arising out of or based upon the Plan or a Stock Award, except in the federal and state courts located within the geographic boundaries of the United States District Court for the District of Maryland; and (c) to have waived and agreed not to assert, by way of motion as a defense or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that the Plan or a Stock Award or the subject matter thereof may not be enforced in or by such court.

Exhibit A

"***Administrator***": The Compensation Committee, except that the Compensation Committee may delegate (i) to one or more of its members (or one or more other members of the Board (including the full Board)) such of its duties, powers and responsibilities as it may determine; (ii) to one or more officers of the Company the power to grant Stock Awards to the extent permitted by Section 157(c) of the Delaware General Corporation Law; and (iii) to such employees or other persons as it determines such ministerial tasks as it deems appropriate. In the event of any delegation described in the preceding sentence, the term "Administrator" will include the person or persons so delegated to the extent of such delegation.

"***Adoption Date***": March 5, 2015

"***Amendment Date***": March 15, 2018

"***Award Agreement***": An agreement evidencing the grant of a Stock Award under the Plan.

"***Board***": The Board of Directors of the Company.

"***Cause***": In the case of any Participant who is party to an employment or severance-benefit agreement that contains a definition of "Cause," the definition set forth in such agreement will apply with respect to such Participant under the Plan for so long as such agreement is in effect. In the case of any other Participant, "Cause" will mean willful misconduct in connection with the Participant's employment or service on behalf of the Company, or the willful failure of the Participant to perform his or her responsibilities in the best interests of the Company (including, without limitation, breach, whether willful or not, by the Participant of any provision of any employment or services agreement, nondisclosure, non-competition, non-solicitation or other similar agreement between the Participant and the Company), as determined by the Board, which determination is conclusive. The Participant shall be considered to have been discharged "for cause" if the Administrator determines, within 30 days after the termination of the Participant's employment or other service relationship with the Company for any other purported reason, that discharge for cause was warranted (and the Company may rescind the delivery of shares pursuant to any Stock Award in those circumstances).

"***Code***": Internal Revenue Code of 1986, as amended or replaced from time to time.

"***Compensation Committee***": The Compensation Committee of the Board.

"***Common Stock***": The Company's common stock, $.01 par value.

"***Company***": Novavax, Inc. and the parent and all present and future subsidiaries of Novavax, Inc. as defined in Sections 424(e) and 424(f) of the Code; provided, however, that status as a "parent" or "subsidiary" corporation depends on satisfaction of the criteria in Sections 424(e) and (f) of the Code as of the date on which such determination is being made and does not necessarily continue to exist merely because it existed as of the date of grant of an Option or other Stock Award.

"***Corporate Transaction***": The meaning set forth in Section 11(a).

"***Exchange Act***": The Securities Exchange Act of 1934, as amended.

"***Fair Market Value***": As of any date, the value of the Common Stock determined as follows:

(1) If the Common Stock is listed on any established stock exchange, including but not limited to the NASDAQ Global Select Market, the Fair Market Value of a share of Common Stock shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange (or in the case of multiple exchanges, the exchange with the greatest volume of trading in the Common Stock) on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable. If the day of determination is not a market trading day, then the trading day immediately preceding the day of determination shall be used.

(2) In the absence of such markets for the Common Stock, the Fair Market Value shall be determined in good faith by the Administrator consistent with the requirements of Section 409A.

"***Incentive Stock Options***": An Option intended to be an "incentive stock option" within the meaning of Section 422.

"***Incumbent Board***": The meaning set forth in Section 11(b).

"***Non-Statutory Options***": An Option that is not intended to be an Incentive Stock Option.

"***Option***": An option entitling the holder to acquire shares of Common Stock upon payment of the exercise price.

"***Participant***": An individual who is granted or receives a Stock Award under the Plan.

"***Performance Award***": A Stock Award subject to Performance Criteria. The Administrator in its discretion may grant Performance Awards that are intended to qualify for the performance-based compensation exception under Section 162(m) as well as Performance Awards that are not intended so to qualify.

"***Performance Criteria***": Specified criteria, other than the mere continuation of employment or the mere passage of time, the satisfaction of which is a condition for the grant, exercisability, vesting or full enjoyment of a Stock Award. For purposes of Stock Awards that are intended to qualify for the performance-based compensation exception under Section 162(m), a Performance Criterion will mean an objectively determinable measure or measures of performance relating to any or any combination of the following (measured either absolutely or by reference to an index or indices and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof): sales; revenues; assets; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation, amortization or equity expense, whether or not on a continuing operations or an aggregate or per share basis; return on equity, investment, capital, capital employed or assets; one or more operating ratios; operating income or profit, including on an after-tax basis; net income; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; stock price; stockholder return; sales of particular products or services; customer acquisition or retention; acquisitions and divestitures (in whole or in part); joint ventures, strategic alliances, licenses or collaborations; spin-offs, split-ups and the like; reorganizations; recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings; manufacturing or process development; or achievement of clinical trial or research objectives, regulatory or other filings or approvals or other product development milestones. A Performance Criterion and any targets with respect thereto determined by the Administrator need not be based upon an increase, a positive or improved result or avoidance of loss. To the extent consistent with the requirements for satisfying the performance-based compensation exception under Section 162(m), the Administrator may provide in the case of any Stock Award intended to qualify for such exception that one or more of the Performance Criteria applicable to such Stock Award will be adjusted in an objectively determinable manner to reflect events (for example, the impact of charges for restructurings, discontinued operations, mergers, acquisitions, extraordinary items, and other unusual or non-recurring items, and the cumulative effects of tax or accounting changes, each as defined by U.S. generally accepted accounting principles) occurring during the performance period that affect the applicable Performance Criterion or Criteria.

"***Plan***": The Novavax, Inc. 2015 Stock Incentive Plan, as amended and restated on March 15, 2018.

"***Reporting Person***": Individuals who are required to file reports under Section 16(a) of the Exchange Act.

"***Restricted Stock***": Common Stock subject to forfeiture or restrictions requiring that it be redelivered or offered for sale to the Company if specified conditions are not satisfied.

"***Restricted Stock Unit***" or "***RSU***": A Stock Unit that is, or as to which the delivery of Common Stock or cash in lieu of Common Stock is, subject to the satisfaction of specified performance or other vesting conditions.

"***Rule 16b-3***": Rule 16b-3 promulgated under the Exchange Act, or any successor rule.

"***Sale Price***": The meaning set forth in Section 11(a).

"***Section 162(m)***": Section 162(m) of the Code. "Section 162(m)", as such term is used in Section 8(h) and elsewhere in the Plan in the context of the "performance-based compensation exception", shall refer to Section 162(m) of the Code as in effect prior to December 22, 2017, including the regulations thereunder and other applicable Internal Revenue Service guidance, whether promulgated or issued before or after December 22, 2017.

"***Section 422***": Section 422 of the Code.

"***Securities Acquisition***": The meaning set forth in Section 11(a).

"***Stock Appreciation Right***" or "***SAR***": A right entitling the holder upon exercise to receive an amount (payable in cash or in shares of Common Stock of equivalent value) equal to the excess of the Fair Market Value of the shares of Common Stock subject to the right over the base value from which appreciation under the SAR is to be measured.

"***Stock Awards***": Any or a combination of the following:

(a) Options (including Incentive Stock Options and Non-Statutory Options),

(b) Stock Appreciation Rights,

(c) Restricted Stock,

(d) Unrestricted Stock,

(e) Stock Units,

(f) Restricted Stock Units, and

(g) Performance Awards.

"***Stock Unit***": An unfunded and unsecured promise, denominated in shares of Common Stock, to deliver Common Stock or cash measured by the value of Common Stock in the future.

"***Unrestricted Stock***": Common Stock not subject to any restrictions under the terms of the Stock Award.

NOVAVAX, INC.
2013 EMPLOYEE STOCK PURCHASE PLAN
AMENDED AND RESTATED MARCH 15, 2018

Section 1. Purpose of Plan

The Novavax, Inc. 2013 Employee Stock Purchase Plan, as amended and restated March 15, 2018 (the "Plan"), is intended to enable eligible employees of Novavax, Inc. (the "Company") and such of its Subsidiaries (including any corporation that becomes a Subsidiary of the Company after the adoption and approval of the Plan) as the Board of Directors of the Company (the "Board") may from time to time designate (the Company and such Subsidiaries being hereinafter referred to as the "Company") to purchase shares of common stock, $0.01 par value, of the Company (such common stock being hereafter referred to as "Stock"), and thereby enhance the sense of participation in the affairs of the Company. For purposes of the Plan, a "Subsidiary" is any corporation that would be treated as a subsidiary of the Company under Section 424(f) of the Internal Revenue Code of 1986, as amended (the "Code"). The Plan is intended to qualify under Code Section 423 and to be exempt from the application and requirements of Code Section 409A, and is to be construed accordingly.

Section 2. Administration of Plan

The Plan shall be administered by the Compensation Committee of the Board (the "Committee"), which shall have the authority to determine eligibility under the Plan, to interpret the Plan, to prescribe forms, rules and procedures under the Plan, to adopt, amend, rescind, administer, and interpret such forms, rules and procedures and otherwise to do all things necessary or advisable to carry out the terms of the Plan. To the extent permitted by applicable law, the Committee in its discretion may delegate any or all of its powers under the Plan to one or more officers or employees of the Company. All references in the Plan to the "Administrator" shall mean the Committee and the person or persons so delegated to the extent of such delegation, as applicable. All determinations and decisions by the Administrator regarding the interpretation or application of the Plan shall be final and binding on all parties.

Section 3. Options to Purchase Stock

Subject to adjustment as provided in Section 15, the maximum aggregate number of shares of Stock available for purchase pursuant to the exercise of options ("Options") granted under the Plan to employees of the Company or its designated Subsidiaries ("Employees") who meet the eligibility requirements set forth in Section 4 ("Eligible Employees") shall be the lesser of (a) 7,000,000 shares increased on each anniversary of the adoption of the Plan by 5%, and (b) 8,000,000.

The Stock to be delivered upon exercise of Options under the Plan may be either shares of authorized but unissued Stock or shares of reacquired Stock, as the Board may determine. If any Option granted under the Plan shall expire or terminate for any reason without having been exercised in full or shall cease for any reason to be exercisable in whole or in part, the unpurchased Stock subject to such Option shall again be available for purchase pursuant to the exercise of Options under the Plan.

Section 4. Eligibility

Subject to the limitations set forth in Section 5, each Employee whose customary employment is at least 20 hours per week, whose customary employment is for more than five months during the calendar year and who has been employed by the Company for not less than five business days as of the first day of an Option Period (as defined in Section 5) shall be eligible to participate in the Plan for such Option Period. The Administrator may, for Option Periods that have not yet commenced, establish additional eligibility requirements not inconsistent with Code Section 423.

Section 5. Option Periods

Unless otherwise determined by the Board (and except as otherwise provided in Section 8), the "Option Periods" shall be consecutive and overlapping 24-month periods that shall commence every six months on August 1 and February 1 and end 24 months later on July 31 or January 31, with each

Option Period having four six-month "Purchase Periods" that shall commence on August 1 or February 1 and end on January 31 or July 31 each year during the Option Period. Each January 31 and July 31 during an Option Period shall be a "Purchase Date". The Administrator may change the frequency and duration of the Option Periods, Purchase Periods and Purchase Dates with respect to Option Periods that have not yet commenced, except as provided in Section 15, in accordance with Code Section 423.

Section 6. Participation and Option Grant

Each person who is an Eligible Employee on the first day of any Option Period may elect to participate in the Plan for such Option Period in accordance with this Section 6, Section 7 and any other procedures established by the Administrator. Except as otherwise provided in Section 8, to become a Participant and enroll in an Option Period, an Eligible Employee must complete an enrollment and payroll deduction authorization form in a form prescribed by the Administrator and submit it to the Company no later than five business days before the first day of each Option Period, or such later time as determined by the Administrator, and shall thereby become a participant ("Participant") on the first day of such Option Period. A Participant may participate in only one Option Period at any time.

Each person who is a Participant on the first day of an Option Period shall automatically be granted on that day an Option for such Option Period entitling the Participant to purchase shares of Stock on each Purchase Date within the Option Period on which the Participant is an Eligible Employee. No more than 25,000 shares may be purchased by a Participant on any Purchase Date, and no more than 15% of a Participant's Compensation at any time may be used to purchase shares of Stock under an Option. A Participant's "Compensation" for any period shall be the sum of the following forms of compensation paid to or earned by a Participant: base wages, salary, overtime, payments for paid time off and holidays, bereavement pay, jury/witness duty pay, pay during a period of suspension, compensation deferred pursuant to Code Sections 401(k) or 125, distributions under any nonqualified deferred compensation plan and any other compensation or remuneration that the Committee or the Board approves as "compensation" in accordance with Code Section 423. Notwithstanding the foregoing:

(a) No Participant shall be granted an Option under the Plan who, immediately after the Option is granted, would own (or pursuant to Code Section 424(d) would be deemed to own) stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or of its Subsidiaries; and

(b) No Participant shall be granted an Option under the Plan that would permit the Participant to accrue rights to purchase shares of stock under all employee stock purchase plans of the Company and its Subsidiaries at a rate that exceeds $25,000 (or such other maximum as may be prescribed from time to time by the Code) for any calendar year, determined using the closing stock price on the grant date, all as determined in accordance with Code Section 423(b)(8).

The Administrator shall reduce, on a substantially proportionate basis, the number of shares of Stock that may be purchased by each Participant for an Option Period or for one or more Purchase Periods in the event that the number of shares then available under the Plan is insufficient.

Section 7. Method of Payment

Payment for Stock purchased upon the exercise of an Option shall be made with funds withheld through regular payroll deductions. Each payroll deduction authorization shall request withholding for each payroll period at a whole percentage of the Participant's Compensation not exceeding 15% of Participant's Compensation for the payroll period. Withholding shall be accomplished by means of deductions made on payroll dates occurring in the Option Period. A Participant may decrease his or her payroll deduction rate two times during a Purchase Period within an Option Period; provided, however, that the second decrease during any such Purchase Period will reduce the payroll deduction rate to 0%. The payroll deduction rate as decreased by a Participant during a Purchase Period will automatically be applied to the next Purchase Period within the applicable Option Period unless the Participant elects to increase the payroll deduction rate for such next Purchase Period by notifying the Administrator not less than five business days prior to the first day of such Purchase Period. The Administrator may, in its discretion, further limit the number of

payroll deduction changes during any Option Period. A change in the payroll deduction rate shall be effective with the first full payroll period following 10 business days after the Company's receipt of the new payroll deduction authorization unless the Company elects to process a given change in payroll deductions more quickly.

All amounts withheld pursuant to this Section 7 (whether by payroll deductions or otherwise) shall be credited to a withholding account maintained in the Participant's name on the books of the Company (each, an "Account"). Amounts credited to the Account shall not be required to be set aside in trust or otherwise segregated from the Company's general assets.

Section 8. Purchase Price

The purchase price of Stock issued pursuant to the exercise of an Option on each Purchase Date shall be the lower of 85% of the fair market value of the Stock on the date on which the Option was granted pursuant to Section 5 (i.e., the first day of an Option Period) and 85% of the fair market value of the Stock on the last day of the Purchase Period (i.e., the Purchase Date). For purposes of this Section 8, the fair market value of the Stock for any day shall be the reported closing price of the Stock for such day on the national exchange or trading system on which such shares of Stock are traded; *provided*, that if such day is not a trading day, the fair market value of the Stock on such national exchange or trading system shall be the reported closing price of the Stock for the immediately preceding day that is a trading day.

If the fair market value of the Stock on any Purchase Date during an Option Period is less than the fair market value of the Stock on the first day of the Option Period, the balance in a Participant's Account shall be applied to purchase Stock on that Purchase Date in accordance with Section 9 and that Option Period shall then terminate. A Participant in the terminated Option Period shall automatically be enrolled in the next Option Period with the Participant's payroll deductions determined by reference to the last payroll deduction authorization properly submitted to the Company in accordance with the Plan.

Section 9. Exercise of Options

Subject to the limitations set forth below in this Section 9, each Employee who is a Participant in the Plan on the last day of a Purchase Period shall be deemed to have exercised on such date the Option granted to him or her for the Option Period that includes that Purchase Period. Upon such exercise, the Company shall apply the balance of the Participant's Account to the purchase of the maximum number of whole shares of Stock that can be purchased under the Option with the Account balance at the purchase price determined under Section 8, and as soon as practicable thereafter shall evidence the transfer of shares or shall deliver the shares to the Participant and shall return to the Participant's Account the balance, if any, of his or her Account in excess of the total purchase price of the shares so issued within a reasonable time thereafter. No fractional shares shall be purchased; any payroll deductions accumulated in a Participant's Account that are not sufficient to purchase a full share shall be retained in the Participant's Account for the subsequent Purchase Period, subject to earlier withdrawal by the Participant as provided in Section 12 hereof.

Any amounts contributed by a Participant or withheld from a Participant's Compensation that are not to be used for the purchase of Stock, whether because of such Participant's withdrawal from participation in an Option Period or for any other reason, shall be repaid to the Participant or his or her designated beneficiary or legal representative, as applicable, within a reasonable time thereafter.

Notwithstanding anything herein to the contrary, no Option may be exercised after twenty-seven (27) months from its grant date.

Section 10. Interest

No interest shall be payable on any amount held in the Account of any Participant.

Section 11. Taxes

Payroll deductions shall be made on an after-tax basis. The Company shall have the right, as a condition of exercise, to make such provision as it deems necessary to satisfy its obligations to withhold federal, state and local income or other taxes incurred by reason of the purchase or disposition of Stock

under the Plan. The Company in its discretion may, to the extent permitted by law, satisfy its withholding obligations by deduction from any payment of any kind due to the Participant or by withholding shares of Stock purchased under the Plan, which shares shall be valued at fair market value (defined as the closing stock price on the date of withholding).

Section 12. Cancellation and Withdrawal

Subject to Section 7, a Participant who holds an Option under the Plan may cancel all of his or her Option and thereby terminate his or her participation in the Plan by written notice delivered to the Administrator. To be effective with respect to the Purchase Period then in progress, written notification of such termination must be submitted to the Administrator no later than 15 days before the last day of the Purchase Period. Upon such cancellation, the balance in the Participant's Account shall be returned to the Participant as soon as administratively practicable.

A Participant who makes a hardship withdrawal from a retirement savings plan qualifying under Code Section 401(k) (a "401(k) Plan") maintained by the Company or a Subsidiary shall be deemed to have terminated his or her payroll deduction authorization as of the date of such hardship withdrawal, shall cease to be a Participant as of such date, shall be deemed to have canceled any outstanding Options, and shall not be permitted to participate in the Plan until the first Option Period that begins at least six (6) months after the date of the hardship withdrawal.

Section 13. Termination of Employment; Death of Participant

Upon the termination of a Participant's employment with the Company for any reason or the death of a Participant during an Option Period, or in the event the Participant ceases to qualify as an Eligible Employee, the Participant shall cease to be a Participant, any Option held by the Participant under the Plan shall be deemed canceled, the balance of his or her Account shall be returned to the Participant (or to the Participant's estate or designated beneficiary in the event of the Participant's death) as soon as reasonably practicable, and the Participant shall have no further rights under the Plan.

Section 14. Equal Rights; Participant's Rights Not Transferable

All Participants granted Options under the Plan shall have the same rights and privileges. Any Option granted under the Plan shall be exercisable during the Participant's lifetime only by the Participant and may not be sold, pledged, assigned, or transferred in any manner. In the event a Participant violates or attempts to violate the terms of this Section, any Options held by the Participant shall be deemed terminated and, upon return to the Participant of the balance of his or her Account, all of the Participant's rights under the Plan shall terminate.

Section 15. Change in Capitalization, Merger

The Board or the Committee may make adjustments in accordance with and as described in this Section 15 in the event of (i) a transaction with the holders of Stock of the Company not involving the receipt by the Company of consideration, including a stock split, spin-off, stock dividend, and certain recapitalizations (such transactions, "Equity Restructurings"), or (ii) the payment of a dividend or other distribution, reorganization, merger, or other changes in corporate structure (such transactions, "Corporate Transactions"). In the event of an Equity Restructuring or, to the extent the Board or the Committee determines that adjustments would be appropriate to prevent dilution or enlargement of benefits under the Plan, a Corporate Transaction, the Board or the Committee shall equitably adjust (a) the class of Stock issuable and the maximum number of shares of Stock available under the Plan, (b) the class and number of shares of Stock and the purchase price per share of Stock with respect to any outstanding Option, and (c) the class and maximum number of shares of Stock that may be issued to a participant during any Purchase Period, *provided*, that no such adjustment may be made unless the Board or the Committee, as applicable, is satisfied that it will not constitute a modification of the rights granted under the Plan or otherwise disqualify the Plan as an employee stock purchase plan under the provisions of Section 423 of the Code.

In the event of (i) a merger or similar transaction in which the Company is not the surviving corporation or that results in the Company's shareholders ceasing to own shares of Stock, (ii) a sale of all or substantially all of the assets of the Company, (iii) an acquisition resulting in ownership of more than 50% of the Stock by any one person (or more than one person acting as a group) that did not own more than 50% of the Stock immediately prior to the acquisition, or (iv) the replacement during any 12-month period of a majority of the directors of the Board by new directors whose appointment was not endorsed by a majority of the directors of the Board prior to the date of the appointment or election, each Option Period then in progress will continue unless otherwise provided by Board or the Committee, which may in its discretion (a) if the Company is merged with or acquired by another corporation, provide that each outstanding Option will be assumed or exchanged for a substitute Option granted by the acquiror or successor corporation, (b) cancel each outstanding Option and return the balances in Participant Accounts to the Participants, or (c) terminate any and all Purchase Periods on or before the date of the proposed transaction. In the event of our proposed dissolution or liquidation, each Option Period then in progress will be cancelled immediately prior to the consummation of such dissolution or liquidation and the balances in Participant's Accounts will be returned to Participants unless Board or the Committee provides otherwise in its sole discretion.

Section 16. Amendment and Termination of Plan

The Board reserves the right at any time or times and for any reason to amend the Plan to any extent and in any manner it may deem advisable, by vote of the Board; except that (a) no amendment may affect an Option Period in progress at the time of the amendment or may adversely affect the rights of any Participant without such Participant's consent unless (i) such amendment is required to satisfy the requirements of Code Section 423, (ii) such amendment is made in connection with a transaction described in Section 15, or (iii) the Board in its discretion determines that the continuation of the Plan on its current terms or any Option Period would result in financial accounting treatment for the Plan that is different from the financial accounting treatment in effect on the date the Plan was initially adopted by the Board, and (b) any amendment that would be treated as the adoption of a new plan for purposes of Code Section 423 and the regulations thereunder shall not take effect unless approved by the shareholders of the Company within twelve months before or after its adoption.

The Plan may be suspended or terminated at any time by the Board. In connection therewith, the Board may provide that outstanding Options shall be exercisable either at the end of the applicable Purchase Period or at such earlier date as the Board may specify (in which case such earlier date shall be treated as the last day of the applicable Purchase Period).

Section 17. Approvals

The Plan was approved by the shareholders of the Company on [•], 2018, which date was within twelve months after the date the Plan was adopted by the Board.

Notwithstanding anything herein to the contrary, the Company's obligation to issue and deliver shares of Stock under the Plan shall be subject to any required approval of any governmental authority in connection with the authorization, issuance, sale or transfer of said shares, to any requirements of any national securities exchange applicable thereto, and to compliance by the Company with other applicable legal requirements in effect from time to time.

Section 18. Information Regarding Disqualifying Dispositions

By electing to participate in the Plan, each Participant agrees to provide such information about any transfer of Stock acquired under the Plan as may be requested by the Company or any Subsidiary in order to assist it in complying with applicable tax laws.

Section 19. Participants' Rights as Shareholders and Employees

A Participant shall have no rights or privileges as a shareholder of the Company and shall not receive any dividends in respect of any Stock covered by an Option granted hereunder until the Option has been exercised, full payment has been made for the Stock, and the Stock has been issued to the Participant.

Nothing contained in the provisions of the Plan shall be construed as giving to any Employee the right to be retained in the employ of the Company or as interfering with the right of the Company to discharge, promote, demote or otherwise re-assign any Employee from one position to another within the Company at any time.

Section 20. Governing Law

The Plan shall be governed by and interpreted in accordance with the laws of the State of Delaware, except as may be necessary to comply with applicable requirements of federal law.

Section 21. Effective Date and Term

The Board adopted this Plan on March 15, 2018, subject to approval of the Plan by the Company's shareholders at the Company's annual meeting in 2018. Subject to such approval, this Plan will become effective on August 1, 2018. The Plan shall terminate and no rights shall be granted hereunder after August 1, 2023.

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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, 2017

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. 000-26770

NOVAVAX, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**20 Firstfield Road, Gaithersburg, Maryland 20878**	**22-2816046**
(State of incorporation)	*(Address of principal executive offices)*	*(I.R.S. Employer Identification No.)*

Registrant's telephone number, including area code: (240) 268-2000

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 Select 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant had elected not to use the extended transition period for complying with any new or revised financial accounting standards provide pursuant to Section 13(a) of the Exchange Act. ☐

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, 2017 on the Nasdaq Global Select Market) was approximately $328,500,000.

As of March 9, 2018, there were 343,742,084 shares of the Registrant's common stock outstanding.

Documents incorporated by reference: Portions of the Registrant's Definitive Proxy Statement to be filed no later than 120 days after the fiscal year ended December 31, 2017 in connection with the Registrant's 2018 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent indicated herein.

NOVAVAX, INC.

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CERTAIN DEFINITIONS

All references in this Annual Report on Form 10-K to "Novavax," the "Company," "we," "us" and "our" refer to Novavax, Inc. and its wholly-owned subsidiary, Novavax AB (unless the context otherwise indicates).

NOTE REGARDING TRADEMARKS

Novavax™, NanoFlu™, Matrix-M™, Matrix™, Prepare™, and Resolve™ are trademarks of Novavax. Any other trademarks referred to in this Annual Report on Form 10-K are the property of their owners. All rights reserved. We do not intend our use or display of other companies' trade names or trademarks to imply an endorsement or sponsorship of us by such companies, or any relationship with any of these companies.

FORWARD-LOOKING INFORMATION

This Annual Report on Form 10-K contains forward-looking statements that involve risks and uncertainties. As a result of many factors, such as those set forth under "Risk Factors" and elsewhere in this Annual Report on Form 10-K, our actual results may differ materially from those anticipated in these forward-looking statements. Please also see the disclaimer under the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

PART I

Item 1. BUSINESS

Overview

Novavax, Inc., together with our wholly-owned Swedish subsidiary, Novavax AB, is a clinical-stage biotechnology company focused on the discovery, development and commercialization of recombinant nanoparticle vaccines and adjuvants. Using innovative proprietary recombinant nanoparticle vaccine technology, we produce vaccine candidates to efficiently and effectively respond to both known and emerging disease threats.

We were incorporated in 1987 under the laws of the State of Delaware. Our principal executive offices are located at 20 Firstfield Road, Gaithersburg, Maryland, 20878, and our telephone number is (240) 268-2000. Our common stock is listed on the Nasdaq Global Select Market under the symbol "NVAX."

Our vaccine candidates are genetically engineered three-dimensional nanostructures that incorporate recombinant proteins critical to disease pathogenesis and may elicit differentiated immune responses, which may be more efficacious than naturally occurring immunity or traditional vaccine. Our product pipeline targets a variety of infectious diseases, with clinical vaccine candidates against respiratory syncytial virus ("RSV"), influenza and Ebola virus ("EBOV"), and preclinical programs for other infectious disease vaccine candidates.

We are also developing immune stimulating saponin-based adjuvants through our wholly owned Swedish subsidiary, Novavax AB. Our lead adjuvant, Matrix-M™, has been shown to enhance immune responses and was well-tolerated in multiple clinical trials that we have conducted.

Product Pipeline

Our product pipeline includes vaccine candidates engineered to elicit differentiated immune responses with the potential to provide increased protection. Our nanoparticle technology targets antigens with conserved epitopes essential for viral function. Our vaccine technology has the potential to be applied broadly to a wide variety of human infectious diseases.

Program	Current Development Stage
Respiratory Syncytial Virus ("RSV")	
• Infants via Maternal Immunization*	Phase 3
• Older Adults	Phase 2
• Pediatrics	Phase 1
Nanoparticle Influenza ("NanoFlu")	Phase 1/2
Combination Influenza/RSV	Preclinical
Emerging Viruses	
• Ebola Virus ("EBOV")	Phase 1
• Zika Virus ("ZIKV")	Preclinical

* Supported by the $89.1 million grant from the Bill and Melinda Gates Foundation ("BMGF")

A current summary of our significant research and development programs and status of the related product candidates in development follows:

Respiratory Syncytial Virus

We have identified three susceptible target populations that could benefit from the development of our respiratory syncytial virus fusion (F) protein nanoparticle vaccine candidate ("RSV F Vaccine") in different formulations: infants via maternal immunization, older adults (60 years of age and older) and children six months to five years of age ("pediatrics"). We believe our RSV F Vaccine represents a multi-billion dollar revenue opportunity, worldwide. Currently, there is no approved RSV vaccine available.

Repeat infection and lifelong susceptibility to RSV are common and we currently estimate the global cost burden of RSV to be in excess of $88 billion.[1] Despite decades of effort to develop an RSV vaccine, there are currently no licensed vaccines. We made a breakthrough in developing a vaccine that targets the fusion protein, or F-protein, of the virus. The F-protein has highly conserved amino acid sequences, called antigenic sites, which we believe are ideal vaccine targets. We genetically engineered a novel F-protein antigen resulting in enhanced immunogenicity by exposing a number of these antigenic sites. The Novavax RSV F Vaccine assembles into a recombinant protein nanoparticle optimized for F-protein antigen presentation. We are seeking to bring the first RSV vaccine to market to combat the 64 million RSV infections that occur globally each year.[2,3]

RSV Infants via Maternal Immunization Program

Burden of Disease

RSV is the most common cause of lower respiratory tract infections and the leading viral cause of severe lower respiratory tract disease in infants and young children worldwide.[4,5] In the U.S., RSV is the leading cause of hospitalization of infants, and globally, is second only to malaria as a cause of death in children under one year of age.[6,7] Despite the induction of post-infection immunity, repeat infection and lifelong susceptibility to RSV is common.[8,9]

Clinical Trial Update

Prepare Phase 3 Trial (Ongoing)

We initiated Prepare™, a global pivotal Phase 3 clinical trial of our RSV F Vaccine, using aluminum phosphate as an adjuvant, in approximately of 4,600 healthy pregnant women in December 2015. The primary objective of the Prepare trial is to determine the efficacy of maternal immunization with the RSV F Vaccine against symptomatic RSV lower respiratory tract infection with objective measures of medical significance in infants through a minimum of the first 90 days of life and up to the first six months of life.

The Prepare trial utilizes a group sequential design. We will initiate a prescribed interim efficacy analysis when we have approximately 4,600 enrolled women, currently expected in mid-2018, and report results from this interim analysis, expected in early 2019. Assuming successful interim analysis results, the trial would be concluded without further enrollment. In 2017, with approximately 1,300 participants in the Prepare trial, we conducted an informational analysis that provided a positive indication of our vaccine's potential efficacy (between 45% and 100%[10]), further de-risking this important program. These results have allowed us to make go-forward decisions relating to various program-related activities.

The Prepare trial is supported by a grant (the "Grant") of up to $89.1 million from BMGF. The Grant supports development activities, product licensing efforts and World Health Organization ("WHO") prequalification of our RSV F Vaccine. In 2015, along with the Grant agreement (the "Grant Agreement"), we concurrently entered into a Global Access Commitments Agreement with BMGF, under which we agreed to make a certain amount of the RSV F Vaccine available and accessible at affordable pricing to people in certain low and middle income countries.

Phase 2 Safety and Immunogenicity Trial (Completed)

In September 2015, we announced positive top-line data from our Phase 2 clinical trial of our RSV F Vaccine in 50 healthy pregnant women and their infants. This clinical trial evaluated the safety and

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1 Estimated value of life lost, future health implications and lost earnings; preliminary data based on Novavax research of available epidemiology and health outcomes data
2 Nair, H., *et al*., (2010) Lancet. 375:1545-1555
3 WHO Acute Respiratory Infections September 2009 Update: http://apps.who.int/vaccine_research/diseases/ari/en/index2.html
4 Nair, H., *et al*., (2010) Lancet. 375:1545-1555
5 CDC: https://www.cdc.gov/rsv/research/us-surveillance.html
6 Hall, C.B. *et al*. (2013) Pediatrics; 132(2):E341-348
7 Oxford Vaccine Group: http://www.ovg.ox.ac.uk/rsv
8 Glezen, W.P. *et al*. (1986) Am J Dis Child; 140:543-546
9 Glenn, G.M. *et al*. (2016) JID; 213(3):411-12
10 Assumes 2:1 randomization

immunogenicity of our RSV F Vaccine in pregnant women in their third trimester, and assessed the transplacental transfer of maternal antibodies induced by the vaccine. The trial also examined the impact of maternal immunization on infant safety during the first year of life and RSV-specific antibody levels through the infants' first six months of life. Immunized women demonstrated a geometric mean 14-fold rise in anti-F IgG, a 29-fold rise in palivizumab-competing antibodies and 2.7 and 2.1-fold rises in microneutralization titers against RSV/A and RSV/B, respectively. In contrast, women who received placebo demonstrated no significant change in antibody levels. The infants' antibody levels at delivery averaged 90-100% of the mothers' levels, indicating efficient transplacental transfer of antibodies from mother to infant. The estimated half-lives of infant PCA, anti-F IgG, and RSV/A and RSV/B microneutralizing antibodies, based on data through day 60, were 41, 30, 36 and 34 days, respectively.

Fast Track Designation

The U.S. Food and Drug Administration ("FDA") granted Fast Track designation to our RSV F Vaccine for protection of infants via maternal immunization. Fast Track designation is intended for products that treat serious or life-threatening diseases or conditions, and that demonstrate the potential to address unmet medical needs for such diseases or conditions. The program is designed to facilitate development and expedite review of drugs to treat serious and life-threatening conditions so that approved products can reach the market expeditiously.

RSV Older Adults Program

Burden of Disease

Older adults (60 years of age and older) are at increased risk for RSV disease due to immunosenescence, the age-related decline in the human immune system. In this population, RSV is an important respiratory virus, distinct from influenza, which is frequently responsible for serious lower respiratory tract disease and may lead to hospitalization or even death. Additionally, RSV infection can lead to exacerbation of underlying co-morbidities such as chronic obstructive pulmonary disease ("COPD"), asthma and congestive heart failure. In the U.S., the incidence rate is approximately 2.5 million infections per year, and RSV is increasingly recognized as a significant cause of morbidity and mortality in the population of 64 million older adults.[11,12] Based on our analysis of published literature applied to 2014 U.S. population estimates, the disease causes 207,000 hospitalizations and 16,000 deaths among adults older than 65.[13,14] Annually, we estimate that there are approximately 900,000 medical interventions directly caused by RSV disease across all populations.[15,16]

Clinical Trial Updates and Analyses

Phase 2 (E-205) Safety and Immunogenicity Clinical Trial (Completed)

In July 2017, we announced positive top-line data from our Phase 2 clinical trial of our RSV F Vaccine in older adults known as E-205. The objective of the E-205 trial was to assess safety and immunogenicity to one and two dose regimens of the RSV F Vaccine, with and without aluminum phosphate or our proprietary Matrix-M adjuvant, in older adults. The trial was a randomized, observer-blinded, placebo-controlled trial which enrolled 300 older adults in the Southern Hemisphere. Participants were enrolled and vaccinated outside of the RSV season to best assess immunogenicity. Immunogenicity results indicated both aluminum phosphate and Matrix-M adjuvants increased the magnitude, duration and quality of the immune response relative to RSV F antigen alone. All formulations and regimens were safe and well-tolerated. The data support the inclusion of adjuvanted formulations of our RSV F Vaccine in future older adult trials, although we do not currently expect to initiate such trials in 2018 without additional funding.

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[11] Falsey, A.R. *et al.* (2005) NEJM. 352:1749-59 extrapolated to 2015 census population
[12] Falsey, A.R. *et al.* (1995) JID. 172:389-94
[13] Falsey, A.R. *et al.* (2005) NEJM. 352:1749-59 extrapolated to 2015 census population
[14] W.W. Thompson et al. Mortality associated with influenza and respiratory syncytial virus in the United States. JAMA 2003; 289(2): 179-186
[15] K. Widmer *et al*. Rates of hospitalizations for respiratory syncytial virus, human metapneumovirus, and influenza virus in older adults. J Infect Dis. 2012; 206: 56-62
[16] K. Widmer *et al*. Respiratory syncytial virus & human metapneumovirus-associated emergency department and hospital burden in adults. Influenza and Other Respiratory Viruses. 2014; 8(3): 347-352.

Further Analyses of Prior Clinical Trials

Following the September 2016 announcement of top-line results of Resolve™, our Phase 3 clinical trial of our RSV F Vaccine in older adults conducted during the 2015-16 RSV season in the U.S., we conducted multiple analyses on the clinical data from the Resolve trial, as well as the other completed Phase 2 clinical trials conducted in older adults. Our analyses of these clinical trials sought to better understand their results. More detailed descriptions of each of these RSV older adult clinical trials are found under "Clinical Trial Updates and Analyses" below; the trials are named and briefly described in the following table:

Clinical Trial Name	Phase	Description	Conducted	Participants (#)
E-201	Phase 2	Efficacy in prevention of all symptomatic RSV disease	2014-15 RSV season	1,600
Resolve (or E-301)	Phase 3	Efficacy in prevention of msLRTD	2015-16 RSV season	11,856
E-202 Rollover	Phase 2	Immunogenicity in response to serial immunization after E-201	2015-16 RSV season	1,329
E-205	Phase 2	Immunogenicity in one or two doses, with or without adjuvant	2017	300

We have found that seasonal variation in attack rate, meaning the incidence of infectious disease in an at-risk population, may have a large impact on demonstrating vaccine efficacy in a particular year. Lower attack rates may mean that either the virus is less common in a given season, or alternatively, that the population being studied has increased intrinsic resistance in that season due to a variety of potential factors such as recent prior exposure. In our E-201 trial, we witnessed a high attack rate and showed a clear demonstration of efficacy. In our Resolve trial the following year, we observed a primary endpoint attack rate of only one-fourth that of the previous season. This scenario represents a conundrum that influenza vaccine developers have experienced for decades: "low attack rate" influenza seasons make it very difficult to demonstrate vaccine efficacy.

Additional further analyses of the Resolve trial data indicate that our RSV F Vaccine was associated with a 61% reduction in hospitalizations due to COPD exacerbations, and the same analysis of the E-201 trial showed a similar signal, supporting this finding. We believe that such higher-risk patients represent an unmet medical need with a significant healthcare cost burden that could potentially be addressed by such a vaccine.

Resolve (E-301) Phase 3 Trial (Completed)

In September 2016, we announced top-line data from our Resolve trial. Resolve was a randomized, observer-blinded, placebo-controlled trial that began in November 2015, and was fully enrolled with 11,856 older adults at 60 sites in the U.S. by December 2015. The trial did not meet its pre-specified primary or secondary efficacy objectives and did not demonstrate vaccine efficacy. The primary objective of the Resolve trial was to demonstrate efficacy in the prevention of moderate-severe RSV ("msLRTD"), as defined by the presence of multiple lower respiratory tract symptoms. The secondary objective of the trial was to demonstrate efficacy of the RSV F Vaccine in reducing the incidence of all symptomatic respiratory disease due to RSV ARD. The trial also evaluated the safety of an unadjuvanted, 135 microgram dose of the RSV F Vaccine compared to placebo. Consistent with our previous clinical experience, the vaccine was well-tolerated.

Phase 2 (E-202) Rollover Trial (Completed)

In September 2016, we announced positive top-line data from our E-202 rollover trial of our RSV F Vaccine in older adults. The trial was a randomized, observer-blinded, placebo-controlled rollover trial, which enrolled 1,329 older adults from our prior E-201 trial, conducted at the same 10 sites in the U.S. as the E-201 trial. The primary objectives of the trial were to evaluate safety and serum anti-F IgG antibody concentrations in response to immunization with the RSV F Vaccine. The exploratory objectives of the trial evaluated the efficacy of a second annual dose of the RSV F Vaccine in the prevention of RSV ARD and RSV msLRTD. Participants previously randomized to receive 135 microgram RSV F Vaccine or placebo

were re-enrolled and re-randomized to receive either 135 microgram RSV F Vaccine or placebo. This trial design resulted in four separate trial arms: a) participants receiving a placebo in both the first trial and second trial ("Placebo-Placebo"); b) participants receiving RSV F Vaccine in the first trial and placebo in the second trial ("Vaccine-Placebo"); c) participants receiving placebo in the first trial and RSV F Vaccine in the second trial ("Placebo-Vaccine"); and d) participants receiving RSV F Vaccine in both the first trial and second trial ("Vaccine-Vaccine").

The E-202 rollover trial demonstrated immunogenicity in all active vaccine recipients, with a 6-fold increase in anti-F IgG in the Placebo-Vaccine arm, consistent with the E-201 trial. There was higher anti-F IgG at baseline in the Vaccine-Vaccine arm compared to the Placebo-Vaccine arm and the Vaccine-Vaccine arm showed a greater than 2-fold increase in anti-F IgG from the higher baseline.

Phase 2 (E-201) Trial in Older Adults (Completed)

In August 2015, we announced positive top-line data from our E-201 trial of our RSV F Vaccine in 1,600 older adults. The E-201 trial was designed to prospectively examine the incidence of all symptomatic respiratory illnesses associated with RSV infection, in community-living older adults who were treated with placebo. The trial also evaluated safety and immunogenicity of our RSV F Vaccine compared to placebo. Finally, the trial estimated the efficacy of our RSV F Vaccine in reducing the incidence of respiratory illness due to RSV. The trial was the first to demonstrate efficacy of an active RSV immunization in any clinical trial population. In the per protocol population, the clinical trial showed statistically significant vaccine efficacy in prevention of all symptomatic RSV disease (41%) and, in an ad hoc analysis, showed a decrease in RSV disease with any symptoms of lower respiratory tract infection (45%) in older adults. The clinical trial established an attack rate for symptomatic RSV disease of 4.9% in older adults, 95% of which included lower respiratory track symptoms. Efficacy against more severe RSV illness, defined by the presence of multiple lower respiratory tract symptoms or signs associated with difficulty breathing, was 64% in ad hoc analyses.

RSV Pediatrics Program

Burden of Disease

There are currently approximately 18 million children in the U.S. between six months and five years of age.[17] By the age of five, essentially all children will have been exposed to RSV and will likely have developed natural immunity against the virus, thus decreasing the rate of severe disease in these children. In the U.S., RSV is responsible for approximately 57,000 hospitalizations of children under five years of age annually, the vast majority of which occur in infants less than one year old, and especially those under six months of age.[18,19,20,21,22]

Clinical Trial Update

In September 2015, we announced positive top-line data from our Phase 1 clinical trial of our RSV F Vaccine in healthy children between two and six years of age. This clinical trial evaluated the safety and immunogenicity of our RSV F Vaccine, with one or two doses, with or without aluminum phosphate adjuvant. Trial enrollment was concluded with a smaller than planned cohort so that dosing could be completed ahead of the 2014-15 RSV season. The vaccine was well-tolerated and serum samples collected from a subset of 18 immunized children in the per-protocol population, demonstrated that the RSV F Vaccine was highly immunogenic at all formulations and regimens. There were greater than 10-fold increases in both anti-F IgG and PCA antibody titers in the adjuvanted group and greater than 6-fold increases in anti-F IgG and PCA antibody titers in the unadjuvanted group. Development of our RSV F Vaccine for pediatrics would likely follow successful development of our RSV F Vaccine for maternal immunization.

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[17] U.S. Census. www.census.go/population/international/data/idb/informationGateway.php
[18] Stockman, L.J. *et al* (2012) Pediatr Infect Dis J. 31: 5-9
[19] CDC update May 5, 2015. http://www.cdc.gov/rsv/research/us-surveillance.html
[20] Boyce, T.G. *et al* (2000) Pediatrics; 137: 865-870
[21] Hall, C.B. *et al* (2009) NEJM; 360(6): 588-98
[22] Hall, C.B. *et al* (2013) Pediatrics; 132(2): E341-8

Influenza

Burden of Disease

Influenza is a world-wide infectious disease that causes illness in humans ranging from mild to life-threatening symptoms or even death. Serious illness occurs not only in susceptible populations such as pediatrics and older adults, but also in the general population largely because of infection by unique strains of influenza for which most humans have not developed protective antibodies. Current estimates for seasonal influenza vaccine growth in the top seven markets (U.S., Japan, France, Germany, Italy, Spain and UK), show a potential increase from approximately $3.2 billion in the 2012-13 season to $5.3 billion by the 2021-22 season.[23]

The Advisory Committee for Immunization Practices of the Center for Disease Control and Prevention ("CDC") recommends that all persons aged six months and older be vaccinated annually against seasonal influenza. Influenza is a major burden on public health worldwide: an estimated one million deaths each year are attributed to influenza.[24] It is further estimated that, each year, influenza attacks between 5% and 10% of adults and 20% to 30% of children, causing significant levels of illness, hospitalization and death.[25] One important advantage of recombinant seasonal influenza vaccines, like the candidate we are developing, is that once licensed for commercial sale, large quantities of such vaccine could potentially be manufactured quickly and in a cost-effective manner, without the use of either live influenza virus or eggs. Our recombinant influenza nanoparticles also can display conserved antigenic regions, which have the potential to elicit broadly neutralizing antibodies that appear to protect against a range of "drifted" strains, or influenza strains in which, over time, the hemagglutinin antigen undergoes an accumulation of genetic mutations at the hemagglutinin antigen sites that bind with neutralizing antibodies, potentially resulting in reduced protection of those antibodies. Additionally, nanoparticles offer improved purity and manufacturability and advantages for co-formulation with other nanoparticle-based vaccines.

Clinical Trial Update

In February 2018, we reported positive top-line results from our Phase 1/2 clinical trial of our nanoparticle seasonal influenza vaccine candidate, including our proprietary Matrix-M adjuvant ("NanoFlu™ vaccine"), in older adults that was initiated in September 2017. The trial was a randomized, observer-blinded, active comparator-controlled trial in approximately 330 healthy older adults. The primary objective of the trial was to assess the safety and immunogenicity of two concentrations (15 micrograms or 60 micrograms) of NanoFlu vaccine compared to the leading licensed egg-based, high-dose influenza vaccine for older adults ("IIV3-HD"). Key findings from the trial include that Nanoflu vaccine induced:

- Significantly higher hemagglutination inhibition ("HAI") antibody responses against homologous H1N1 and H3N2 influenza viruses and comparable HAI responses against the homologous B/Brisbane strain;
- Significantly higher HAI immune responses against historic and forward-drifted H3N2 virus strains; and
- Strong neutralizing antibody responses that correlate with HAI results.

Overall, NanoFlu vaccine was well-tolerated over the three-week trial period. Given the strength of these trial results, we have submitted for publication in a peer-reviewed medical journal and/or for presentation at an upcoming scientific meeting. Based on these results, we expect to begin a Phase 2 trial of our NanoFlu vaccine in the third quarter of 2018.

Preclinical Analyses

Preclinical data in which NanoFlu was compared in a head-to-head challenge study against IIV3-HD, as well as IIV3-SD (standard dose) seasonal influenza vaccine, was announced in August 2017 and provided a strong rationale for the initiation of the Phase 1/2 trial. Our NanoFlu vaccine demonstrated significantly

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[23] Influenza Vaccines Forecasts. Datamonitor (2013)
[24] Resolution of the World Health Assembly. (2003) WHA56.19. 28
[25] WHO position paper (2012) Weekly Epidemiol Record; 87(47): 461-76

stronger and broader immune responses (microneutralizing antibodies) against homologous and heterologous influenza strains, including a series of drifted H3N2 strains evolved across over more than a decade of influenza seasons. In this preclinical challenge study, we showed that our NanoFlu vaccine was more protective than the licensed comparator vaccines against both a homologous H3N2 virus and a ten-year old drifted H3N2 strain. In parallel, we announced the achievement of significant improvements in manufacturing yields and product purity.

Emerging Viruses

Ebola Virus

EBOV, formerly known as Ebola hemorrhagic fever, is a severe, often fatal illness in humans. Multiple strains of EBOV have been identified, the most recent of which, the Makona EBOV strain, is associated with a case fatality rate of 50% to 90%.[26] There are currently no licensed treatments proven to neutralize the virus, but a range of blood, immunological and drug therapies are under development. Despite the development of such therapies, current vaccine approaches target either a previous strain of the virus or were initially developed to be delivered by genetic vectors. In contrast, our EBOV glycoprotein vaccine candidate ("Ebola GP Vaccine") was developed using the Makona EBOV strain.

In July 2015, we announced positive top-line data from our Phase 1 clinical trial of our Ebola GP Vaccine in ascending doses, with and without our Matrix-M adjuvant, in 230 healthy adults. Participants received either one or two intramuscular injections ranging from 6.5 micrograms to 50 micrograms of antigen, with or without adjuvant, or placebo. Immunogenicity was assessed at multiple time points, including days 28 and 35. These Phase 1 data demonstrated that our Ebola GP Vaccine is highly immunogenic, well-tolerated and, in conjunction with our proprietary Matrix-M adjuvant, resulted in significant antigen dose-sparing. The adjuvanted Ebola GP Vaccine was highly immunogenic at all dose levels; the adjuvanted two-dose regimens induced Ebola anti-GP antibody geometric mean responses between 45,000 and 70,000 ELISA units, representing a 500 to 750-fold rise over baseline at day 35. In 2015, we also announced successful data from two separate non-human primate challenge studies of our Ebola GP Vaccine in which, in both cases, the challenge was lethal for the control animal, whereas 100% of the immunized animals were protected.

Zika Virus

We initiated development of a vaccine against the Zika virus ("ZIKV") in response to the unmet global medical need for a response to this serious disease. The subsequent evolving epidemiology of ZIKV, which saw significant reductions in cases both in the U.S. and around the world in 2017, along with the uncertainty of governmental and non-governmental organization funding, has caused us to suspend these development efforts in lieu of competing resources and corporate priorities around more promising product development.

Combination Respiratory Vaccine

Given the ongoing development of our RSV F Vaccine and our desire to develop a combination respiratory vaccine with the potential to protect against both RSV and seasonal influenza, we made the decision to shift our seasonal influenza vaccine development focus from VLP-based seasonal influenza vaccines to nanoparticle-based seasonal influenza vaccines. We remain confident that a combination nanoparticle vaccine against both RSV and influenza is feasible.

CPLB Joint Venture (India)

CPL Biologicals Private Limited ("CPLB"), our joint venture company with Cadila Pharmaceuticals Limited ("Cadila") in India, is actively developing a number of vaccine candidates that were genetically engineered by us. CPLB is owned 20% by us and 80% by Cadila. CPLB operates a manufacturing facility in India for the production of vaccines.

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[26] WHO: http://www.who.int/mediacentre/factsheets/fs103/en/

Seasonal Influenza

Since 2016, CPLB has been marketing CadiFlu-S, its trivalent VLP influenza vaccine in India, with limited sales in 2017 and expected in 2018.

Rabies

In October 2016, CPLB initiated its Phase 3 clinical trial in India of a recombinant rabies G protein vaccine candidate that can be administered in prophylactic regimens, both pre and post-exposure. The post-exposure regimen has the potential to use fewer doses (three doses) than the current standard of care (five doses). Data from the trial are expected in 2018.

Vaccine Technology

Our recombinant protein nanoparticle vaccine technology is based on self-assembly of surface protein antigens from pathogenic organisms including viruses, bacteria or parasites. The conformations of these nanoparticles are similar but not identical to the natural structure of surface antigens of disease organisms, and lack the genetic material required for replication and therefore are not infectious. Potential immunological advantages of protein nanoparticles may be associated with the nanoparticle conformation and the presentation of key functional epitopes that are often immunologically hidden in the native pathogen. This leads to efficient recognition by the immune system's antigen presenting cells that trigger robust immune responses. Recognition of the nanoparticle vaccine's repeating protein patterns by the antigen presenting cells' toll-like receptors to stimulate innate immunity and the high purity and lack of synthetic material adds to the potential safety of recombinant nanoparticle vaccines. Protein nanoparticle vaccine technology has expanded our early-stage vaccines in development to include both virus and non-virus disease targets. Our most advanced protein nanoparticle vaccine candidate is our RSV F Vaccine, which self-assembles from our highly purified F-protein antigen.

Matrix Adjuvants

Adjuvants are predominantly used to enable a vaccine to increase the amplitude of the immune response and qualitatively change it, broaden its specificity to provide protection against related microorganisms and allow for effective immunization with much lower doses of antigen. Novavax AB has developed a number of adjuvant formulations, all based on our proprietary Matrix™ technology. These adjuvant formulations possess excellent immunostimulatory features with the ability to increase and prolong the protective benefits of vaccines.

While adjuvants based on novel, poorly characterized substances have been hampered by safety concerns and limited efficacy, Matrix adjuvants stimulate strong antibody and cell-mediated immune responses. Matrix adjuvants may allow for lower antigen doses, longer-duration immune responses and carry a lower risk for allergic reactions or other adverse events. Our Matrix technology typically induces strong cellular activation of both Th1 and Th2 types, thereby generating all classes and subclasses of antibodies, as well as potent cellular responses, including cytotoxic T lymphocytes. Our Matrix-M adjuvant provides a potent adjuvant effect that has been well-tolerated in clinical trials. We also believe that the strong immune response and opportunity to reduce the quantity of antigen dose can significantly reduce the production cost of our vaccines. This means that our Matrix-M adjuvant has the potential to be of significant value when there is inadequate vaccine manufacturing capacity during an emerging disease threat such as an influenza pandemic.

Competition in RSV, EBOV, Influenza and Other Vaccines

The vaccine market is intensely competitive, characterized by rapid technological progress. Our technology is based upon utilizing the baculovirus expression system in insect cells to make recombinant vaccines. We believe this system offers many advantages when compared to other technologies and is uniquely well-suited for developing RSV and influenza vaccines, as well as vaccines against a number of other infectious diseases.

There is currently no approved RSV vaccine for sale in the world; however, a number of vaccine manufacturers, academic institutions and other organizations currently have, or have had, programs to develop such a vaccine. In addition, many other companies are developing products to prevent disease

caused by RSV using a variety of technology platforms, including various viral vector technologies, monoclonal antibodies (Mab), and competitive recombinant technologies. We believe that our RSV vaccine candidate, utilizing a recombinant F-protein antigen, is more effective than RSV vaccine candidates in development by our competitors; however, such efficaciousness cannot be guaranteed. Although we are not aware of all our competitors' efforts, we believe that MedImmune, LLC ("MedImmune"), a subsidiary of AstraZeneca PLC, may have the second most advanced RSV vaccine program after Novavax, as it has reported testing in Phase 1 and Phase 1/2 clinical trials of an intranasal, recombinant, live attenuated, RSV vaccine for the prevention of lower respiratory tract disease caused by RSV, as well as a combination intranasal vaccine for the prevention of several infant respiratory illnesses, including RSV. In older adults, MedImmune also conducted a Phase 2 trial of MEDI-7510 (recombinant F subunit with an adjuvant administered intramuscularly). In both MedImmune vaccine programs, the trials did not report complete success. Another approach by MedImmune (partnered with Sanofi) is passive immunity as provided by MEDI-8897 (an RSV monoclonal antibody) and is currently in Phase 2 trials for preterm infants. A similar Mab from Regeneron (REGN-2222) failed a Phase 3 trial in preterm infants, and its development has since been discontinued. Additional entities have also entered into early clinical trials including GlaxoSmithKline, Sanofi, Bavarian Nordic, J&J/Crucell, Ablynx, Immunovaccine, Mucosis, Vaxart and the National Institute of Allergy and Infectious Diseases, an institute under the U.S. National Institutes of Health ("NIAID").

There are a number of companies developing and selling vaccines for seasonal influenza employing both traditional (egg-based) and new vaccine technologies (cell-based). Many seasonal influenza vaccines are currently approved and marketed, and most of these are marketed by major pharmaceutical companies that have significantly greater financial and technical resources, experience and expertise. Competition in the sale of 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 market, a product may need to be more efficacious and/or be less expensive and quicker to manufacture. Many of our competitors are working on new products and new generations of current products, some by adding an adjuvant that is used to increase the immunogenicity of that product, each of which is intended to be more efficacious than currently marketed products. Another differentiating factor is recombinant manufacturing, which we believe can be quicker and less-expensive than traditional egg-based manufacturing. Despite the significant competition and advancing technologies, some of which are similar to our own, we believe that our nanoparticle seasonal influenza product, NanoFlu™ vaccine, could be as efficacious as, or more so than, current products or products being developed by our competitors, and that our manufacturing system provides savings in both time and money; however, there can be no guarantee that our seasonal influenza vaccine will prove to be efficacious or that our manufacturing system will prove to be sufficiently effective and differentiated to ensure commercial success.

Vaccine candidates against EBOV have been in development for more than a decade; however, with the recent epidemic in West Africa (now subsided), focus on viable vaccine candidates has intensified. The WHO has reported two vaccine candidates that are currently being tested in humans: one by GlaxoSmithKline in collaboration with NIAID, and the other by a collaboration of NewLink Genetics, Merck Vaccines USA ("Merck") and the Public Health Agency of Canada. The Merck vaccine is the only one to have completed some human trials before the epidemic faded, to have had data published, and to now be planning to file for licensure. While these and other vaccine candidates offer promise, we believe there are accompanying challenges, including: high-dose level requirements; utilization of glycoprotein from older strains that have a significant number of amino acid changes when compared to the 2014 Makona strain; difficult storage requirements at temperatures below – 60°C; and challenges associated with immunity to the viral vectors, which could limit their multi-dose vaccine potential. In contrast, we have developed a Phase 1 vaccine candidate that has performed well with low doses utilizing our Matrix-M adjuvant, was derived from the 2014 Makona strain, appears to be stable at 2 – 8°C and appears to provide enhanced immunogenicity as a multi-dose vaccine.

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 may depend upon our ability to show differentiation with a product that is more efficacious and/or less expensive and

quicker to manufacture. Other factors affecting our competitive position include 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 lengthy period between technological conception and commercial sale.

Patents and Proprietary Rights

We generally seek patent protection for our technology and product candidates in the U.S. and abroad. The patent position of biotechnology and pharmaceutical 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 product candidates;
- 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 processes and other technologies. Currently, we have or have rights to over 250 U.S. patents and corresponding foreign patents and patent applications relating to vaccines and vaccine-related technologies.

Since 2007, we have maintained a non-exclusive license arrangement with Wyeth Holdings LLC, a subsidiary of Pfizer Inc. (Wyeth), to a family of patents and patent applications covering VLP technology for use in human vaccines in certain fields, with expected patent expiration in early 2022.

Patents related to our VLP program include U.S. Patent No. 7,763,450, which covers, in part, the use of influenza gene sequences for high-yield production of consistent influenza VLP vaccines to protect against current and future seasonal and pandemic strains of influenza viruses. Corresponding European patent, European Patent No. 1644037 also covers this technology. U.S. Patent Nos. 8,080,255, 8,551,756, 8,506,967 and 8,592,197 are directed to methods of producing VLPs and inducing substantial immunity to an influenza virus infection by administering VLPs comprising HA and NA proteins, and our M1 protein derived from the avian influenza strain, A/Indonesia/5/05. Certain claims also encompass similar methods and compositions where the M1 protein is from a different strain of influenza virus than the influenza HA protein and the influenza NA protein. Related patent protection in Europe is provided by European Patent No. 2343084, which covers, in part, vaccine compositions containing VLPs that contain M1, HA, and NA proteins. Our VLP patent portfolio contains many other patents, including U.S. Patent Nos. 8,951,537, 8,992,939, 9,144,607, 9,050,290, 9,180,180, 9,381,239, 9,464,276, 9,474,799, and other patents in multiple ex-U.S. jurisdictions, and we continue to prosecute patents related to this program.

In addition to our VLP program, we have issued patents and pending applications directed to other programs, including our RSV and rabies programs. Issued patents directed to various aspects of the RSV program include U.S. Patent Nos. 8,715,692, 9,675,685, 9,731,000, and 9,717,786. Additional patents in the family include EP237009 in Europe, as well as others throughout the world. Patents related to our rabies program include 9,724,405 in the U.S. and EP2635257 in Europe. Related patents have been issued in other world markets. In addition to our focus on vaccine programs, we also pursue patent protection for our Matrix Adjuvant program. Issued U.S. Patent Nos. 7,838,019, 9,205,147, and 8,821,881 provide examples of patents related to our Matrix Adjuvant program.

We continue to prepare, file, and prosecute patent applications to provide broad and strong protection of our proprietary rights, including next generation applications focused on our RSV Program, our influenza nanoparticle program, and our adjuvant program.

The Federal Technology Transfer Act of 1986 and related statutory guidance encourages the dissemination of science and technology innovation. While our expired contract with the Department of Health and Human Services, Biomedical Advanced Research and Development Authority provided us with the right to retain ownership in our inventions that may have arisen during performance of that contract, with respect to certain other collaborative research efforts with the U.S. government, certain developments and results that may have commercial potential are to be freely published, not treated as confidential, and we may be

required to negotiate a license to 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 development and results will not be made available to our competitors on an exclusive or non-exclusive basis.

Trade Secrets

We also rely significantly 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 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 biological products, which include the vaccine candidates being developed by Novavax or our collaborators, are subject to regulation for safety, efficacy and quality by numerous governmental authorities in the U.S. and other countries. As a U.S. based company, we focus on the U.S. regulatory process and the standards imposed by the FDA, the International Conference on Harmonisation ("ICH") and other agencies because we believe, for the most part, meeting U.S. and ICH standards will allow us to satisfy regulatory agencies in other countries where we intend to do business. We are aware that expectations in some venues, notably in the European Union, differ to some degree and we are taking proactive steps to address such differences. In the U.S., 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 not only assesses the safety and efficacy of these products but it also regulates, among other things, the testing, manufacture, labeling, storage, record-keeping, advertising and promotion of such products. The process of obtaining FDA licensure for a new vaccine is costly and time-consuming.

Vaccine clinical development follows the same general regulatory pathway as drugs and other biologics. Before applying for FDA licensure to market any new vaccine candidate, we expect to first submit an investigational new drug application ("IND") that explains to the FDA, among other things, the results of preclinical toxicology testing conducted in laboratory animals, the method of manufacture, quality control tests for release, the stability of the investigational product 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 vaccine candidate in humans. We must then conduct Phase 1 clinical trials and larger-scale Phase 2 and 3 clinical trials that demonstrate the safety, immunogenicity and efficacy of our vaccine candidate to the satisfaction of the FDA. Once these trials are complete, a Biologics License Application ("BLA") can be submitted to the FDA requesting licensure of the vaccine for marketing based on the vaccine's safety and efficacy.

The FDA will only approve a BLA if the vaccine is demonstrated to be safe, pure, and potent. During the FDA's review of a BLA, the proposed manufacturing facility undergoes a pre-approval inspection during which the FDA examines in detail the production of the vaccine, the manufacturing facility and the quality documentation related to the vaccine. Vaccine licensure 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, the FDA typically requires Phase 4 post-marketing clinical trials for vaccines after licensure to continue gathering safety, and sometimes effectiveness/efficacy data in the indicated and additional populations.

In order to ensure continuing safety, the FDA continues to oversee the production of vaccines even after the vaccine and manufacturing processes are approved. For example, monitoring of the vaccine and of production activities, including periodic facility inspections, must continue as long as the manufacturer holds a license for the product. Manufacturers may also be required to submit to the FDA the results of their own tests for potency, safety and purity for each vaccine lot, if requested by the FDA. They may also be required to submit samples of each vaccine lot to the FDA for testing.

In addition to obtaining FDA licensure 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 U.S. or outside the U.S., including clinical trials, U.S. and foreign manufacturing establishments, including third-party facilities, must comply with GMP regulations and are subject to periodic inspection by the FDA or by corresponding regulatory agencies in their home country.

In 1992, the FDA instituted regulations that allow accelerated approval of certain products that treat serious or life-threatening illnesses and provide meaningful therapeutic benefit over existing treatments based on a surrogate endpoint, versus a clinical outcome, which can take many more years to demonstrate. Surrogate endpoints, generally a laboratory measurement or other physical sign shown to have some correlation with clinical benefit, can considerably shorten the development time leading up to FDA licensure. The FDA bases its decision on whether to accept a proposed surrogate endpoint on the scientific support for that endpoint. The company developing the product is required to conduct further studies to confirm the clinical benefit in Phase 4 confirmatory efficacy trials. We plan to seek accelerated approval for our seasonal influenza vaccine for older adults, but have not ruled out the potential use of traditional approval.

In addition to regulatory approvals that must be obtained in the U.S., 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 licensure 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, including national and local regulations that govern our facility in Sweden. 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.

In both domestic and foreign markets, sales of any products for which we receive regulatory approval for commercial sale will depend in part on the availability of reimbursement from third-party payors. Third-party payors include government authorities or programs, private health insurers (including managed care plans) and other organizations. These third-party payors are increasingly challenging the price and examining the cost-effectiveness of medical products and services. In addition, significant uncertainty exists as to the reimbursement status of newly approved healthcare products. We may need to conduct expensive pharmacoeconomic studies in order to demonstrate the cost-effectiveness of our products. Our product candidates may not be considered cost-effective. Adequate third-party reimbursement may not be available to enable us to maintain price levels sufficient to realize an appropriate return on our investment in product development. Third-party payors may also control access to, or manage utilization of, our products with various utilization management techniques.

Within the U.S., if we obtain appropriate approval in the future to market any of our product candidates, those products could potentially be covered by various government health benefit programs as well as purchased by government agencies. The participation in such programs or the sale of products to such agencies is subject to regulation. In exchange for coverage, we may be obligated to provide rebates or offer discounts under government health programs or to government and private purchasers.

The U.S. and state governments continue to propose and pass legislation designed to reform delivery of, or payment for, health care, which include initiatives to reduce the cost of healthcare. For example, in March 2010, the U.S. Congress enacted the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act ("Healthcare Reform Act") which includes changes to the coverage

and reimbursement of drug products under government health care programs. Under the Trump administration, there have been ongoing efforts to modify or repeal all or certain provisions of the Healthcare Reform Act, and some modifications have been implemented. Recently, there has been considerable public and government scrutiny in the U.S. of pharmaceutical pricing and proposals to address the perceived high cost of pharmaceuticals. There have also been several recent state legislative efforts to address drug costs, which generally have focused on increasing transparency around drug costs or limiting drug prices or price increases. Adoption of new legislation at the federal or state level could affect demand for, or pricing of, our product candidates if approved for sale. We cannot predict the ultimate content, timing or effect of any federal and state reform efforts. There is no assurance that federal or state health care reform will not adversely affect our future business and financial results.

Within the U.S., we may be subject to various federal and state laws pertaining to health care "fraud and abuse," including anti-kickback laws and false claims laws, for activities related to future sales of any of our product candidates that may in the future receive regulatory and marketing approval. Anti-kickback laws generally prohibit a pharmaceutical manufacturer from soliciting, offering, receiving, or paying any remuneration to generate business, including the purchase, prescription or use of a particular drug. Although the specific provisions of these laws vary, their scope is generally broad and there may not be regulations, guidance or court decisions that apply the laws to particular industry practices. There is therefore a possibility that our practices might be challenged under such anti-kickback laws. False claims laws prohibit anyone from knowingly and willingly presenting, or causing to be presented, any claims for payment for reimbursed drugs or services to third party payors (including Medicare and Medicaid) that are false or fraudulent.

Laws and regulations have been enacted by the federal government and various states to regulate the sales and marketing practices of pharmaceutical manufacturers with marketed products. The laws and regulations generally limit financial interactions between manufacturers and health care providers and/or require disclosure to the government and public of such interactions. Many of these laws and regulations contain ambiguous requirements or require administrative guidance for implementation. Given the lack of clarity in laws and their implementation, any future activities (if we obtain approval and/or reimbursement from federal healthcare programs for our product candidates) could be subject to challenge.

Manufacturing

Our primary manufacturing facility is located at our corporate headquarters at 20 Firstfield Road in Gaithersburg, Maryland. The facility has 53,000 square feet of combined GMP manufacturing and laboratory space. Our Rockville, Maryland facility houses our 10,000 square foot GMP pilot manufacturing facility that produces early-stage clinical trial material. Novavax AB, located in Uppsala, Sweden, produces our Matrix adjuvants in an approximately 24,000 square foot facility comprised of GMP manufacturing, laboratory and office space.

Sources of Supply

Most of the raw materials and other supplies required in our business are generally available from established vendors in quantities adequate to meet our needs. In some cases, we have only qualified one vendor for certain of our manufacturing components. Prior to the initiation of commercial production, we plan, where feasible, to qualify multiple vendors of critical raw materials. One key vendor is GE Healthcare Company ("GEHC"), which supplies disposable components, resins, media and buffers used in our manufacturing process. GEHC and other vendors that supply our key manufacturing materials have been or will be audited for compliance with GMP standards.

An important component of our Matrix adjuvant technology is extracted from a species of soap-bark tree (*Quillaja saponaria*) that grows mainly in Chile, and we have been able to acquire high-quality quillaja extract as needed from our current suppliers.

Business Development

We believe our proprietary vaccine 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, similar to our agreement with BMGF to fund our RSV program, that would allow for:

- continued development of our vaccine candidates until such vaccines can be licensed;
- retained commercial rights in one or more major markets;
- product sales revenue; and
- in certain markets, commercialized products through partners and other strategic relationships.

In addition to our aforementioned agreement with BMGF, another example of a strategic relationship is our joint venture we established with Cadila. CPLB is owned 20% by us and 80% by Cadila. It was established in 2009 to develop and manufacture certain vaccine candidates, biogeneric products and diagnostic products for the territory of India. CPLB operates a manufacturing facility in India for the production of vaccines and is actively developing a number of vaccine candidates that were genetically engineered by us.

Employees

As of March 9, 2018, we have 347 full-time employees, of whom 61 hold M.D. or Ph.D. degrees and 100 of whom hold other advanced degrees. Of our total workforce, 300 are engaged primarily in research, development and manufacturing activities and 47 are engaged primarily in executive, business development, finance and accounting, legal and administrative functions. None of our U.S. employees are represented by labor unions or covered by collective bargaining agreements; 33 of our 34 Swedish employees are covered by typical collective bargaining agreements. We consider our relations with our employees to be good.

Availability of Information

Our website address is www.novavax.com. 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 our other filings with the Securities and Exchange Commission ("SEC"), 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 SEC. Further, a copy of this Annual Report on Form 10-K is located at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov.

We use our website (www.novavax.com) as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation Fair Disclosure promulgated by the SEC. These disclosures are included on our website (www.novavax.com) in the "Investors" or "News" sections. Accordingly, investors should monitor these portions of our website (www.novavax.com), in addition to following our press releases, SEC filings and public conference calls and webcasts.

Also available on our website is information relating to corporate governance at Novavax and our Board of Directors, including our Code of Business Conduct and Ethics. We intend to disclose on our website any future amendments to and waivers from this code that apply to our Chief Executive Officer, Principal Financial Officer, Principal Accounting Officer and Controller, and persons performing similar functions, as promptly as practicable, as may be required under applicable SEC and Nasdaq rules.

We webcast our earnings calls and certain events we participate in or host with members of the investment community on the investor relations section of our website. Additionally, we provide notifications of news or announcements regarding press and earnings releases as part of the investor relations section of our website. The contents of our website are not part of this Annual Report on Form 10-K, or any other report we file with, or furnish to, the SEC.

Item 1A. RISK FACTORS

You should carefully consider the following risk factors in evaluating our business. A number of risk factors could cause our actual results to differ materially from those that are indicated by forward-looking statements. Some risks 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 we face. Additional risks and uncertainties of which we are unaware, 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 also should consider the other information included in this Annual Report on Form 10-K.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

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, 2017 was $1.1 billion. Our revenue for the last three fiscal years was $31.2 million in 2017, $15.4 million in 2016, and $36.3 million in 2015. We may not be successful in entering into strategic alliances or collaborative arrangements with other companies or government agencies that result in significant revenue to offset our expenses. Our net losses for the last three fiscal years were $183.8 million in 2017, $280.0 million in 2016, and $156.9 million in 2015.

Our recent historical losses have resulted predominantly from research and development expenses for our vaccine candidates, 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, and we believe our expenses will fluctuate over time, and may substantially increase some years, as a result of continuing research and development efforts to support our vaccine development efforts. In 2016, for example, we experienced a significant increase in research and development expenses compared to prior years primarily due to additional RSV F Vaccine clinical trials in older adults and infants via maternal immunization, as well as higher employee-related costs to support development of our RSV F Vaccine and other potential vaccine candidates.

Although certain specified costs associated with the development of our RSV F Vaccine for infants via maternal immunization may be reimbursed under our contract with BMGF, we expect to continue to incur significant operating expenses and anticipate significant losses over time as we seek to:

- conduct clinical trials for RSV F Vaccine and other potential vaccine candidates;
- conduct preclinical studies for other potential vaccine candidates;
- comply with the FDA's manufacturing facility and compliance requirements in anticipation of commercialization;
- invest in 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 operations. We may never achieve profitability and may not sustain profitability, if achieved.

We have limited financial resources and we may not be able to maintain our current level of operations or be able to fund the further development of our vaccine candidates.

We do not expect to generate revenue from product sales, licensing fees, royalties, milestones, contract research or other sources in amounts sufficient to fully fund our operations for the foreseeable future, and therefore, 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 preclinical 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, non-dilutive government contracts and grants and other sources. While we continue to apply for contracts or grants from academic institutions, non-profit organizations and governmental entities, we may not be successful. Adequate additional funding may not 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 or vaccine candidates. If we raise additional funds through future offerings of shares of our common stock or other securities, such offerings would cause dilution of current stockholders' 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.

Economic uncertainty may adversely affect our access to capital, cost of capital and ability to execute our business plan as scheduled.

Generally, worldwide economic conditions remain uncertain. Access to capital markets is critical to our ability to operate. Traditionally, biotechnology 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 vaccine candidates and clinical trials. The general economic and capital market conditions, both in the U.S. and worldwide, have been volatile in the past and at times have adversely affected our access to capital and increased the cost of capital. There is no certainty that the capital and credit markets will be available to raise additional capital on favorable terms. If economic conditions become worse, our future cost of equity or debt capital and access to the capital markets could be adversely affected. In addition, if we are unable to access the capital markets on favorable terms, our ability to execute our business plan as scheduled would be compromised. Moreover, we rely and intend to rely on third-parties, including clinical research organizations and other important vendors and consultants. Global economic conditions may result in 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.

Even with the Grant Agreement with BMGF, we may not be able to fully fund our RSV F Vaccine for infants via maternal immunization.

The Grant Agreement reimburses a portion of specified expenses associated with the development of our RSV F Vaccine for infants via maternal immunization, and additional activities likely will be needed and BMGF may not reimburse us for any portion of these activities.

The Grant Agreement with BMGF does not assure success in future clinical trials of our RSV F Vaccine for infants via maternal immunization or that the vaccine candidate will be licensed by the FDA.

The Grant Agreement reimburses a portion of specified expenses associated with the development of our RSV F Vaccine for infants via maternal immunization, but we remain fully responsible for conducting these development activities. The Grant Agreement does not guarantee that any of these activities will be successful. Our inability to succeed with key clinical or development activities could jeopardize our ability to obtain FDA licensure to sell this vaccine.

Collaborations and contracts of our wholly owned subsidiary Novavax AB, with regional partners, such as Cadila and BMGF, as well as with international providers, expose us to additional risks associated with doing business outside the U.S.

Swedish-based Novavax AB is a wholly owned subsidiary of Novavax, Inc. We also have formed a joint venture with Cadila in India, have established a clinical development agreement with BMGF 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 various parts of the world. Risks of conducting business outside the U.S. include negative consequences of:

- the costs associated with seeking to comply with multiple regulatory requirements that govern our ability to develop, manufacture and sell products in local markets;
- failure to comply with anti-bribery laws such as the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws in other jurisdictions;
- existing, new or changes in interpretations of existing trade protections measures, including tariffs, and import and export licensing requirements;
- difficulties in and costs of staffing, managing and operating our international operations;
- changes in environmental, health and safety laws;
- fluctuations in foreign currency exchange rates;
- new, changes in or changes in 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 many jurisdictions; 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.

Current or future regional relationships may hinder our ability to engage in larger transactions.

We have entered into regional collaborations to develop our vaccine candidates in certain parts of the world, and we may enter into additional regional collaborations. Our relationships with Cadila and BMGF are examples of these regional relationships. These relationships often involve the licensing of our technology to our partner or entering into a distribution agreement, frequently on an exclusive basis. Generally, 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 biotechnology 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 believe 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 vaccine. Vaccine candidates that initially appear promising often fail to yield successful products. In many cases, preclinical studies or clinical trials 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 preclinical or early clinical trials may not translate into success in large-scale clinical trials. Further, success in clinical trials often leads to increased investment, accelerating cumulative

losses. Even if clinical trial results appear positive, regulatory approval may not be obtained if the FDA does not agree with our interpretation of the results, and we may face challenges when scaling-up the production process to commercial levels. Even after a product is approved and launched, general usage or post-marketing clinical trials 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 any products for which we receive commercial approval.

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 pharmaceutical 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;
- preclinical 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, CSL Ltd, Sanofi Pasteur, SA, Pfizer Inc. and MedImmune, 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, manufacturing such products on a broad scale and marketing approved products.

We are also aware that there are multiple companies with active RSV vaccine programs at various stages of development. Thus, while there is no RSV vaccine currently on the market, there is likely to be significant and consistent competition as these active programs mature. Different RSV vaccines may work better for different segments of the population, so it may be difficult for a single RSV vaccine manufacturer to provide vaccines that are marketable to multiple population segments. Geographic markets are also likely to vary significantly, which may make it difficult to market a single RSV vaccine worldwide. Even if a manufacturer brings an RSV vaccine to license, it is likely that competitors will continue to work on new products that could be more efficacious and/or less expensive. Our RSV vaccine candidate may not be as far along in development as other active RSV vaccine programs about which we are not aware, nor as efficacious as products under development by competing companies.

Many seasonal influenza vaccines are 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 market, a product may need to be more efficacious, particularly in older adults, and/or be less expensive and quicker to manufacture. Many of our competitors are working on new products and new generations of current products, intended to be more efficacious than those currently marketed. Our nanoparticle seasonal influenza vaccine candidate 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.

We believe that there are at least two EBOV vaccine candidates currently being tested in late stage clinical trials: one by GlaxoSmithKline in collaboration with the U.S. National Institute of Allergy and Infectious Diseases, and the other by a collaboration of NewLink Genetics, Merck Vaccines USA and the Public Health Agency of Canada. Additional vaccine candidates also are being tested, although in earlier stage clinical trials. Vaccine candidates against EBOV have been in development for more than a decade by large pharmaceutical companies, smaller biotech companies, government agencies and academic labs worldwide, and with the high visibility of the recent West Africa epidemic, development activities are likely to continue and potentially increase.

Regardless of the disease, smaller or early-stage companies and research institutions also may prove to be significant competitors, particularly through collaborative arrangements with large and established pharmaceutical 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 participant 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. We may not be successful in gaining significant market share for any vaccine. Our technologies and vaccines 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 are unable to attract or retain key management or other personnel, our business, operating results and financial condition could be materially adversely affected.

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. Turnover in key executive positions resulting in lack of management continuity and long-term history with our Company could result in operational and administrative inefficiencies and added costs.

We may not be able to attract qualified individuals for key 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 could hinder our ability to complete clinical trials 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 delay our development efforts.

We may have product liability exposure.

The administration of drugs or vaccines to humans, whether in clinical trials or after marketing approval, 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 fluctuates significantly. Therefore, we may not be able to maintain insurance at a reasonable cost. We may not 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 that result 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 participant or other claimants;
- loss of revenue; and
- inability to commercialize our vaccine candidates.

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

From time to time, we may apply for contracts or grants from government agencies, academic institutions, and non-profit organizations. Such contracts or grants can be highly attractive because they provide capital to fund the ongoing development of our technologies and vaccine candidates without diluting our stockholders. However, there is often significant competition for these contracts or grants. Entities offering contracts or grants may have requirements to apply for or to otherwise be eligible to receive certain contracts or grants that our competitors may be able to satisfy that we cannot. In addition, such entities may make arbitrary decisions as to whether to offer contracts or make grants, to whom the contracts or grants will be awarded and the size of the contracts or grants to each awardee. Even if we are able to satisfy the award requirements, we may not be a successful awardee. Therefore, we may not be able to win any contracts or grants in a timely manner, if at all.

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 vaccine 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. There is also a risk that such equity issuances may cause an ownership change under the Internal Revenue Code of 1986, as amended, and similar state provisions, thus limiting our ability to use our net operating loss carryforwards and credits. 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 vaccine 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.

Our business may be adversely affected if we do not successfully execute our business development initiatives.

We anticipate growing through both internal development projects, as well as external opportunities, which include the acquisition, partnering and in-licensing of products, technologies and companies or the entry into strategic alliances and collaborations. The availability of high quality opportunities is limited, and we may fail to identify candidates that we and our stockholders consider suitable or complete transactions on terms that prove advantageous. In order to pursue such opportunities, we may require significant additional

financing, which may not be available to us on favorable terms, if at all. Even if we are able to successfully identify and complete acquisitions, like our business combination with Novavax AB, we may not be able to integrate the assets or take full advantage of the opportunities and, consequently, may not realize the benefits that we expect.

To effectively manage our current and future potential growth, we will need to continue to enhance our operational, financial and management processes and to effectively expand, train and manage our employee base. Supporting our growth initiatives will require significant expenditures and management resources, including investments in research and development, manufacturing and other areas of our business. If we do not successfully manage our growth and do not successfully execute our growth initiatives, then our business and financial results may be adversely impacted, and we may incur asset impairment or restructuring charges.

Litigation could have a material adverse impact on our results of operation and financial condition.

In addition to intellectual property litigation, from time to time, we may be subject to other litigation. Regardless of the merits of any claims that may be brought against us, litigation could result in a diversion of management's attention and resources and we may be required to incur significant expenses defending against these claims. If we are unable to prevail in litigation, we could incur substantial liabilities. Where we can make a reasonable estimate of the liability relating to pending litigation and determine that it is probable, we record a related liability. As additional information becomes available, we assess the potential liability and revise estimates as appropriate. However, because of uncertainties relating to litigation, the amount of our estimates could be wrong.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and data about our clinical participants, suppliers, and business partners and personally identifiable information. The secure maintenance of this information is critical to our operations and business strategy. Some of this information could be an attractive target of criminal attack by malicious third parties with a wide range of motives and expertise, including organized criminal groups, "hactivists," patient groups, disgruntled current or former employees and others. Hacker attacks are of ever-increasing levels of sophistication, and despite our security measures, our information technology and infrastructure may be vulnerable to such attacks or may be breached due to employee error or malfeasance. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Furthermore, if our systems become compromised, we may not promptly discover the intrusion. Like other companies in our industry, we have experienced attacks to our data and systems, including malware and computer viruses. Attacks could have a material impact on our business, operations or financial results. Any access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, disrupt our operations, and damage our reputation, which could adversely affect our business.

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 development efforts depend on new, rapidly evolving technologies and on the marketability and profitability of our products. Our development efforts and, if those are successful, commercialization of our vaccines could fail for a variety of reasons, and include the possibility that:

- our recombinant nanoparticle vaccine technologies, any or all of the products based on such technologies 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 manufacturing facility will fail to continue to pass regulatory inspections;
- proprietary rights of third-parties will prevent us or our collaborators from exploiting technologies, and 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 licensure necessary to sell such vaccine products.

The development, manufacture and marketing of our pharmaceutical and biological products are subject to government regulation in the U.S. and other countries, including the European Medicines Agency and the Swedish Medical Products Agency with respect to our adjuvant product being developed in Sweden. In the U.S. and most foreign countries, we must complete rigorous preclinical testing and extensive 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 candidates have yet gained regulatory approval in the U.S. or elsewhere. We also have vaccine candidates in clinical trials and preclinical laboratory or animal studies.

The steps generally required by the FDA before our proposed investigational products may be marketed in the U.S. include:

- performance of preclinical (animal and laboratory) tests;
- submissions to the FDA of an IND, which must become effective before clinical trials may commence;
- performance of adequate and well controlled 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 vaccine candidates 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 clinical trials or require additional clinical trials to be conducted. Promising results in early clinical trials may not be replicated in subsequent clinical trials. 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 trials. Moreover, if the FDA or a 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 preclinical and clinical data are sufficient to support regulatory approval for our vaccine 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 candidates require access to, or development of, facilities to manufacture our vaccine candidates at sufficient yields and at commercial-scale.

We have limited experience manufacturing any of our vaccine candidates in the volumes that will be necessary to support large-scale clinical trials or commercial sales. Efforts to establish these capabilities may not meet initial expectations as to scheduling, scale-up, reproducibility, yield, purity, cost, potency or quality.

Manufacturing our vaccine candidates involves a complicated process with which we have limited experience. If we are unable to manufacture our vaccine 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.

Like influenza, a licensed RSV vaccine would likely be seasonal in nature. If a seasonal vaccine is not available early enough in the season, we would likely have difficulty selling that vaccine. For these reasons, any delay in the delivery of a seasonal vaccine could result in lower sales volumes, lower sale prices, or no sales. Strains of the seasonal influenza change annually, which means that inventory of seasonal vaccine cannot be sold during a subsequent influenza season. We believe that while RSV strains may also change annually, our RSV F Vaccine is directed at highly-conserved epitopes that are unlikely to change annually, although that has not yet been definitively demonstrated. Any delay in the manufacture of our 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 products 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 vaccines for development with our technologies and establish successful third-party relationships.

The near and long-term viability of our vaccine 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 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 candidates for several reasons, including the fact that:

- we may not have the ability to control the activities of our partners and cannot provide assurance that they will fulfill their obligations to us, including with respect to the license, development and commercialization of vaccine candidates, in a timely manner or at all;
- such partners may not devote sufficient resources to our vaccine 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 vaccine 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 their manufacturing facility and process as us. Before we could begin commercial manufacturing of any of our vaccine candidates, we and our collaborators must pass a pre-approval inspection before FDA approval and comply with the FDA's GMP regulations. If our collaborators fail to comply with these requirements, our vaccine candidates would not be approved. If our collaborators fail to comply with these requirements after approval, we could 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 collaborators 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 our vaccine candidates.

Because we depend on third-parties to conduct some of our laboratory testing, clinical trials, 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, clinical trials 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, clinical trials and manufacturing activities. We have not manufactured any of our vaccine 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 clinical 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. These third-parties may not successfully carry out their contractual duties or regulatory obligations or meet expected deadlines. In addition, these third-parties may need to be replaced or the quality or accuracy of the data they obtain may be compromised or the product they manufacture may be contaminated due to the failure to adhere to our clinical and manufacturing protocols, regulatory requirements or for other reasons. In any such event, our preclinical development activities or clinical trials may be extended, delayed, suspended or terminated, and we may not be able to obtain regulatory approval of, or commercially manufacture, our vaccine candidates.

Even if licensed to market, our vaccine products may not be initially or ever profitable.

Whether Novavax makes a profit from the sale of its vaccine products is dependent on a number of variables, including the costs we incur manufacturing, testing and releasing, packaging and shipping such vaccine product. The Grant Agreement with BMGF necessitates that we commit to a specific amount of sales in certain specified middle and lower income countries, which may impact our ability to make profits. In addition, we have not yet determined pricing for our vaccine products, which is a complicated undertaking that necessitates both regulatory agency and payor support. We cannot predict when, if at all, our approved vaccine products will be profitable to the Company.

Our collaborations may not be profitable.

We formed CPLB with Cadila in India, but we cannot predict when, if at all, this relationship will lead to additional approved products, sales, or otherwise provide revenue to the Company or become profitable.

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.

Although we have initiated preliminary activities in anticipation of commercialization of our vaccine candidates, we currently have no dedicated 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 may not be able to attract and retain qualified sales personnel or otherwise develop this capability.

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

Even if we receive regulatory approvals for the commercial sale of our vaccine candidates, the commercial success of these vaccine 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 vaccine 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;
- 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.

Unlike RSV, where there is no current vaccine available, there are significant challenges to market seasonal influenza vaccines. For a seasonal vaccine to be accepted in the market, it 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 in older adults, or cheaper and quicker to produce. There are no assurances that our influenza vaccine can be differentiated from other influenza vaccines.

If our vaccine 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 could be materially and adversely affected.

We may not be able to secure sufficient supplies of a key component of our adjuvant technology.

Because an important component of our adjuvant technology is extracted from a species of soap-bark tree (*Quillaja saponaria*) grown in Chile, we need long term access to quillaja extract with a consistent and sufficiently high quality. We need a secure supply of raw material, as well as back-up suppliers, or our adjuvant products may be delayed.

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 (including managed care plans), 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 vaccine 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, loss of any potential marketing advantage of being early to market and increased clinical trial costs. The speed with which we begin and complete our preclinical studies necessary to begin clinical trials, 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 preclinical studies and clinical trials;
- prior regulatory agency review and approval;
- approval of the protocol and the informed consent form by the review board of the institution conducting the clinical trial;
- the rate of participant enrollment and retention, which is a function of many factors, including the size of the participant population, the proximity of participants to clinical sites, the eligibility criteria for the clinical trial and the nature of the protocol;
- negative test results or side effects experienced by clinical trial participants;
- analysis of data obtained from preclinical 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 trials 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 preclinical 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 preclinical 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 biotechnology 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 participants 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 trials 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 vaccine candidates marketed outside the U.S. In furtherance of this objective, we have entered into relationships with Cadila in India. In order to market our products in the European Union, India, Asia and many other non-U.S. jurisdictions, we must obtain separate regulatory approvals and comply with numerous and varying regulatory requirements. 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 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 vaccine 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 facilities in Maryland are 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 U.S., these laws include the Occupational Safety and Health Act, the Toxic Test Substances Control Act and the Resource Conservation and Recovery Act. Similar national and local regulations govern our facility in Sweden. 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 chemicals 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 material applicable environmental and occupational health and safety regulations.

Even if we successfully commercialize any of our vaccine candidates, either alone or in collaboration, we face uncertainty with respect to pricing, third-party reimbursement and healthcare reform, all of which could adversely affect any commercial success of our vaccine candidates.

Our ability to collect revenue from the commercial sale of our vaccines may depend on our ability, and that of any current or potential future collaboration partners or customers, to obtain adequate levels of approval, coverage and reimbursement for such products from third-party payers such as:

- government health administration authorities such as the Advisory Committee for Immunization Practices of the Center for Disease Control and Prevention ("CDC");
- private health insurers;
- managed care organizations;
- pharmacy benefit management companies; and
- other healthcare related organizations.

Third-party payers are increasingly challenging the prices charged for medical products and may deny coverage or offer inadequate levels of reimbursement if they determine that a prescribed product has not received appropriate clearances from the FDA, or foreign equivalent, or other government regulators; is not used in accordance with cost-effective treatment methods as determined by the third-party payer; or is experimental, unnecessary or inappropriate. Prices could also be driven down by managed care organizations that control or significantly influence utilization of healthcare products.

In both the U.S. and some foreign jurisdictions, there have been a number of legislative and regulatory proposals and initiatives to change the health care system in ways that could affect our ability to sell vaccines. Some of these proposed and implemented reforms could result in reduced reimbursement rates for medical products, and while we have no current vaccines available for commercial sale, the impact of such reform could nevertheless adversely affect our business strategy, operations and financial results. For example, the Healthcare Reform Act contained several cost containment measures that could adversely

affect our future revenue, including, for example, increased drug rebates under Medicaid for brand name prescription drugs, extension of Medicaid rebates to Medicaid managed care organizations, and extension of so-called 340B discounted pricing on pharmaceuticals sold to certain healthcare providers. Additional provisions of the healthcare reform laws that may negatively affect our future revenue and prospects for profitability include the assessment of an annual fee based on our proportionate share of sales of brand name prescription drugs to certain government programs, including Medicare and Medicaid, as well as mandatory discounts on drugs (including vaccines) sold to certain Medicare Part D beneficiaries in the coverage gap (the so-called "donut hole"). Other aspects of healthcare reform, such as expanded government enforcement authority and heightened standards that could increase compliance-related costs, could also affect our business. In addition, we face uncertainties because there are ongoing federal legislative and administrative efforts to repeal, substantially modify or invalidate some or all of the provisions of the Healthcare Reform Act. For example, in 2017, the President announced that his administration will withhold the cost-sharing subsidies paid to health insurance exchange plans serving low-income enrollees. Tax reform legislation was also enacted at the end of 2017 that includes provisions that will affect healthcare insurance coverage and payment, such as the elimination of the tax penalty for individuals who do not maintain sufficient health insurance coverage beginning in 2019 (the so-called "individual mandate"). The Bipartisan Budget Act of 2018 contained various provisions that affect coverage and reimbursement of drugs, including an increase in the mandatory discounts on pharmaceuticals sold to certain Medicare Part D beneficiaries in the coverage gap starting in 2019. We cannot predict the ultimate content, timing or effect of any healthcare reform legislation or the impact of potential legislation on us.

If our product candidates obtain marketing approval, we will be subject to additional healthcare laws and our failure to comply with those laws could have a material adverse effect on our results of operations and financial conditions.

Within the U.S., if we obtain approval for any of our product candidates and begin commercializing them, our operations may be directly, or indirectly through our customers, subject to additional healthcare regulation and enforcement by the federal and state governments. In addition to the laws mentioned above, the laws that may affect our ability to operate include:

- the Food, Drug and Cosmetic Act, which among other things, strictly regulates drug product marketing and promotion and prohibits manufacturers from marketing such products for off-label use;
- the federal anti-kickback law, which prohibits, among other things, persons from soliciting, receiving or providing remuneration, directly or indirectly, to induce the referral for an item or service or the purchasing or ordering of a good or service, for which payment may be made under federal healthcare programs such as Medicare and Medicaid;
- federal false claims laws which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, information or claims for payment from Medicare, Medicaid, or other third-party payors that are false or fraudulent;
- federal laws that require pharmaceutical manufacturers to report certain calculated product prices to the government or provide certain discounts or rebates to government authorities or private entities, often as a condition of reimbursement under government healthcare programs;
- the so-called "federal sunshine" law (also known as "open payments") which requires pharmaceutical and medical device manufacturers to report certain financial interactions to the federal government for re-disclosure to the public;
- the federal law known as HIPAA, which, in addition to privacy protections applicable to healthcare providers and other entities, prohibits executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;

- state law equivalents of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers, and state gift ban and transparency laws, many of which state laws differ from each other in significant ways and often are not preempted by federal laws, thus complicating compliance efforts; and
- state laws restricting interactions with healthcare providers and other members of the healthcare community or requiring pharmaceutical manufacturers to implement certain compliance standards.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws. If our operations are found to be in violation of any of such laws or any other governmental regulations that apply to us, we may be subject to, on a corporate or individual basis, penalties, including civil and criminal penalties, damages, fines, the curtailment or restructuring of our operations, the exclusion from participation in federal and state healthcare programs and even imprisonment, any of which could materially adversely affect our ability to operate our business and our financial results. In addition, the cost of implementing sufficient systems, controls, and processes to ensure compliance with all of the aforementioned laws could be significant.

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 350 U.S. 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 U.S. Patent and Trademark Office ("USPTO") 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 vaccine 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.

Third parties may claim we infringe their intellectual property rights.

Our research, development and commercialization activities, including any vaccine candidates 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.

We may become involved in litigation 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 proceeding 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.

Even if we are successful, litigation may result in substantial costs and distraction to our management. Even with a broad portfolio, 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 U.S.

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.

The scope, validity, and ownership of our patent claims may be challenged in various venues and, if we do not prevail, our ability to exclude competitors may be harmed, potentially reducing our ability to succeed commercially.

We may be subject to a variety of challenges from third-parties that relate to the scope of the claims or to their validity. Such challenges can be mounted in post-grant review, ex parte re-examination, and inter partes review proceedings before the USPTO, or similar adversarial proceedings in other jurisdictions. If we are unsuccessful in any such challenge, the scope of our claims could be narrowed, and the patent or claims thereof could be invalidated. Any such outcome could impair our ability to exclude competitors from the market in those countries, potentially impacting our commercial success.

Our patents may be subject to various challenges related to ownership and inventorship, including interference or derivation proceedings. Third-parties may assert that they are inventors on our patents or that they are owners of the patents. While we perform inventorship analyses to insure that the correct inventors are listed on our patents, we cannot be certain that a court of competent jurisdiction would arrive at the same conclusions we do. If we are unsuccessful in defending against ownership or inventorship challenges, a court may require us to list additional inventors, may invalidate the patent, or may transfer

ownership of the patent to a third-party. Any of these outcomes may harm our ability to exclude competitors and potentially impact our commercial success. Further, if ownership is transferred to a third-party we may be required to seek a license to those rights to preserve our exclusive ability to practice the invention. Such a license may not be available on commercially reasonable terms, or at all. If we are unable to obtain a license, we may be required to expend time, effort, and other resources to design around the patent. Any such license may be non-exclusive and if a competitor is able to obtain a license from the third-party, our ability to exclude that competitor from the market may be negatively impacted.

Even if we are ultimately successful, defending any such challenges may cause us to incur substantial expenses and may require us to divert substantial financial and management resources that we would otherwise be able to devote to our business.

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 vaccine candidates may be harmed.

We have in the past, and we expect in the future to license intellectual property from third-parties 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, which gives us rights to a family of patents and patent applications that are expected to expire in early 2022, covering VLP technology for use in human vaccines in certain fields of use, is non-exclusive. If each milestone is achieved for any particular vaccine candidate, we would likely be obligated to pay an aggregate of $15 million to Wyeth for each vaccine 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 fees under the Wyeth agreement aggregate to $0.3 million per year. In September 2015, the Company entered into an amendment to the license agreement with Wyeth. Among other things, the amendment restructured the $3 million milestone payment owed as a result of CPLB's initiation of a Phase 3 clinical trial for its recombinant trivalent seasonal VLP influenza vaccine candidate in 2014 into a revised milestone payment of $4 million.

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.

Further, any disputes regarding obligations in licenses may require us to take expensive and time-consuming legal action to resolve, and, even if we are successful, may delay our ability to commercialize products and generate revenue. Further, if we are unable to resolve license issues that arise we may lose rights to practice intellectual property that is required to make, use, or sell products. Any such loss could compromise our development and commercialization efforts for current or future product candidates and/or may require additional effort and expense to design around.

Our vaccine candidates and potential vaccine 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 vaccine 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 U.S. and other important markets outside the U.S., such as Europe and Japan. In addition, foreign markets may not provide the same level of patent protection as provided under the U.S. patent system. Litigation or administrative proceedings may 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 U.S. 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 CONVERTIBLE SENIOR NOTES

Servicing our 3.75% convertible senior unsecured notes due 2023 (the "Notes") requires a significant amount of cash, and we may not have sufficient cash flow to pay our debt.

In 2016, we issued $325 million aggregate principal amount of Notes. Our ability to make scheduled payments of the principal of, to pay interest on, or to refinance our indebtedness, including the Notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. We do not expect our business to be able to generate cash flow from operations, in the foreseeable future, sufficient to service our debt and make necessary capital expenditures and may therefore be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness, which is non-callable and matures in 2023, will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations, and limit our flexibility in planning for and reacting to changes in our business.

We may not have the ability to raise the funds necessary to repurchase the Notes as required upon a fundamental change, and our future debt may contain limitations on our ability to repurchase the Notes.

Holders of the Notes will have the right to require us to repurchase their Notes for cash upon the occurrence of a fundamental change at a fundamental change repurchase price equal to 100% of the principal amount of the Notes to be repurchased, *plus* accrued and unpaid interest, if any. A fundamental change may also constitute an event of default or prepayment under, and result in the acceleration of the maturity of, our then-existing indebtedness. We cannot assure you that we will have sufficient financial resources, or will be able to arrange financing, to pay the fundamental change repurchase price in cash with respect to any Notes surrendered by holders for repurchase upon a fundamental change. In addition, restrictions in our then existing credit facilities or other indebtedness, if any, may not allow us to repurchase the Notes upon a fundamental change. Our failure to repurchase the Notes upon a fundamental change when required would result in an event of default with respect to the Notes which could, in turn, constitute a default under the terms of our other indebtedness, if any. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Notes.

Capped call transactions entered into in connection with our Notes may affect the value of our common stock.

In connection with our Notes, we entered into capped call transactions (the "capped call transactions") with certain financial institutions. The capped call transactions are expected to generally reduce the potential dilution upon conversion of the Notes into shares of our common stock.

In connection with establishing their initial hedges of the capped call transactions, these financial institutions or their respective affiliates entered into various derivative transactions with respect to our common stock and/or to purchase our common stock. The financial institutions, or their respective affiliates, may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the Notes. This activity could also cause or avoid an increase or a decrease in the market price of our common stock or the Notes, which could affect the value of our common stock.

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 biotechnology companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. From January 1, 2017 through December 31, 2017, the closing sale price of our common stock has been as low as $0.73 per share and as high as $1.63 per share. The market price of our common stock may be influenced by many factors, including:

- future announcements about us 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;
- impact of competitor successes and in particular development success of vaccine candidates that compete with our own vaccine candidates;
- developments in our relationships with our collaboration partners;
- announcements relating to health care reform and reimbursement levels for new vaccines and other matters affecting our business and results, regardless of accuracy;
- 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 diseases;
- litigation;
- public concern as to the safety of our products;
- significant set-backs or concerns with the industry or the market as a whole;
- regulatory inquiries, reviews and potential action, including from the FDA or the SEC;
- recommendations by securities analysts or changes in earnings estimates; and
- the other factors described in this Risk Factors section.

In addition, the stock market in general, and the market for biotechnology companies in particular, have experienced extreme price and volume fluctuations that have particularly affected the market price for many of those 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.

The Nasdaq Global Select Market has a listing requirement; if a participating company no longer meets such requirements and fails to correct the listing deficiency, its stock may be delisted.

The Nasdaq Global Select Market ("Nasdaq"), on which our common stock is listed and traded, has listing requirements that include a $1 minimum closing bid price requirement. If we fail to satisfy this or other listing requirements, Nasdaq may elect, subject to any potential cure periods, to initiate a process that may delist our common stock. Should such a delisting occur, it may adversely impact the liquidity and price of our common stock, impede our ability to raise capital and would constitute a fundamental change under our Notes.

Provisions of our Second Amended and Restated Certificate of Incorporation and Amended and Restated By-Laws and Delaware law 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.

Provisions in 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. Stockholders who wish to participate in these transactions may not have the opportunity to do so. Our organizational documents 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. Certain provisions include the right of 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.

As a Delaware corporation, we are also 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 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.

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.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

We lease three facilities in Gaithersburg, Maryland and one in Rockville, Maryland. Novavax AB, leases a facility in Uppsala, Sweden. A summary of our current facilities is set forth below. Although we believe that our facilities are suitable and adequate for our present needs, the Company's management continues to review and assess real property requirements that may be necessary to address our current business plan.

Property Location	Approximate Square Footage	Brief Property Description
Rockville, MD	51,000	Vaccine research and development and manufacturing facility
20FF Gaithersburg, MD	53,000	Corporate headquarters, vaccine research and development and manufacturing facility
21FF Gaithersburg, MD	53,000	Research and development laboratory facility and offices
22FF Gaithersburg, MD	40,000	Executive, administrative, clinical and regulatory offices
Uppsala, Sweden	24,000	Adjuvant manufacturing facility and research and development and offices
Total square footage	221,000	

Item 3. LEGAL PROCEEDINGS

We currently have no material pending legal proceedings.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock trades on the Nasdaq Global Select 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 Select Market for each quarter in the two most recent years:

Quarter Ended	High	Low
December 31, 2017	$1.54	$1.00
September 30, 2017	$1.51	$0.96
June 30, 2017	$1.22	$0.73
March 31, 2017	$1.63	$1.22
December 31, 2016	$2.08	$1.18
September 30, 2016	$8.34	$1.29
June 30, 2016	$7.27	$4.33
March 31, 2016	$7.89	$4.36

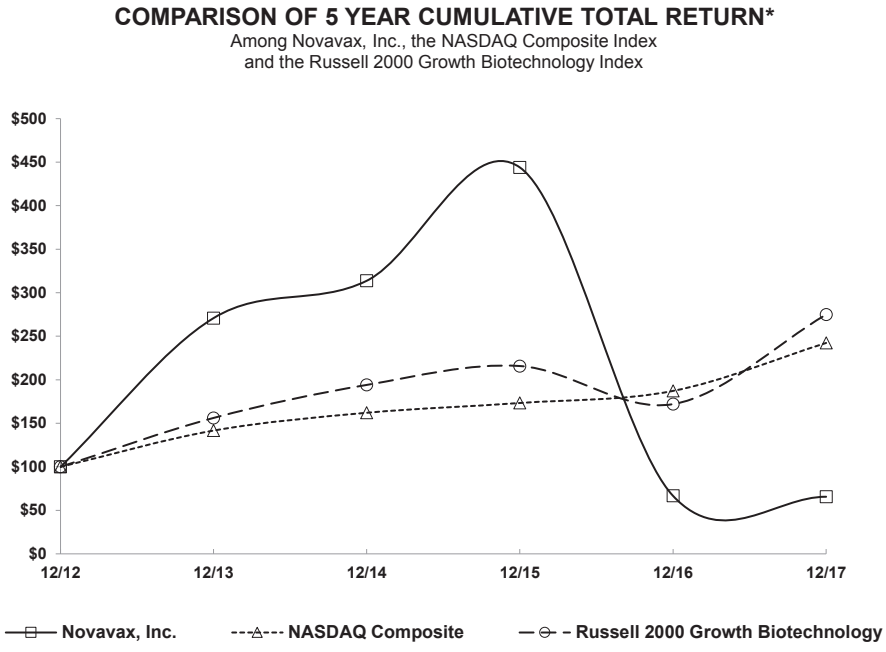
On March 9, 2018, the last sale price reported on the Nasdaq Global Select Market for our common stock was $2.06. Our common stock was held by approximately 359 stockholders of record as of March 9, 2018, one of which is Cede & Co., a nominee for Depository Trust Company ("DTC"). All of the shares of 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.

Performance Graph

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 Composite Index and the Russell 2000 Growth Biotechnology Index (which includes Novavax) over the same period, assuming the investment of $100 in our common stock, the Nasdaq Composite Index and the Russell 2000 Growth Biotechnology Index on December 31, 2012, and reinvestments of all dividends.



*$100 invested on 12/31/12 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

Value of $100 invested on December 31, 2012 in stock or index, including reinvestment of dividends, for fiscal years ended December 31:

	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16	12/31/17
Novavax, Inc.	$100.00	$270.90	$313.76	$443.92	$ 66.67	$ 65.61
Nasdaq Composite Index	$100.00	$141.63	$162.09	$173.33	$187.19	$242.29
RUSSELL 2000 Growth Biotechnology Index	$100.00	$156.19	$194.09	$215.77	$171.98	$274.91

This graph is not "soliciting material," is not deemed "filed" with the SEC 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, 2017, which has been derived from our audited consolidated financial statements. The information below should be read in conjunction with our consolidated financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Annual Report. These historical results are not necessarily indicative of results that may be expected for future periods.

	Year Ended December 31,				
	2017[1]	2016[2]	2015[3]	2014[4]	2013[5]
	(in thousands, except per share amounts)				
Statements of Operations Data:					
Revenue	$ 31,176	$ 15,353	$ 36,250	$ 30,659	$ 20,915
Net loss	(183,769)	(279,966)	(156,937)	(82,947)	(51,983)
Basic and diluted net loss per share	(0.63)	(1.03)	(0.60)	(0.37)	(0.31)
Weighted average shares used in computing basic and diluted net loss per share	292,669	270,802	262,248	225,848	169,658

	As of December 31,				
	2017[1]	2016[2]	2015[3]	2014[4]	2013[5]
	(in thousands)				
Balance Sheet Data:					
Cash, cash equivalents and marketable securities	$ 157,303	$ 235,479	$ 230,656	$ 168,056	$ 133,068
Total current assets	203,311	287,830	287,257	188,158	145,001
Working capital[6]	129,636	221,424	210,763	154,042	126,879
Total assets	302,493	394,301	386,038	276,002	235,125
Long-term debt, less current portion[7]	317,763	316,339	37	503	1,199
Accumulated deficit	(1,114,359)	(929,996)	(650,030)	(493,093)	(410,146)
Total stockholders' (deficit) equity	(101,732)	(5,546)	292,669	229,618	203,234

(1) In 2017, we had sales of 50,889,910 shares of common stock resulting in net proceeds of approximately $63 million.

(2) In 2016, we issued $325 million aggregate principal amount of convertible senior unsecured notes resulting in net proceeds of approximately $315 million.

(3) In 2015, we had sales of 29,163,620 shares of common stock resulting in net proceeds of approximately $204 million.

(4) In 2014, we had sales of 28,750,000 shares of common stock resulting in net proceeds of approximately $108 million.

(5) In 2013, we completed the acquisition of Novavax AB and had sales of 44,452,343 shares of common stock resulting in net proceeds of approximately $129 million.

(6) Working capital is computed as the excess of current assets over current liabilities.

(7) Includes non-current portion of capital leases.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Any statements in the discussion below and elsewhere in this Annual Report, about expectations, beliefs, plans, objectives, assumptions or future events or performance of Novavax, Inc. ("Novavax", and together with its wholly owned subsidiary Novavax AB, the "Company," "we" or "us") are not historical facts and are forward-looking statements. Such forward-looking statements include, without limitation, statements with respect to our capabilities, goals, expectations regarding future revenue and expense levels and capital raising activities, including possible proceeds from our December 2017 Sales Agreement; potential market sizes and demand for our product candidates; the efficacy, safety and intended utilization of our product candidates; the development of our clinical-stage product candidates and our recombinant vaccine and adjuvant technologies; the development of our preclinical product candidates; the conduct, timing and potential results from clinical trials and other preclinical studies; plans for and potential timing of regulatory filings; the expected timing and content of regulatory actions; reimbursement by the Department of Health and Human Services, Biomedical Advanced Research and Development Authority ("HHS BARDA"); payments under our license with Wyeth Holdings LLC, a subsidiary of Pfizer Inc. ("Wyeth"); payments by the Bill & Melinda Gates Foundation ("BMGF"); our available cash resources and the availability of financing generally, plans regarding partnering activities, business development initiatives and the adoption of stock incentive plans and amendments thereto; the effectiveness, and expected costs and savings, and the timing of such costs and savings, associated with the implementation, of our restructuring efforts, and other matters referenced herein. You generally can identify these forward-looking statements by the use of words or phrases such as "believe," "may," "could," "will," "would," "possible," "can," "estimate," "continue," "ongoing," "consider," "anticipate," "intend," "seek," "plan," "project," "expect," "should," "would," or "assume" or the negative of these terms, or other comparable terminology, although not all forward-looking statements contain these words.

Forward-looking statements involved estimates, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied in the statements. Any or all of our forward-looking statements in this Annual Report may turn out to be inaccurate or materially different than actual results.

Because the risk factors discussed in this Annual Report, and other risk factors of which we are not aware, could cause actual results or outcomes to differ materially from those expressed or implied in any forward-looking statements made by or on behalf of us, you should not place undue reliance on any such forward-looking statements. These statements are subject to risks and uncertainties, known and unknown, which could cause actual results and developments to differ materially from those expressed or implied in such statements. We have included important factors in the cautionary statements included in this Annual Report, particularly those identified in Part I, Item 1A, "Risk Factors" of this Annual Report, that could cause actual results or events to differ materially from forward-looking statements. These and other risks may also be detailed and modified or updated in our reports and other documents filed with the Securities and Exchange Commission ("SEC") from time to time. You are encouraged to read these filings as they are made.

We cannot guarantee future results, events, level of activity, performance or achievement. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Overview

We are a clinical-stage biotechnology company focused on the discovery, development and commercialization of recombinant nanoparticle vaccines and adjuvants. Using innovative proprietary recombinant nanoparticle vaccine technology, we produce vaccine candidates to efficiently and effectively respond to both known and emerging disease threats. Our vaccine candidates are genetically engineered three-dimensional nanostructures that incorporate recombinant proteins critical to disease pathogenesis and

may elicit differentiated immune responses, which may be more efficacious than naturally occurring immunity or traditional vaccine. Our product pipeline targets a variety of infectious diseases, with clinical vaccine candidates against respiratory syncytial virus ("RSV"), influenza and Ebola virus ("EBOV"), and preclinical programs for other infectious disease vaccine candidates.

We are also developing immune stimulating saponin-based adjuvants through our wholly owned Swedish subsidiary, Novavax AB. Our lead adjuvant, Matrix-M™, has been shown to enhance immune responses and was well-tolerated in multiple clinical trials that we have conducted.

Product Pipeline

Our product pipeline includes vaccine candidates engineered to elicit differentiated immune responses with the potential to provide increased protection. Our nanoparticle technology targets antigens with conserved epitopes essential for viral function. Our vaccine technology has the potential to be applied broadly to a wide variety of human infectious diseases.

Program	Current Development Stage
Respiratory Syncytial Virus ("RSV")	
• Infants via Maternal Immunization*	Phase 3
• Older Adults	Phase 2
• Pediatrics	Phase 1
Nanoparticle Influenza ("NanoFlu")	Phase 1/2
Combination Influenza/RSV	Preclinical
Emerging Viruses	
• Ebola Virus ("EBOV")	Phase 1
• Zika Virus ("ZIKV")	Preclinical

* Supported by the $89.1 million grant from BMGF

A current summary of our significant research and development programs and status of the related product candidates in development follows:

Respiratory Syncytial Virus

We have identified three susceptible target populations that could benefit from the development of our respiratory syncytial virus fusion (F) protein nanoparticle vaccine candidate ("RSV F Vaccine") in different formulations: infants via maternal immunization, older adults (60 years of age and older) and children six months to five years of age ("pediatrics"). We believe our RSV F Vaccine represents a multi-billion dollar revenue opportunity, worldwide. Currently, there is no approved RSV vaccine available.

Repeat infection and lifelong susceptibility to RSV are common and we currently estimate the global cost burden of RSV to be in excess of $88 billion.[1] Despite decades of effort to develop an RSV vaccine, there are currently no licensed vaccines. We made a breakthrough in developing a vaccine that targets the fusion protein, or F-protein, of the virus. The F-protein has highly conserved amino acid sequences, called antigenic sites, which we believe are ideal vaccine targets. We genetically engineered a novel F-protein antigen resulting in enhanced immunogenicity by exposing a number of these antigenic sites. The Novavax RSV F Vaccine assembles into a recombinant protein nanoparticle optimized for F-protein antigen presentation. We are seeking to bring the first RSV vaccine to market to combat the 64 million RSV infections that occur globally each year.[2,3]

1 Estimated value of life lost, future health implications and lost earnings; preliminary data based on Novavax research of available epidemiology and health outcomes data

2 Nair, H., *et al*., (2010) Lancet. 375: 1545-1555

3 WHO Acute Respiratory Infections September 2009 Update: http://apps.who.int/vaccine_research/diseases/ari/en/index2.html

RSV Infants via Maternal Immunization Program

Burden of Disease

RSV is the most common cause of lower respiratory tract infections and the leading viral cause of severe lower respiratory tract disease in infants and young children worldwide.[4,5] In the U.S., RSV is the leading cause of hospitalization of infants, and globally, is second only to malaria as a cause of death in children under one year of age.[6,7] Despite the induction of post-infection immunity, repeat infection and lifelong susceptibility to RSV is common.[8,9]

Clinical Trial Update

Prepare Phase 3 Trial (Ongoing)

We initiated Prepare™, a global pivotal Phase 3 clinical trial of our RSV F Vaccine, using aluminum phosphate as an adjuvant, in approximately 4,600 healthy pregnant women in December 2015. The primary objective of the Prepare trial is to determine the efficacy of maternal immunization with the RSV F Vaccine against symptomatic RSV lower respiratory tract infection with objective measures of medical significance in infants through a minimum of the first 90 days of life and up to the first six months of life.

The Prepare trial utilizes a group sequential design. We will initiate a prescribed interim efficacy analysis when we have approximately 4,600 enrolled women, currently expected in mid-2018, and report results from this interim analysis, expected in early 2019. Assuming successful interim analysis results, the trial would be concluded without further enrollment. In 2017, with approximately 1,300 participants in the Prepare trial, we conducted an informational analysis that provided a positive indication of our vaccine's potential efficacy (between 45% and 100%[10]), further de-risking this important program. These results have allowed us to make go-forward decisions relating to various program-related activities.

The Prepare trial is supported by a grant (the "Grant") of up to $89.1 million from BMGF. The Grant supports development activities, product licensing efforts and World Health Organization ("WHO") prequalification of our RSV F Vaccine. In 2015, along with the Grant agreement (the "Grant Agreement"), we concurrently entered into a Global Access Commitments Agreement with BMGF, under which we agreed to make a certain amount of the RSV F Vaccine available and accessible at affordable pricing to people in certain low and middle income countries.

Phase 2 Safety and Immunogenicity Trial (Completed)

In September 2015, we announced positive top-line data from our Phase 2 clinical trial of our RSV F Vaccine in 50 healthy pregnant women and their infants. This clinical trial evaluated the safety and immunogenicity of our RSV F Vaccine in pregnant women in their third trimester, and assessed the transplacental transfer of maternal antibodies induced by the vaccine. The trial also examined the impact of maternal immunization on infant safety during the first year of life and RSV-specific antibody levels through the infants' first six months of life. Immunized women demonstrated a geometric mean 14-fold rise in anti-F IgG, a 29-fold rise in palivizumab-competing antibodies and 2.7 and 2.1-fold rises in microneutralization titers against RSV/A and RSV/B, respectively. In contrast, women who received placebo demonstrated no significant change in antibody levels. The infants' antibody levels at delivery averaged 90-100% of the mothers' levels, indicating efficient transplacental transfer of antibodies from mother to infant. The estimated half-lives of infant PCA, anti-F IgG, and RSV/A and RSV/B microneutralizing antibodies, based on data through day 60, were 41, 30, 36 and 34 days, respectively.

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4 Nair, H., *et al*., (2010) Lancet. 375:1545-1555
5 CDC: https://www.cdc.gov/rsv/research/us-surveillance.html
6 Hall, C.B. *et al*. (2013) Pediatrics; 132(2):E341-348
7 Oxford Vaccine Group: http://www.ovg.ox.ac.uk/rsv
8 Glezen, W.P. *et al*. (1986) Am J Dis Child; 140:543-546
9 Glenn, G.M. *et al*. (2016) JID; 213(3):411-12
10 Assumes 2:1 randomization

Fast Track Designation

The FDA granted Fast Track designation to our RSV F Vaccine for protection of infants via maternal immunization. Fast Track designation is intended for products that treat serious or life-threatening diseases or conditions, and that demonstrate the potential to address unmet medical needs for such diseases or conditions. The program is designed to facilitate development and expedite review of drugs to treat serious and life-threatening conditions so that approved products can reach the market expeditiously.

RSV Older Adults Program

Burden of Disease

Older adults (60 years of age and older) are at increased risk for RSV disease due to immunosenescence, the age-related decline in the human immune system. In this population, RSV is an important respiratory virus, distinct from influenza, which is frequently responsible for serious lower respiratory tract disease and may lead to hospitalization or even death. Additionally, RSV infection can lead to exacerbation of underlying co-morbidities such as chronic obstructive pulmonary disease ("COPD"), asthma and congestive heart failure. In the U.S., the incidence rate is approximately 2.5 million infections per year, and RSV is increasingly recognized as a significant cause of morbidity and mortality in the population of 64 million older adults.[11,12] Based on our analysis of published literature applied to 2014 U.S. population estimates, the disease causes 207,000 hospitalizations and 16,000 deaths among adults older than 65.[13,14] Annually, we estimate that there are approximately 900,000 medical interventions directly caused by RSV disease across all populations.[15,16]

Clinical Trial Updates and Analyses

Phase 2 (E-205) Safety and Immunogenicity Clinical Trial (Completed)

In July 2017, we announced positive top-line data from our Phase 2 clinical trial of our RSV F Vaccine in older adults known as E-205. The objective of the E-205 trial was to assess safety and immunogenicity to one and two dose regimens of the RSV F Vaccine, with and without aluminum phosphate or our proprietary Matrix-M adjuvant, in older adults. The trial was a randomized, observer-blinded, placebo-controlled trial which enrolled 300 older adults in the Southern Hemisphere. Participants were enrolled and vaccinated outside of the RSV season to best assess immunogenicity. Immunogenicity results indicated both aluminum phosphate and Matrix-M adjuvants increased the magnitude, duration and quality of the immune response relative to RSV F antigen alone. All formulations and regimens were safe and well-tolerated. The data support the inclusion of adjuvanted formulations of our RSV F Vaccine in future older adult trials, although we do not currently expect to initiate such trials in 2018 without additional funding.

Further Analyses of Prior Clinical Trials

Following the September 2016 announcement of top-line results of Resolve™, our Phase 3 clinical trial of our RSV F Vaccine in older adults conducted during the 2015-16 RSV season in the U.S., we conducted multiple analyses on the clinical data from the Resolve trial, as well as the other completed Phase 2 clinical trials conducted in older adults. Our analyses of these clinical trials sought to better understand their results. More detailed descriptions of each of these RSV older adult clinical trials are found under "Clinical Trial Updates and Analyses" below; the trials are named and briefly described in the following table:

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[11] Falsey, A.R. *et al.* (2005) NEJM. 352:1749-59 extrapolated to 2015 census population
[12] Falsey, A.R. *et al.* (1995) JID. 172:389-94
[13] Falsey, A.R. *et al.* (2005) NEJM. 352:1749-59 extrapolated to 2015 census population
[14] W.W. Thompson et al. Mortality associated with influenza and respiratory syncytial virus in the United States. JAMA 2003; 289(2): 179-186
[15] K. Widmer *et al*. Rates of hospitalizations for respiratory syncytial virus, human metapneumovirus, and influenza virus in older adults. J Infect Dis. 2012; 206: 56-62
[16] K. Widmer *et al*. Respiratory syncytial virus & human metapneumovirus-associated emergency department and hospital burden in adults. Influenza and Other Respiratory Viruses. 2014; 8(3): 347-352.

Clinical Trial Name	Phase	Description	Conducted	Participants (#)
E-201	Phase 2	Efficacy in prevention of all symptomatic RSV disease	2014-15 RSV season	1,600
Resolve (or E-301)	Phase 3	Efficacy in prevention of msLRTD	2015-16 RSV season	11,856
E-202 Rollover	Phase 2	Immunogenicity in response to serial immunization after E-201	2015-16 RSV season	1,329
E-205	Phase 2	Immunogenicity in one or two doses, with or without adjuvant	2017	300

We have found that seasonal variation in attack rate, meaning the incidence of infectious disease in an at-risk population, may have a large impact on demonstrating vaccine efficacy in a particular year. Lower attack rates may mean that either the virus is less common in a given season, or alternatively, that the population being studied has increased intrinsic resistance in that season due to a variety of potential factors such as recent prior exposure. In our E-201 trial, we witnessed a high attack rate and showed a clear demonstration of efficacy. In our Resolve trial the following year, we observed a primary endpoint attack rate of only one-fourth that of the previous season. This scenario represents a conundrum that influenza vaccine developers have experienced for decades: "low attack rate" influenza seasons make it very difficult to demonstrate vaccine efficacy.

Additional further analyses of the Resolve trial data indicate that our RSV F Vaccine was associated with a 61% reduction in hospitalizations due to COPD exacerbations, and the same analysis of the E-201 trial showed a similar signal, supporting this finding. We believe that such higher-risk patients represent an unmet medical need with a significant healthcare cost burden that could potentially be addressed by such a vaccine.

Resolve (E-301) Phase 3 Trial (Completed)

In September 2016, we announced top-line data from our Resolve trial. Resolve was a randomized, observer-blinded, placebo-controlled trial that began in November 2015, and was fully enrolled with 11,856 older adults at 60 sites in the U.S. by December 2015. The trial did not meet its pre-specified primary or secondary efficacy objectives and did not demonstrate vaccine efficacy. The primary objective of the Resolve trial was to demonstrate efficacy in the prevention of moderate-severe RSV ("msLRTD"), as defined by the presence of multiple lower respiratory tract symptoms. The secondary objective of the trial was to demonstrate efficacy of the RSV F Vaccine in reducing the incidence of all symptomatic respiratory disease due to RSV ARD. The trial also evaluated the safety of an unadjuvanted, 135 microgram dose of the RSV F Vaccine compared to placebo. Consistent with our previous clinical experience, the vaccine was well-tolerated.

Phase 2 (E-202) Rollover Trial (Completed)

In September 2016, we announced positive top-line data from our E-202 rollover trial of our RSV F Vaccine in older adults. The trial was a randomized, observer-blinded, placebo-controlled rollover trial, which enrolled 1,329 older adults from our prior E-201 trial, conducted at the same 10 sites in the U.S. as the E-201 trial. The primary objectives of the trial were to evaluate safety and serum anti-F IgG antibody concentrations in response to immunization with the RSV F Vaccine. The exploratory objectives of the trial evaluated the efficacy of a second annual dose of the RSV F Vaccine in the prevention of RSV ARD and RSV msLRTD. Participants previously randomized to receive 135 microgram RSV F Vaccine or placebo were re-enrolled and re-randomized to receive either 135 microgram RSV F Vaccine or placebo. This trial design resulted in four separate trial arms: a) participants receiving a placebo in both the first trial and second trial ("Placebo-Placebo"); b) participants receiving RSV F Vaccine in the first trial and placebo in the second trial ("Vaccine-Placebo"); c) participants receiving placebo in the first trial and RSV F Vaccine in the second trial ("Placebo-Vaccine"); and d) participants receiving RSV F Vaccine in both the first trial and second trial ("Vaccine-Vaccine").

The E-202 rollover trial demonstrated immunogenicity in all active vaccine recipients, with a 6-fold increase in anti-F IgG in the Placebo-Vaccine arm, consistent with the E-201 trial. There was higher anti-F IgG at

baseline in the Vaccine-Vaccine arm compared to the Placebo-Vaccine arm and the Vaccine-Vaccine arm showed a greater than 2-fold increase in anti-F IgG from the higher baseline.

Phase 2 (E-201) Trial in Older Adults (Completed)

In August 2015, we announced positive top-line data from our E-201 trial of our RSV F Vaccine in 1,600 older adults. The E-201 trial was designed to prospectively examine the incidence of all symptomatic respiratory illnesses associated with RSV infection, in community-living older adults who were treated with placebo. The trial also evaluated safety and immunogenicity of our RSV F Vaccine compared to placebo. Finally, the trial estimated the efficacy of our RSV F Vaccine in reducing the incidence of respiratory illness due to RSV. The trial was the first to demonstrate efficacy of an active RSV immunization in any clinical trial population. In the per protocol population, the clinical trial showed statistically significant vaccine efficacy in prevention of all symptomatic RSV disease (41%) and, in an ad hoc analysis, showed a decrease in RSV disease with any symptoms of lower respiratory tract infection (45%) in older adults. The clinical trial established an attack rate for symptomatic RSV disease of 4.9% in older adults, 95% of which included lower respiratory track symptoms. Efficacy against more severe RSV illness, defined by the presence of multiple lower respiratory tract symptoms or signs associated with difficulty breathing, was 64% in ad hoc analyses.

RSV Pediatrics Program

Burden of Disease

There are currently approximately 18 million children in the U.S. between six months and five years of age.[17] By the age of five, essentially all children will have been exposed to RSV and will likely have developed natural immunity against the virus, thus decreasing the rate of severe disease in these children. In the U.S., RSV is responsible for approximately 57,000 hospitalizations of children under five years of age annually, the vast majority of which occur in infants less than one year old, and especially those under six months of age.[18,19,20,21,22]

Clinical Trial Update

In September 2015, we announced positive top-line data from our Phase 1 clinical trial of our RSV F Vaccine in healthy children between two and six years of age. This clinical trial evaluated the safety and immunogenicity of our RSV F Vaccine, with one or two doses, with or without aluminum phosphate adjuvant. Trial enrollment was concluded with a smaller than planned cohort so that dosing could be completed ahead of the 2014-15 RSV season. The vaccine was well-tolerated and serum samples collected from a subset of 18 immunized children in the per-protocol population, demonstrated that the RSV F Vaccine was highly immunogenic at all formulations and regimens. There were greater than 10-fold increases in both anti-F IgG and PCA antibody titers in the adjuvanted group and greater than 6-fold increases in anti-F IgG and PCA antibody titers in the unadjuvanted group. Development of our RSV F Vaccine for pediatrics would likely follow successful development of our RSV F Vaccine for maternal immunization.

Influenza

Burden of Disease

Influenza is a world-wide infectious disease that causes illness in humans ranging from mild to life-threatening symptoms or even death. Serious illness occurs not only in susceptible populations such as pediatrics and older adults, but also in the general population largely because of infection by unique strains

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17 U.S. Census. www.census.go/population/international/data/idb/informationGateway.php
18 Stockman, L.J. *et al* (2012) Pediatr Infect Dis J. 31: 5-9
19 CDC update May 5, 2015. http://www.cdc.gov/rsv/research/us-surveillance.html
20 Boyce, T.G. *et al* (2000) Pediatrics; 137: 865-870
21 Hall, C.B. *et al* (2009) NEJM; 360(6): 588-98
22 Hall, C.B. *et al* (2013) Pediatrics; 132(2): E341-8

of influenza for which most humans have not developed protective antibodies. Current estimates for seasonal influenza vaccine growth in the top seven markets (U.S., Japan, France, Germany, Italy, Spain and UK), show a potential increase from approximately $3.2 billion in the 2012-13 season to $5.3 billion by the 2021-22 season.[23]

The Advisory Committee for Immunization Practices of the Center for Disease Control and Prevention ("CDC") recommends that all persons aged six months and older be vaccinated annually against seasonal influenza. Influenza is a major burden on public health worldwide: an estimated one million deaths each year are attributed to influenza.[24] It is further estimated that, each year, influenza attacks between 5% and 10% of adults and 20% to 30% of children, causing significant levels of illness, hospitalization and death.[25] One important advantage of recombinant seasonal influenza vaccines, like the candidate we are developing, is that once licensed for commercial sale, large quantities of such vaccine could potentially be manufactured quickly and in a cost-effective manner, without the use of either live influenza virus or eggs. Our recombinant influenza nanoparticles also can display conserved antigenic regions, which have the potential to elicit broadly neutralizing antibodies that appear to protect against a range of "drifted" strains, or influenza strains in which, over time, the hemagglutinin antigen undergoes an accumulation of genetic mutations at the hemagglutinin antigen sites that bind with neutralizing antibodies, potentially resulting in reduced protection of those antibodies. Additionally, nanoparticles offer improved purity and manufacturability and advantages for co-formulation with other nanoparticle-based vaccines.

Clinical Trial Update

In February 2018, we reported positive top-line results from our Phase 1/2 clinical trial of our nanoparticle seasonal influenza vaccine candidate, including our proprietary Matrix-M adjuvant ("NanoFlu™ vaccine"), in older adults that was initiated in September 2017. The trial was a randomized, observer-blinded, active comparator-controlled trial in approximately 330 healthy older adults. The primary objective of the trial was to assess the safety and immunogenicity of two concentrations (15 micrograms or 60 micrograms) of NanoFlu vaccine compared to the leading licensed egg-based, high-dose influenza vaccine for older adults ("IIV3-HD"). Key findings from the trial include that NanoFlu vaccine induced:

- Significantly higher hemagglutination inhibition ("HAI") antibody responses against homologous H1N1 and H3N2 influenza viruses and comparable HAI responses against the homologous B/Brisbane strain;
- Significantly higher HAI immune responses against historic and forward-drifted H3N2 virus strains; and
- Strong neutralizing antibody responses that correlate with HAI results.

Overall, NanoFlu vaccine was well-tolerated over the three-week trial period. Given the strength of these trial results, we have submitted for publication in a peer-reviewed medical journal and/or for presentation at an upcoming scientific meeting. Based on these results, we expect to begin a Phase 2 trial of our NanoFlu vaccine in the third quarter of 2018.

Preclinical Analyses

Preclinical data in which NanoFlu was compared in a head-to-head challenge study against IIV3-HD, as well as IIV3-SD (standard dose) seasonal influenza vaccine, was announced in August 2017 and provided a strong rationale for the initiation of the Phase 1/2 trial. Our NanoFlu vaccine demonstrated significantly stronger and broader immune responses (microneutralizing antibodies) against homologous and heterologous influenza strains, including a series of drifted H3N2 strains evolved across over more than a decade of influenza seasons. In this preclinical challenge study, we showed that our NanoFlu vaccine was more protective than the licensed comparator vaccines against both a homologous H3N2 virus and a ten-year old drifted H3N2 strain. In parallel, we announced the achievement of significant improvements in manufacturing yields and product purity.

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[23] Influenza Vaccines Forecasts. Datamonitor (2013)
[24] Resolution of the World Health Assembly. (2003) WHA56.19. 28
[25] WHO position paper (2012) Weekly Epidemiol Record; 87(47): 461-76

Emerging Viruses

Ebola Virus

EBOV, formerly known as Ebola hemorrhagic fever, is a severe, often fatal illness in humans. Multiple strains of EBOV have been identified, the most recent of which, the Makona EBOV strain, is associated with a case fatality rate of 50% to 90%.[26] There are currently no licensed treatments proven to neutralize the virus, but a range of blood, immunological and drug therapies are under development. Despite the development of such therapies, current vaccine approaches target either a previous strain of the virus or were initially developed to be delivered by genetic vectors. In contrast, our EBOV glycoprotein vaccine candidate ("Ebola GP Vaccine") was developed using the Makona EBOV strain.

In July 2015, we announced positive top-line data from our Phase 1 clinical trial of our Ebola GP Vaccine in ascending doses, with and without our Matrix-M adjuvant, in 230 healthy adults. Participants received either one or two intramuscular injections ranging from 6.5 micrograms to 50 micrograms of antigen, with or without adjuvant, or placebo. Immunogenicity was assessed at multiple time points, including days 28 and 35. These Phase 1 data demonstrated that our Ebola GP Vaccine is highly immunogenic, well-tolerated and, in conjunction with our proprietary Matrix-M adjuvant, resulted in significant antigen dose-sparing. The adjuvanted Ebola GP Vaccine was highly immunogenic at all dose levels; the adjuvanted two-dose regimens induced Ebola anti-GP antibody geometric mean responses between 45,000 and 70,000 ELISA units, representing a 500 to 750-fold rise over baseline at day 35. In 2015, we also announced successful data from two separate non-human primate challenge studies of our Ebola GP Vaccine in which, in both cases, the challenge was lethal for the control animal, whereas 100% of the immunized animals were protected.

Zika Virus

We initiated development of a vaccine against the Zika virus ("ZIKV") in response to the unmet global medical need for a response to this serious disease. The subsequent evolving epidemiology of ZIKV, which saw significant reductions in cases both in the U.S. and around the world in 2017, along with the uncertainty of governmental and non-governmental organization funding, has caused us to suspend these development efforts in lieu of competing resources and corporate priorities around more promising product development.

Combination Respiratory Vaccine

Given the ongoing development of our RSV F Vaccine and our desire to develop a combination respiratory vaccine with the potential to protect against both RSV and seasonal influenza, we made the decision to shift our seasonal influenza vaccine development focus from VLP-based seasonal influenza vaccines to nanoparticle-based seasonal influenza vaccines. We remain confident that a combination nanoparticle vaccine against both RSV and influenza is feasible.

CPLB Joint Venture (India)

CPL Biologicals Private Limited ("CPLB"), our joint venture company with Cadila Pharmaceuticals Limited ("Cadila") in India, is actively developing a number of vaccine candidates that were genetically engineered by us. CPLB is owned 20% by us and 80% by Cadila. CPLB operates a manufacturing facility in India for the production of vaccines.

Seasonal Influenza

Since 2016, CPLB has been marketing CadiFlu-S, its trivalent VLP influenza vaccine in India, with limited sales in 2017 and expected in 2018.

Rabies

In October 2016, CPLB initiated its Phase 3 clinical trial in India of a recombinant rabies G protein vaccine candidate that can be administered in prophylactic regimens, both pre and post-exposure. The post-exposure regimen has the potential to use fewer doses (three doses) than the current standard of care (five doses). Data from the trial are expected in 2018.

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[26] WHO: http://www.who.int/mediacentre/factsheets/fs103/en/

Sales of Common Stock

In January 2017, we entered into an At Market Issuance Sales Agreement ("January 2017 Sales Agreement"), which allowed us to issue and sell up to $75 million in gross proceeds of our common stock. During 2017, we sold 50.9 million shares of common stock under the January 2017 Sales Agreement resulting in $63.4 million in net proceeds at a weighted average sales price of $1.27 per share. From January 1 through January 17, 2018, we sold 6.8 million shares of common stock resulting in $10.3 million in net proceeds. The January 2017 Sales Agreement was fully utilized at that time.

In December 2017, we entered into an At Market Issuance Sales Agreement ("December 2017 Sales Agreement"), which allows us to issue and sell up to $75 million in gross proceeds of our common stock. From January 17, 2018 through March 9, 2018, we sold 12.7 million shares of common stock resulting in $26.0 million in net proceeds, leaving $48.6 million remaining.

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, assumptions 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 revenue, the valuation of our marketable securities, stock-based compensation, long-lived assets and goodwill have a material impact on our consolidated 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.

Revenue

We recognize revenue under research contracts when a contract has been executed, the contract price is fixed or determinable, delivery of services or products has occurred and collection of the contract price is reasonably assured. Payments received in advance of work performed are recorded as deferred revenue and losses on contracts, if any, are recognized in the period in which they become known.

We have historically performed research and development for U.S. Government agencies under cost reimbursable fixed-fee contracts. Under such cost reimbursable fixed-fee contracts, we were reimbursed and recognized revenue as allowable costs were incurred plus a portion of the fixed-fee earned. We consider fixed-fees under cost reimbursable contracts to be earned in proportion to the allowable costs incurred in performance of the work as compared to total estimated contract costs, with such costs incurred representing a reasonable measurement of the proportional performance of the work completed. Under our HHS BARDA contract, certain activities were pre-approved by HHS BARDA in order for their costs to be deemed allowable direct costs. Direct costs incurred under cost reimbursable contracts are recorded as research and development expenses. Payments to us under cost reimbursable contracts, such as the HHS BARDA contract, are provisional payments subject to adjustment upon audit by the government. An audit of indirect rates by the U.S. government for the years ended December 31, 2011 and 2012 was completed in the first quarter of 2014, which resulted in $7.7 million revenue recognized in 2015 relating to the recovery of additional costs for the settlement of indirect rates for such years as collection of the amount became reasonably assured. An audit of indirect rates for the years ended December 31, 2013 and 2014 was completed in the first quarter of 2017. When the final determination of the additional costs for the years ended December 31, 2013 and 2014 has been made, and such amount is known and collection of the amount is reasonably assured, revenue and billings will be adjusted accordingly.

Under our Grant Agreement with BMGF, we are reimbursed for certain costs that support development activities, including our global Phase 3 clinical trial in pregnant women in their third trimester, product licensing efforts and efforts to obtain WHO prequalification of our RSV F Vaccine. Payments received under the Grant Agreement are deferred and recognized as revenue when research and development activities are performed. We analyze grant agreements to determine whether the payments received should be recorded as revenue or as a reduction to research and development expenses. In reaching this determination, management considers a number of factors, including whether we are the principal under the arrangement, and whether the arrangement is significant to, and part of, our core operations. Historically, payments received under grant agreements have been recognized as revenue since we act as a principal in the arrangement and the activities are core to our operations.

Revenue associated with upfront payments under arrangements is recognized over the contract term or when all obligations associated with the upfront payment have been satisfied.

Marketable Securities

Our marketable securities are classified as available-for-sale securities and are carried at fair value. Unrealized gains and losses on these securities, if determined not to be "other-than-temporary," are included in accumulated other comprehensive income (loss) in stockholders' deficit. Investments are evaluated periodically to determine whether a decline in value is "other-than-temporary." 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 statements of operations. For marketable securities carried at fair value, we disclose the level within the fair value hierarchy as prescribed by Accounting Standard Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures*. We evaluate the types of securities in our investment portfolio to determine the proper classification in the fair value hierarchy based on trading activity and market inputs. We generally obtain information from an independent third-party to help us determine the fair value of securities in Level 2 of the fair value hierarchy. Investment income is recorded when earned and included in investment income.

Stock-Based Compensation

We account for our stock-based compensation under our equity compensation plans in accordance with ASC Topic 718, *Compensation-Stock Compensation*. This standard requires us to measure the cost of employee services received in exchange for equity awards based on the grant-date fair value of the award. 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 an expense on a straight-line basis over the requisite service period for those awards expected to vest. 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 common stock and the expected term of the award. Our estimate of the expected volatility is based on historical volatility over the look-back period corresponding to the expected term. The expected term represents the period during which our stock-based awards are expected to be outstanding. We estimate 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. 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 equity awards are made and adjusted for cancellations.

Impairments of Long-Lived Assets

We account for the impairment of long-lived assets (including finite-lived intangible assets) by performing an evaluation of the recoverability of the carrying value of long-lived asset (group) whenever events or changes in circumstances indicate that the carrying value of the asset (group) may not be recoverable. Examples of events or changes in circumstances that indicate that the recoverability of the carrying value of an asset (group) 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 (group) in relation to the operating performance of the business and future undiscounted cash flows expected to result from the use of these asset (groups). Impairment losses are recognized when the sum of expected future cash flows is less than the assets' (group's) carrying value.

Goodwill

Goodwill is subject to impairment tests annually or more frequently should indicators of impairment arise. The Company has determined since its only business is the development of recombinant vaccines that it operates as a single operating segment and has one reporting unit. The Company primarily utilizes the market approach and, if considered necessary, the income approach to determine if it has an impairment of its goodwill. The market approach is based on market value of invested capital. To ensure that the Company's capital stock is the appropriate measurement of fair value, the Company considers factors such as its trading volume, diversity of investors and analyst coverage. If considered necessary, the income approach is used as a confirming look to the market approach. Goodwill impairment may exist if the carrying value of the reporting unit exceeds its estimated fair value. If the carrying value of the reporting unit exceeds its fair value, step two of the impairment analysis is performed. In step two of the analysis, an impairment loss is recorded equal to the excess of the carrying value of the reporting unit's goodwill over its implied fair value, should such a circumstance arise.

At December 31, 2017 and 2016, the Company used the market approach to determine if the Company had an impairment of its goodwill. The fair value of the Company's single reporting unit was substantially higher than its carrying value, resulting in no impairment to goodwill at December 31, 2017 and 2016.

Recent Accounting Pronouncements

See "Note 3 — Summary of Significant Accounting Policies" included in our Notes to Consolidated Financial Statements (under the caption "*Recent Accounting Pronouncements*").

Results of Operations for Fiscal Years 2017, 2016 and 2015
(amounts in tables are presented in thousands, except per share information)

The following is a discussion of the historical financial condition and results of operations of Novavax, including Novavax AB's operations, and should be read in conjunction with the consolidated financial statements and notes thereto set forth in this Annual Report. Additional information concerning factors that could cause actual results to differ materially from those in our forward-looking statements is described under Part I, Item 1A, "Risk Factors" of this Annual Report.

Revenue:

	2017	2016	2015	Change 2016 to 2017	Change 2015 to 2016
Revenue:					
Total revenue	$31,176	$15,353	$36,250	$15,823	$(20,897)

Revenue for 2017 was $31.2 million as compared to $15.4 million for 2016, an increase of $15.8 million, or 103%. Revenue for 2017 and 2016 was primarily comprised of services performed under the Grant Agreement and to a much lesser extent, the HHS BARDA contract and revenue from Novavax AB. Revenue increased under the Grant Agreement in the amount of $18.8 million as a result of increased enrollment of participants in the Prepare trial, which was partially offset by $2.2 million in decreased revenue from services performed under the HHS BARDA contract, which expired in accordance with its terms in September 2016.

Revenue for 2016 was $15.4 million as compared to $36.3 million for 2015, a decrease of $20.9 million, or 58%. Revenue for 2016 and 2015 was primarily comprised of services performed under the Grant Agreement and the HHS BARDA contract, and to a much lesser extent, the PATH Vaccine Solutions clinical development agreement and revenue from Novavax AB. The decrease in revenue is primarily due to a reduction of revenue under the HHS BARDA contract of $31.2 million due to a lower level of activity during 2016 as compared to 2015, $7.7 million recognized in 2015 from the recovery of additional costs for the settlement of indirect rates for the years ended December 31, 2011 and 2012 and $3.1 million relating to our Phase 2 clinical trial of our quadrivalent seasonal influenza VLP vaccine candidate in Australia ("205 Trial") as collection of the amount became reasonably assured in 2015. This decrease in revenue was partially offset by an increase of $9.4 million in revenue recorded under the Grant Agreement relating to our ongoing RSV F Vaccine Phase 3 clinical trial for the protection of infants via maternal immunization.

We expect revenue in 2018 under the Grant Agreement to be higher than in 2017 as we continue to enroll participants in Prepare.

Expenses:

	2017	2016	2015	Change 2016 to 2017	Change 2015 to 2016
Expenses:					
Research and development	$168,435	$237,939	$162,644	$(69,504)	$75,295
General and administrative	34,451	46,527	30,842	(12,076)	15,685
Total expenses	$202,886	$284,466	$193,486	$(81,580)	$90,980

Research and Development Expenses

Research and development expenses include salaries, stock-based compensation, laboratory supplies, consultants and subcontractors, including external contract research organizations, and other expenses associated with our process development, manufacturing, clinical, regulatory and quality assurance activities for our programs. In addition, indirect costs such as fringe benefits and overhead expenses related to research and development activities, are also included in research and development expenses. Research and development expenses decreased to $168.4 million for 2017 from $237.9 million for 2016, a decrease of $69.5 million, or 29%. The decrease in research and development expenses was primarily due to reduced development activities of our RSV F Vaccine for older adults and lower employee-related costs. At December 31, 2017, we had 300 employees dedicated to our research and development programs versus 322 employees as of December 31, 2016. For 2018, we expect an increase in research and development expenses primarily due to higher anticipated costs to support product development of our RSV F Vaccine and other potential vaccine candidates.

Research and development expenses increased to $237.9 million for 2016 from $162.6 million for 2015, an increase of $75.3 million, or 46%. The increase in research and development expenses was primarily due to increased costs associated with our RSV F Vaccine clinical trials and higher employee-related costs, including increased non-cash stock-based compensation of $4.4 million.

Expenses by Functional Area

We track our research and development expenses by the type of costs incurred in identifying, developing, manufacturing and testing vaccine candidates. We evaluate and prioritize our activities according to functional area and therefore believe that project-by-project information would not form a reasonable basis for disclosure to our investors. Historically, we did not account for internal research and development expenses by project, since our employees' work time is spread across multiple programs and our internal manufacturing clean-room facility produces multiple vaccine candidates.

The following summarizes our research and development expenses by functional area for the years ended December 31, 2017, 2016 and 2015 (in millions).

	2017	2016	2015
Manufacturing	$ 81.6	$115.6	$ 81.2
Vaccine Discovery	5.5	6.1	6.2
Clinical and Regulatory	81.3	116.2	75.2
Total research and development expenses	$168.4	$237.9	$162.6

We do not provide forward-looking estimates of costs and time to complete our research programs due to the many uncertainties associated with vaccine development. As we obtain data from preclinical studies and clinical trials, we may elect to discontinue or delay clinical trials in order to focus our resources on more promising vaccine candidates. Completion of clinical trials may take several years or more, but the length of time can vary substantially depending upon the phase, size of clinical trial, primary and secondary endpoints and the intended use of the vaccine candidate. The cost of clinical trials may vary significantly over the life of a project as a result of a variety of factors, including:

- the number of participants who participate in the clinical trials;
- the number of sites included in the clinical trials;
- if clinical trial locations are domestic, international or both;
- the time to enroll participants;
- the duration of treatment and follow-up;
- the safety and efficacy profile of the vaccine candidate; and
- the cost and timing of, and the ability to secure, regulatory approvals.

As a result of these uncertainties, we are unable to determine with any significant degree of certainty the duration and completion costs of our research and development projects or when, and to what extent, we will generate future cash flows from our research projects.

General and Administrative Expenses

General and administrative expenses decreased to $34.5 million for 2017 from $46.5 million for 2016, a decrease of $12.1 million, or 26%. The decrease was primarily due to lower professional fees, including for pre-commercialization activities, and lower employee-related costs, as compared to 2016. At December 31, 2017, we had 48 employees dedicated to general and administrative functions versus 53 employees as of December 31, 2016. For 2018, we expect general and administrative expenses to increase primarily due to higher anticipated employee costs and professional fees.

General and administrative expenses increased to $46.5 million for 2016 from $30.8 million for 2015, an increase of $15.7 million, or 51%. The increase in general and administrative expenses was primarily due to higher employee-related costs driven by the administrative requirements needed to support our expanding research and development activities, and professional fees for pre-commercialization activities.

Other Income (Expense):

	2017	2016	2015	Change 2016 to 2017	Change 2015 to 2016
Other Income (Expense):					
Investment income	$ 1,946	$ 2,143	$ 660	$ (197)	$ 1,483
Interest expense	(14,072)	(12,965)	(241)	(1,107)	(12,724)
Other income (expense)	67	(31)	(120)	98	89
Total other income (expense), net	$(12,059)	$(10,853)	$ 299	$(1,206)	$(11,152)

We had total other expense, net of $12.1 million for 2017 compared to total other expense, net of $10.9 million for 2016, an increase of $1.2 million. Our interest expense increased due to the issuance of $325 million aggregate principal amount of convertible senior unsecured notes that will mature on February 1, 2023 (the "Notes") in the first quarter of 2016.

We had total other expense, net of $10.9 million for 2016 compared to total other income, net of $0.3 million for 2015, a decrease of $11.2 million. Our investment income increased in 2016 as compared to 2015 due to higher cash, cash equivalents and marketable securities balances. Our interest expense increased due to the issuance of the Notes in the first quarter of 2016.

Net Loss:

	2017	2016	2015	Change 2016 to 2017	Change 2015 to 2016
Net Loss:					
Net loss	$(183,769)	$(279,966)	$(156,937)	$96,197	$(123,029)
Net loss per share	$ (0.63)	$ (1.03)	$ (0.60)	$ 0.40	$ (0.43)
Weighted average shares outstanding	292,669	270,802	262,248	21,867	8,554

Net loss for 2017 was $183.8 million, or $0.63 per share, as compared to $280.0 million, or $1.03 per share, for 2016, a decreased net loss of $96.2 million. The decreased net loss was primarily due to lower research and development spending, including decreased costs relating to the clinical trials and development activities of our RSV F Vaccine, and lower overall employee-related costs, as compared to 2016.

Net loss for 2016 was $280.0 million, or $1.03 per share, as compared to $156.9 million, or $0.60 per share, for 2015, an increased net loss of $123.0 million. The increased net loss was primarily due to higher research and development spending relating to our RSV F Vaccine and overall higher employee-related costs as compared to 2015.

The increase in weighted average shares outstanding for 2017 and 2016 is primarily a result of sales of our common stock in 2017 and 2015.

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 preclinical and clinical testing, the time and costs involved in obtaining regulatory approvals, the costs of filing, prosecuting, defending and enforcing patent claims and other intellectual property rights and manufacturing costs. We plan to continue to have multiple vaccines and product candidates in various stages of development, and we believe our operating expenses and capital requirements will fluctuate depending upon the timing of events, such as the scope, initiation, rate and progress of our preclinical studies and clinical trials and other research and development activities. We have primarily funded our operations with proceeds from the sale of common stock in equity offerings, the issuance of convertible debt and revenue under our former contract with HHS BARDA and our current Grant Agreement with BMGF.

As of December 31, 2017, we had $157.3 million in cash and cash equivalents and marketable securities as compared to $235.5 million as of December 31, 2016. These amounts consisted of $106.3 million in cash and cash equivalents and $51.0 million in marketable securities as of December 31, 2017 as compared to $144.4 million in cash and cash equivalents and $91.1 million in marketable securities as of December 31, 2016.

The following table summarizes cash flows for 2017 and 2016 (in thousands):

	2017	2016	Change 2016 to 2017
Summary of Cash Flows:			
Net cash (used in) provided by:			
Operating activities	$(138,696)	$(255,467)	$ 116,771
Investing activities	35,968	28,017	7,951
Financing activities	64,540	279,030	(214,490)
Effect on exchange rate on cash and cash equivalents	142	(335)	477
Net (decrease) increase in cash and cash equivalents	(38,046)	51,245	(89,291)
Cash and cash equivalents at beginning of year	144,353	93,108	51,245
Cash and cash equivalents at end of year	$ 106,307	$ 144,353	$ (38,046)

Net cash used in operating activities decreased to $138.7 million for 2017, as compared to $255.5 million for 2016. The decrease in cash usage was primarily due to decreased costs relating to our RSV F Vaccine and lower overall employee-related costs.

During 2017 and 2016, our investing activities consisted primarily of purchases and maturities of marketable securities and capital expenditures. Capital expenditures for 2017 and 2016 were $4.2 million and $18.2 million, respectively. The decrease in capital expenditures was primarily due to reduced capital requirements based on our current operating plans. In 2018, we expect our level of capital expenditures to be consistent with our 2017 spending primarily due to the timelines being extended for the commercialization of our RSV F Vaccine.

Our financing activities consisted primarily of sales of our common stock, issuance of Notes, and to a much lesser extent, stock option exercises and purchases under our employee stock purchase plan. In 2017, we received net proceeds of $63.4 million from selling shares of common stock through our January 2017 Sales Agreement at a weighted average sales price of $1.27 per share. From January 1, 2018 through March 9, 2018, we sold an additional 19.4 million shares of commons stock through both our January 2017 and December 2017 Sales Agreements resulting in $36.3 million in net proceeds. In 2016, we received net proceeds of $276.5 million through the issuance of our Notes and payments of capped call transactions (see Note 9 to the consolidated financial statements included herewith).

In August 2015, we amended the lease for our facility located in Gaithersburg, Maryland to increase the amount of space leased by us to include the entire facility. Under the terms of the amended lease, the landlord provided us with a tenant improvement allowance of $3.9 million, which was fully funded at December 31, 2017. In May 2016, we entered into a new lease for a facility located in Gaithersburg, Maryland and under the terms of the lease the landlord provided us with a tenant improvement allowance of up to $9.6 million, and $1.2 million was funded at December 31, 2017. In January 2018, this new lease was terminated and we paid a termination fee to the landlord of $5.3 million in the first quarter of 2018, which we believe is less than the potential total lease and operating expense cash obligations that could have been incurred over one year.

In 2007, we entered into an agreement to license certain rights from Wyeth. The Wyeth license is a non-exclusive, worldwide license to a family of patents and patent applications covering VLP technology for use in human vaccines in certain fields, with expected patent expiration in early 2022. The Wyeth license provides for us to make an upfront payment (previously made), ongoing annual license fees, sublicense payments, milestone payments on certain development and commercialization activities and royalties on any product sales. Except in certain circumstances in which we continuously market multiple products in a

country within the same vaccine program, the milestone payments are one-time only payments applicable to each related vaccine program. At present, CPLB's recombinant trivalent seasonal VLP influenza vaccine ("CadiFlu") is the only program to which the Wyeth license applies. The license may be terminated by Wyeth only for cause and may be terminated by us only after we have provided ninety (90) days' notice that we have absolutely and finally ceased activity, including through any affiliate or sublicense, related to the manufacturing, development, marketing or sale of products covered by the license. In September 2015, we amended the license agreement with Wyeth. Among other things, the amendment restructured the $3 million milestone payment ("Milestone") owed as a result of CPLB's initiation of a Phase 3 clinical trial for CadiFlu in 2014. Under the amendment, the milestone payment, which has increased slightly over time, became due on December 31, 2017. The amendment also restructured the final milestone payment to apply to the initial seasonal influenza VLP vaccine candidate being developed outside India. Thus, the aggregate milestone payments for a seasonal influenza VLP vaccine candidate developed and commercialized was increased from $14 million to up to $15 million. In connection with the execution of the amendment, we agreed to pay a one-time only payment to Wyeth. The amendment also increased annual license maintenance fees associated with VLP vaccine candidates from $0.2 million to $0.3 million per year. Payments under the agreement to Wyeth as of December 31, 2017 aggregated $7.6 million. At December 31, 2017, the Milestone is recorded in accrued expenses on the consolidated balance sheet and is expected to be paid in the first quarter of 2018. The Milestone was recorded as a research and development expense in 2014.

Based on our most recent cash flow forecast, we believe our current capital, along with anticipated revenue under the Grant Agreement, is sufficient to fund our operating plans for a minimum of twelve months from the date that this Annual Report was filed. Additional capital may be required in the future to develop our vaccine candidates through clinical development, manufacturing and commercialization. We plan to meet such near term capital requirements primarily through cash and investments on hand, and a combination of equity and debt financings, collaborations, strategic alliances and marketing distribution or licensing arrangements and in the longer term, from revenue related to product sales, to the extent our product candidates receive marketing approval and can be commercialized. Our ability to obtain additional capital in the near term will likely be subject to various factors, including our ability to perform and thus generate revenue under the Grant Agreement, our overall business performance and market conditions.

Any capital raised by an equity offering or convertible securities has the potential to be substantially dilutive to the existing stockholders and any collaborations, strategic alliances and marketing distribution or licensing arrangements may require us to give up some or all rights to a product or technology at less than its full potential value. There can be no assurances that new financing will be available to us on commercially acceptable terms, if at all. If we are unable to perform under the Grant Agreement or obtain additional capital, we will assess our capital resources and may be required to delay, reduce the scope of, or eliminate one or more of our product research and development programs, and/or downsize our organization, including our general and administrative infrastructure.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2017 (in thousands):

Contractual Obligations:	Total	Less than One Year	1 – 3 Years	3 – 5 Years	More than 5 Years
Operating leases	$ 36,518	$ 6,695	$12,109	$10,913	$ 6,801
Convertible notes payable	325,000	—	—	—	325,000
Accrued milestone payment	4,000	4,000	—	—	—
Total contractual obligations	$365,518	$10,695	$12,109	$10,913	$331,801

See Note 9 to the consolidated financial statements included in the Annual Report regarding our convertible notes payable, which will mature on February 1, 2023. Our accrued milestone payment is the milestone payment incurred in 2014 under the Wyeth agreement, which is expected to be paid in the first quarter of 2018 (see above for further discussion).

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 preservation of capital, with the secondary objective of maximizing income. As of December 31, 2017, we had cash and cash equivalents of $106.3 million, marketable securities of $51.0 million, all of which are short-term in nature, and working capital of $129.6 million.

Our exposure to market risk is primarily confined to our investment portfolio. As of December 31, 2017, our investments were 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 marketable securities when they mature and the proceeds are reinvested into new marketable securities and, therefore, could impact our cash flows and results of operations.

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

We are headquartered in the U.S. where we conduct the vast majority of our business activities. We have one foreign consolidated subsidiary, Novavax AB, which is located in Sweden. A 10% decline in the exchange rate between the U.S. dollar and Swedish Krona would result in a decline of stockholders' deficit of approximately $2.9 million at December 31, 2017.

Our Notes have a fixed interest rate and we have no additional material debt. As such, we 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-27.

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

The term "disclosure controls and procedures" (defined in SEC Rule 13a-15(e)) refers to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported, within time periods specified in the rules and forms of the Securities and Exchange Commission. "Disclosure controls and procedures" include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

The Company's management, with the participation of the chief executive officer and the interim chief financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this Annual Report (the "Evaluation Date"). Based on that evaluation, the Company's chief executive officer and interim chief financial officer have concluded that, as of the Evaluation Date, such controls and procedures were effective at the reasonable assurance level.

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 accounting principles generally accepted in the United States ("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 an 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, 2017. In making this assessment, our management used the criteria set forth in the 2013 *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, 2017, our internal controls over financial reporting are effective based on those criteria.

Ernst & Young LLP has issued a report on our internal control over financial reporting. This report is included in the Reports of Independent Registered Public Accounting Firm in Item 15 (A) (1).

Changes in Internal Control over Financial Reporting

Our management, including our chief executive officer and interim chief financial officer, has evaluated any changes in our internal control over financial reporting that occurred during the quarterly period ended December 31, 2017, and has concluded that there was no change that occurred during the quarterly period ended December 31, 2017 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference from our definitive Proxy Statement for our 2018 Annual Meeting of Stockholders scheduled to be held in June 2018 (the "2018 Proxy Statement"). We expect to file the 2018 Proxy Statement within 120 days after the close of the fiscal year ended December 31, 2017.

Item 11. EXECUTIVE COMPENSATION

We incorporate herein by reference the information required by this item concerning executive compensation to be contained in the 2018 Proxy Statement.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

We incorporate herein by reference the information required by this item concerning security ownership of certain beneficial owners and management and related stockholder matters to be contained in the 2018 Proxy Statement.

The following table provides our equity compensation plan information as of December 31, 2017. Under these plans, our common stock may be issued upon the exercise of stock options and purchases under our Employee Stock Purchase Plan ("ESPP"). See also the information regarding our stock options and ESPP in Note 11 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]	46,494,649	$3.51	3,087,705
Equity compensation plans not approved by security holders	N/A	N/A	N/A

(1) Includes our 2015 Stock Incentive Plan, 2005 Stock Incentive Plan and ESPP.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

We incorporate herein by reference the information required by this item concerning certain related party transactions set forth in Note 15 to our consolidated financial statements included herewith. We incorporate herein by reference other information required by this item concerning certain other relationships and related transactions and director independence to be contained in the 2018 Proxy Statement.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

We incorporate herein by reference the information required by this item concerning principal accountant fees and services to be contained in the 2018 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 Financial Statements

(2) Financial Statement Schedules

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 granted for portions of exhibits marked with a double asterisk (**).

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

Exhibit Number	Description
3.1	Second Amended and Restated Certificate of Incorporation of the Registrant dated June 18, 2015 (Incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, filed on August 10, 2015)
3.2	Amended and Restated By-Laws of the Registrant (Incorporated by reference to Exhibit 3.2 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012, filed on March 12, 2013)
4.1	Specimen stock certificate for shares of common stock of the Registrant, par value $.01 per share (Incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form 10, File No. 0-26770, filed on September 14, 1995)
4.2	Registration Rights Agreement between Novavax, Inc. and Satellite Overseas (Holdings) Limited, dated March 31, 2009 (Incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, filed on May 11, 2009)
4.3	Indenture (including form of Notes) with respect to Novavax' 3.75% Convertible Senior Notes due 2023, dated as of January 29, 2016, between Novavax and The Bank of New York Mellon Trust Company, N.A., as trustee (Incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on January 29, 2016)

Exhibit Number	Description
10.1††	Novavax, Inc. Amended and Restated 2005 Stock Incentive Plan (Incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012, filed on March 12, 2013)
10.2††	Amendment to Amended and Restated 2005 Stock Incentive Plan (Incorporated by reference to Appendix 1 of the Registrant's Definitive Proxy Statement filed on April 30, 2014 in connection with the Annual Meeting held on June 12, 2014)
10.3††	Form of Non-Statutory Stock Option Award Agreement granted under the Novavax, Inc. Amended and Restated 2005 Stock Incentive Plan (Incorporated by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014, filed on February 27, 2015)
10.4††	Form of Incentive Stock Option Award Agreement granted under the Novavax, Inc. Amended and Restated 2005 Stock Incentive Plan (Incorporated by reference to Exhibit 10.5 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014, filed on February 27, 2015)
10.5††	Amended and Restated 2013 Employee Stock Purchase Plan (Incorporated by reference to Appendix B to the Registrant's Definitive Proxy Statement filed on April 20, 2016 in connection with the Annual Meeting held on June 9, 2016)
10.6††	Amended and Restated Novavax, Inc. 2015 Stock Incentive Plan (Incorporated by reference to Appendix A of the Registrant's Definitive Proxy Statement filed on April 28, 2017 in connection with the Annual Meeting held on June 15, 2017)
10.7††	Form of Non-Statutory Stock Option Award Agreement granted under the Novavax, Inc. 2015 Stock Incentive Plan (Incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, filed on August 10, 2015)
10.8††	Form of Incentive Stock Option Award Agreement granted under the Novavax, Inc. 2015 Stock Incentive Plan (Incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, filed on August 10, 2015)
10.9††	Form of Incentive Stock Option Award Agreement granted under the Novavax, Inc. 2015 Stock Incentive Plan (Incorporated by reference to Exhibit 10.9 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016, filed on February 27, 2017)
10.10††	Form of Incentive Stock Option Agreement granted under the Amended and Restated Novavax, Inc. 2015 Stock Incentive Plan (Performance- and Time-Based Vesting) (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on November 16, 2016)
10.11††	Form of Restricted Stock Award Agreement granted under the Novavax, Inc. 2015 Stock Incentive Plan (Incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, filed on August 10, 2015)
10.12††	Form of Director Deferred Fee Agreement (Incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015, filed on February 29, 2016)
10.13††	Employment Agreement between Novavax, Inc. and Stanley C. Erck, dated as of June 22, 2011 (Incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011, filed on August 9, 2011)
10.14††	Employment Agreement between Novavax, Inc. and Gregory M. Glenn dated July 1, 2010 (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on July 6, 2010)
10.15††	Employment Agreement between Novavax, Inc. and John A. Herrmann dated April 1, 2012 (Incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, filed on May 5, 2016)

Exhibit Number	Description
10.16††	Employment Agreement between Novavax, Inc. and John J. Trizzino dated March 3, 2014 (Incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, filed on May 5, 2016)
10.17††	Employment Agreement between Novavax, Inc. and Barclay A. Phillips dated June 24, 2013 (Incorporated by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K, filed on June 28, 2013)
10.18††	Consulting Agreement between Novavax, Inc. and Barclay A. Phillips, effective November 9, 2017 (Incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, filed on November 7, 2017)
10.19††	Novavax, Inc. Amended and Restated Change in Control Severance Benefit Plan (Incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016, filed on February 27, 2017)
10.20††	Form of Indemnification Agreement entered into between the Registrant and its directors and officers (Incorporated by reference to Exhibit 10.19 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2009, filed on March 16, 2010)
10.21	Lease Agreement for space at 9920 Belward Campus Drive between GP Rock One, LLC and Novavax, Inc., dated as of May 7, 2007 (Incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, filed on August 11, 2008)
10.22	First Amendment to Lease Agreement for space at 9920 Belward Campus Drive between GP Rock One, LLC and Novavax, Inc., dated as of May 30, 2008 (Incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, filed on August 11, 2008)
10.23	Second Amendment to Lease Agreement for space at 9920 Belward Campus Drive 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 Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, filed on August 11, 2008)
10.24	Third Amendment to Lease Agreement for space at 9920 Belward Campus Drive between BMR-9920 Belward Campus, LLC (formerly GP Rock One, LLC) and Novavax, Inc., dated February 29, 2016 (Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, filed on May 5, 2016)
10.25	Fourth Amendment to Lease Agreement for space at 9920 Belward Campus Drive between BMR-9920 Belward Campus, LLC (formerly GP Rock One, LLC) and Novavax, Inc., dated March 31, 2017 (Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, filed on May 8, 2017)
10.26	Lease Agreement for space at 20 Firstfield between ARE-20/22/1300 Firstfield Quince Orchard, LLC and Novavax, Inc., dated as of November 18, 2011 (Incorporated by reference to Exhibit 10.23 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2011, filed on March 14, 2012)
10.27	Lease Agreement for space at 22 Firstfield between ARE-20/22/1300 Firstfield Quince Orchard, LLC and Novavax, Inc., dated as of November 18, 2011 (Incorporated by reference to Exhibit 10.25 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2011, filed on March 14, 2012)
10.28	Deed of Lease for space at 21 Firstfield Road between Firstfield Holdco, LLC and Novavax, Inc., dated as of February 4, 2015 (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on August 21, 2015)
10.29	First Amendment to Deed of Lease for space at 21 Firstfield Road between Firstfield Holdco, LLC and Novavax, Inc., dated as of August 17, 2015 (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed on August 21, 2015)

Exhibit Number	Description
10.30	Second Amendment to Deed of Lease for space at 21 Firstfield Road between BMR-Firstfield LLC (formerly Firstfield Holdco, LLC) and Novavax, Inc., dated as of March 31, 2017 (Incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, filed on May 8, 2017)
10.31	Deed of Lease for space at 1201 Clopper Road between IP9 1201 Clopper Road, LLC and Novavax, Inc., dated May 3, 2016 (Incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, filed on May 5, 2016)
10.32	First Amendment to Deed of Lease for space at 1201 Clopper Road between IP9 1201 Clopper Road, LLC and Novavax, Inc., dated August 23, 2017 (Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, filed on November 7, 2017)
10.33**	Contract, effective as of February 24, 2011, between Novavax, Inc. and HHS/OS/ASPR/BARDA (Incorporated by reference to Exhibit 10.1 to the Registrant's Amendment No. 1 to the Registrant's Quarterly Report on Form 10-Q/A for the quarter ended on March 31, 2011, filed on November 4, 2011)
10.34**	Contract Amendment/Modification No. 5 between Novavax, Inc. and HHS/OS/ASPR/BARDA, dated February 21, 2014 (Incorporated by reference to Exhibit 10.25 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013, filed on March 12, 2014)
10.35**	Contract Amendment/Modification No. 6 between Novavax, Inc. and HHS/OS/ASPR/BARDA, dated September 22, 2014 (Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed on November 6, 2014)
10.36**	Contract Amendment/Modification No. 8 between Novavax, Inc. and HHS/OS/ASPR/BARDA, dated June 5, 2015 (Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, filed on August 10, 2015)
10.37**	License Agreement, dated July 5, 2007, between Novavax, Inc. and Wyeth Holdings Corporation (Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, filed on August 9, 2007)
10.38**	Amendment No. 1 to License Agreement, effective as of March 17, 2010, between Novavax, Inc. and Wyeth Holdings Corporation (Incorporated by reference to Exhibit 10.49 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, filed on August 6, 2010)
10.39**	Second Amendment to License Agreement between Wyeth Holdings LLC and Novavax, Inc., dated as of September 1, 2015 (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on September 8, 2015)
10.40	Stock Purchase Agreement between Novavax, Inc. and Satellite Overseas (Holdings) Limited, dated March 31, 2009 (Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, filed on May 11, 2009)
10.41**	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 Registrant'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 Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, filed on August 10, 2009)

Exhibit Number	Description
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 Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, filed on August 10, 2009)
10.44**	H1N1 License to Agreement between Novavax, Inc. and CPL Biologicals Private Limited, dated October 6, 2009 (Incorporated by reference to Exhibit 10.45 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2009, filed on March 16, 2010)
10.45**	Grant Agreement between Bill and Melinda Gates Foundation and Novavax, Inc., dated as of September 25, 2015 (Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, filed on November 9, 2015)
10.46**	Global Access Commitments Agreement between Bill and Melinda Gates Foundation and Novavax, Inc., dated as of September 25, 2015 (Incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, filed on November 9, 2015)
10.47	Base Call Option Transaction Confirmation, dated as of January 25, 2016, between Novavax and JPMorgan Chase Bank, National Association, London Branch (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on January 29, 2016)
10.48	Base Call Option Transaction Confirmation, dated as of January 25, 2016, between Novavax and Morgan Stanley & Co. LLC (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed on January 29, 2016)
10.49	Additional Base Call Option Transaction Confirmation, dated as of February 2, 2016, between Novavax and JPMorgan Chase Bank, National Association, London Branch (Incorporated by reference to Exhibit 10.51 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015, filed on February 29, 2016)
10.50	Additional Base Call Option Transaction Confirmation, dated as of February 2, 2016, between Novavax and Morgan Stanley & Co. LLC (Incorporated by reference to Exhibit 10.52 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015, filed on February 29, 2016)
14	Code of Business Conduct and Ethics (Incorporated by reference to Exhibit 14 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011, filed on August 9, 2011)
21*	Subsidiaries of the Registrant
23.1*	Consent of Ernst & Young 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 Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from our Annual Report on Form 10-K for the year ended December 31, 2017, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets as of December 31, 2017 and 2016, (ii) the Consolidated Statements of Operations for the three years in the period ended December 31, 2017, (iii) the Consolidated Statements of Comprehensive Loss for the three years in the period ended December 31, 2017, (iv) the Consolidated Statements of Changes in Stockholders' Equity (Deficit) for the three years in the period ended December 31, 2017, (v) the Consolidated Statements of Cash Flows for the three years in the period ended December 31, 2017, and (vi) the Notes to Consolidated Financial Statements.

Item 16. FORM 10-K SUMMARY

Not applicable.

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.

By: /s/ Stanley C. Erck
President and Chief Executive Officer,
Interim Chief Financial Officer and Director

Date: March 14, 2018

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/ Stanley C. Erck Stanley C. Erck	President and Chief Executive Officer, Interim Chief Financial Officer and Director (Principal Executive Officer and Principal Financial and Principal Accounting Officer)	March 14, 2018
/s/ James F. Young James F. Young	Chairman of the Board of Directors	March 14, 2018
/s/ Richard H. Douglas Richard H. Douglas	Director	March 14, 2018
/s/ Gary C. Evans Gary C. Evans	Director	March 14, 2018
/s/ Michael A. McManus Michael A. McManus	Director	March 14, 2018
/s/ Rajiv I. Modi Rajiv I. Modi	Director	March 14, 2018

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Contents

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Novavax, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Novavax, Inc. (the Company) as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 14, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2014.

Baltimore, Maryland
March 14, 2018

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Novavax, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Novavax Inc.'s internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Novavax, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and our report dated March 14, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible 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 included in Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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 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 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 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.

/s/ Ernst & Young LLP

Baltimore, Maryland
March 14, 2018

NOVAVAX, INC.

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2017	2016
	(in thousands, except share and per share information)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 106,307	$ 144,353
Marketable securities	50,996	91,126
Restricted cash	28,234	30,314
Prepaid expenses and other current assets	17,774	22,037
Total current assets	203,311	287,830
Restricted cash	890	4,590
Property and equipment, net	35,987	40,184
Intangible assets, net	7,873	9,225
Goodwill	53,563	51,673
Other non-current assets	869	799
Total assets	$ 302,493	$ 394,301
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 5,613	$ 5,685
Accrued expenses	29,610	24,508
Accrued interest	5,078	5,078
Deferred revenue	25,625	30,079
Other current liabilities	7,749	1,056
Total current liabilities	73,675	66,406
Deferred revenue	2,500	2,500
Convertible notes payable	317,763	316,339
Other non-current liabilities	10,287	14,602
Total liabilities	404,225	399,847
Commitments and contingencies	—	—
Stockholders' deficit:		
Preferred stock, $0.01 par value, 2,000,000 shares authorized; no shares issued and outstanding at December 31, 2017 and 2016	—	—
Common stock, $0.01 par value, 600,000,000 shares authorized at December 31, 2017 and 2016; and 323,684,820 shares issued and 323,229,390 shares outstanding at December 31, 2017 and 271,701,397 shares issued and 271,245,967 shares outstanding at December 31, 2016	3,237	2,717
Additional paid-in capital	1,020,457	935,997
Accumulated deficit	(1,114,359)	(929,996)
Treasury stock, 455,430 shares, cost basis at both December 31, 2017 and 2016	(2,450)	(2,450)
Accumulated other comprehensive loss	(8,617)	(11,814)
Total stockholders' deficit	(101,732)	(5,546)
Total liabilities and stockholders' deficit	$ 302,493	$ 394,301

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

NOVAVAX, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2017	2016	2015
	(in thousands, except per share information)		
Revenue:			
Government contract	$ —	$ 2,184	$ 33,344
Grant and other	31,176	13,169	2,906
Total revenue	31,176	15,353	36,250
Expenses:			
Research and development	168,435	237,939	162,644
General and administrative	34,451	46,527	30,842
Total expenses	202,886	284,466	193,486
Loss from operations	(171,710)	(269,113)	(157,236)
Other income (expense):			
Investment income	1,946	2,143	660
Interest expense	(14,072)	(12,965)	(241)
Other income (expense)	67	(31)	(120)
Net loss	$(183,769)	$(279,966)	$(156,937)
Basic and diluted net loss per share	$ (0.63)	$ (1.03)	$ (0.60)
Basic and diluted weighted average number of common shares outstanding	292,669	270,802	262,248

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Year Ended December 31,		
	2017	2016	2015
	(in thousands)		
Net loss	$(183,769)	$(279,966)	$(156,937)
Other comprehensive income (loss):			
Net unrealized (losses) gains on marketable securities available-for-sale	(50)	54	42
Foreign currency translation adjustment	3,247	(2,744)	(2,561)
Other comprehensive income (loss)	3,197	(2,690)	(2,519)
Comprehensive loss	$(180,572)	$(282,656)	$(159,456)

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

NOVAVAX, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
Year Ended December 31, 2017, 2016 and 2015

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit)
	Shares	Amount					
	(in thousands, except share information)						
Balance at December 31, 2014	**239,287,294**	**$2,393**	**$ 729,373**	**$ (493,093)**	**$(2,450)**	**$ (6,605)**	**$ 229,618**
Non-cash compensation cost for stock options, ESPP and restricted stock	—	—	13,431	—	—	—	13,431
Exercise of stock options/Purchases under ESPP	1,950,748	19	4,782	—	—	—	4,801
Restricted stock issued as compensation	25,000	—	—	—	—	—	—
Issuance of common stock, net of issuance costs of $11,912	29,163,620	292	203,983	—	—	—	204,275
Unrealized gain on marketable securities	—	—	—	—	—	42	42
Foreign currency translation adjustment	—	—	—	—	—	(2,561)	(2,561)
Net loss	—	—	—	(156,937)	—	—	(156,937)
Balance at December 31, 2015	**270,426,662**	**2,704**	**951,569**	**(650,030)**	**(2,450)**	**(9,124)**	**292,669**
Non-cash compensation cost for stock options, ESPP and restricted stock	—	—	19,160	—	—	—	19,160
Exercise of stock options/Purchases under ESPP	1,254,735	13	3,789	—	—	—	3,802
Restricted stock issued as compensation	20,000	—	—	—	—	—	—
Payment of capped call transactions and costs	—	—	(38,521)	—	—	—	(38,521)
Unrealized gain on marketable securities	—	—	—	—	—	54	54
Foreign currency translation adjustment	—	—	—	—	—	(2,744)	(2,744)
Net loss	—	—	—	(279,966)	—	—	(279,966)
Balance at December 31, 2016	**271,701,397**	**2,717**	**935,997**	**(929,996)**	**(2,450)**	**(11,814)**	**(5,546)**
Cumulative effect of adoption of ASU 2016-09	—	—	594	(594)	—	—	—
Non-cash compensation cost for stock options, ESPP and restricted stock	—	—	19,809	—	—	—	19,809
Exercise of stock options/Purchases under ESPP	1,093,513	11	1,141	—	—	—	1,152
Issuance of common stock, net of issuance costs of $1,065	50,889,910	509	62,916	—	—	—	63,425
Unrealized loss on marketable securities	—	—	—	—	—	(50)	(50)
Foreign currency translation adjustment	—	—	—	—	—	3,247	3,247
Net loss	—	—	—	(183,769)	—	—	(183,769)
Balance at December 31, 2017	**323,684,820**	**$3,237**	**$1,020,457**	**$(1,114,359)**	**$(2,450)**	**$ (8,617)**	**$(101,732)**

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

NOVAVAX, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2017	2016	2015
		(in thousands)	
Operating Activities:			
Net loss	$(183,769)	$(279,966)	$(156,937)
Reconciliation of net loss to net cash used in operating activities:			
Depreciation and amortization	9,817	8,505	5,983
Loss on disposal of property and equipment	269	374	681
Amortization of debt issuance costs	1,424	1,305	—
Lease incentives received	1,933	1,963	2,792
Non-cash stock-based compensation	19,809	19,160	13,431
Other	2,715	663	1,460
Changes in operating assets and liabilities:			
Restricted cash	5,780	3,301	(36,204)
Prepaid expenses and other assets	2,590	(1,119)	(1,790)
Accounts payable and accrued expenses	5,192	(4,808)	9,075
Deferred revenue	(4,456)	(6,057)	36,140
Other liabilities	—	1,212	(721)
Net cash used in operating activities	(138,696)	(255,467)	(126,090)
Investing Activities:			
Capital expenditures	(4,189)	(18,202)	(18,268)
Purchases of marketable securities	(218,045)	(356,556)	(228,521)
Proceeds from maturities of marketable securities	258,202	402,775	225,519
Net cash provided by (used in) investing activities	35,968	28,017	(21,270)
Financing Activities:			
Principal payments of capital leases	(37)	(71)	(67)
Principal payments of notes payable	—	(395)	(600)
Changes in restricted cash	—	(819)	(126)
Proceeds from issuance of convertible notes	—	325,000	—
Payments of costs related to issuance of convertible notes	—	(9,966)	—
Payments for capped call transactions and costs	—	(38,521)	—
Net proceeds from sales of common stock	63,425	—	204,275
Proceeds from the exercise of stock options and employee stock purchases	1,152	3,802	4,801
Net cash provided by financing activities	64,540	279,030	208,283
Effect of exchange rate on cash and cash equivalents	142	(335)	(150)
Net (decrease) increase in cash and cash equivalents	(38,046)	51,245	60,773
Cash and cash equivalents at beginning of year	144,353	93,108	32,335
Cash and cash equivalents at end of year	$ 106,307	$ 144,353	$ 93,108
Supplemental disclosure of non-cash activities:			
Capital expenditures included in accounts payable and accrued expenses	$ 15	$ 697	$ 2,797
Supplemental disclosure of cash flow information:			
Cash interest payments	$ 12,188	$ 6,189	$ 96

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

Note 1 — Organization

Novavax, Inc. ("Novavax," and together with its wholly owned subsidiary, Novavax AB, the "Company") is a clinical-stage biotechnology company focused on the discovery, development and commercialization of recombinant nanoparticle vaccines and adjuvants. Using innovative proprietary recombinant nanoparticle vaccine technology, and its proprietary saponin-based adjuvant technology, the Company produces vaccine candidates to efficiently and effectively respond to both known and emerging disease threats. The Company's vaccine candidates are genetically engineered three-dimensional nanostructures that incorporate recombinant proteins critical to disease pathogenesis and may elicit differentiated immune responses, which may be more efficacious than naturally occurring immunity or traditional vaccine. The Company's product pipeline targets a variety of infectious diseases, with clinical vaccine candidates for respiratory syncytial virus ("RSV"), influenza and Ebola virus ("EBOV"), and preclinical programs for other infectious disease vaccine candidates.

Note 2 — Liquidity

The Company's vaccine candidates currently under development, some of which include adjuvants, will require significant additional research and development efforts that include extensive preclinical studies and clinical testing, and regulatory approval prior to commercial use.

As a clinical-stage biotechnology company, the Company has primarily funded its operations with proceeds from the sale of its common stock in equity offerings, the issuance of convertible debt, revenue under its former contract with the Department of Health and Human Services, Biomedical Advanced Research and Development Authority ("HHS BARDA") and more recently, revenue under the grant agreement ("Grant Agreement") with the Bill & Melinda Gates Foundation ("BMGF"). Management regularly reviews the Company's cash and cash equivalents and marketable securities relative to its operating budget and forecast to monitor the sufficiency of the Company's working capital, and anticipates continuing to draw upon available sources of capital to support its product development activities. Based on the Company's most recent cash flow forecast, the Company believes its current capital, along with anticipated revenue under the Grant Agreement (see Note 7), is sufficient to fund its operating plans for a minimum of twelve months from the date that this Annual Report was filed. The Company plans to meet its near term capital requirements primarily through cash and investments on hand, and a combination of equity and debt financings, collaborations, strategic alliances and marketing distribution or licensing arrangements and in the longer term, from revenue related to product sales, to the extent its product candidates receive marketing approval and can be commercialized. There can be no assurances that new financings will be available to the Company on commercially acceptable terms, if at all. Also, any collaborations, strategic alliances and marketing distribution or licensing arrangements may require the Company to give up some or all rights to a product or technology at less than its full potential value. If the Company is unable to perform under the Grant Agreement or obtain additional capital, the Company will assess its capital resources and may be required to delay, reduce the scope of, or eliminate one or more of its product research and development programs, and/or downsize its organization, including its general and administrative infrastructure.

Note 3 — Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Novavax, Inc. and its wholly owned subsidiary, Novavax AB. All intercompany accounts and transactions have been eliminated in consolidation.

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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with maturities of three months or less from the date of purchase. Cash and cash equivalents consist of the following at December 31 (in thousands):

	2017	2016
Cash	$ 10,482	$ 17,481
Money market funds	36,762	95,896
Asset-backed securities	16,007	19,000
Corporate debt securities	43,056	11,976
Cash and cash equivalents	$106,307	$144,353

Cash equivalents are recorded at cost, which approximate fair value due to their short-term nature.

Marketable Securities

Marketable securities consist of commercial paper, asset-backed securities and corporate notes. Classification of marketable securities between current and non-current is dependent upon the maturity date at the balance sheet date taking into consideration the Company's ability and intent to hold the investment to maturity.

Interest and dividend income is recorded when earned and included in investment income in the consolidated statements of operations. Premiums and discounts, if any, on marketable securities are amortized or accreted to maturity and included in investment income in the consolidated statements of operations. The specific identification method is used in computing realized gains and losses on the sale of the Company's securities.

The Company classifies its marketable securities with readily determinable fair values as "available-for-sale." Investments in securities that are classified as available-for-sale are measured at fair market value in the consolidated balance sheets, and unrealized holding gains and losses on marketable securities are reported as a separate component of stockholders' deficit until realized. Marketable securities 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 as other income (expense) in the consolidated statements of operations.

Concentration of Credit Risk

Financial instruments, which possibly expose the Company to concentration of credit risk, consist primarily of cash and cash equivalents and marketable securities. The Company's investment policy limits investments to certain types of instruments, including asset-backed securities, high-grade corporate debt securities and money market funds, 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.

Fair Value Measurements

The Company applies Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"), for financial and non-financial assets and liabilities.

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.

Restricted Cash

The Company's current and non-current restricted cash includes payments received under the Grant Agreement (see Note 7) and cash collateral accounts under letters of credit that serve as security deposits for certain facility leases. The Company will utilize the funds from the Grant Agreement as it incurs expenses for services performed under the agreement. At December 31, 2017 and 2016, the restricted cash balances (both current and non-current) consist of payments received under the Grant Agreement of $27.4 million and $33.2 million, respectively, and security deposits of $1.7 million at both dates.

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 seven years. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the estimated useful lives of the improvements or the remaining term of the lease. Repairs and maintenance costs are expensed as incurred.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable based on the criteria for accounting for the impairment or disposal of long-lived assets under ASC Topic 360, *Property, Plant and Equipment.*

Goodwill

Goodwill is subject to impairment tests annually or more frequently should indicators of impairment arise. The Company has determined that, because its only business is the development of recombinant vaccines, it operates as a single operating segment and has one reporting unit. The Company utilizes primarily the market approach and, if considered necessary, the income approach to determine if it has an impairment of its goodwill. The market approach is based on market value of invested capital. To ensure that the Company's capital stock is the appropriate measurement of fair value, the Company considers factors such as its trading volume, diversity of investors and analyst coverage. If considered necessary, the income approach is used to corroborate the results of the market approach. Goodwill impairment may exist if the carrying value of the reporting unit exceeds its estimated fair value. If the carrying value of the reporting unit exceeds its fair value, step two of the impairment analysis is performed. In step two of the analysis, an impairment loss is recorded equal to the excess of the carrying value of the reporting unit's goodwill over its implied fair value, should such a circumstance arise.

At December 31, 2017 and 2016, the Company used the market approach to determine if the Company had an impairment of its goodwill. The fair value of the Company's single reporting unit was substantially higher than its carrying value, resulting in no impairment to goodwill at December 31, 2017 and 2016.

Other Intangible Assets

The Company's intangible assets include proprietary adjuvant technology and collaboration agreements, which were measured at their estimated fair values as of their acquisition dates. Amortization expense for intangible assets is recorded on a straight-line basis over the expected useful lives of the assets, ranging from seven to 20 years. Intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an intangible asset may not be recoverable. The Company's evaluation of intangible assets completed during the years ended December 31, 2017 and 2016 resulted in no impairment losses.

Equity Method Investment

The Company has an equity investment in CPL Biologicals Private Limited ("CPLB"). The Company accounts for this investment using the equity method (see Note 7). 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.

Revenue Recognition

The Company performs research and development for U.S. Government agencies and on behalf of grantors and other collaborators under cost reimbursable and fixed price contracts, including license, grant and clinical development agreements. The Company recognizes revenue under research contracts when a contract has been executed, the contract price is fixed or determinable, delivery of services or products has occurred and collection of the contract price is reasonably assured. Payments received in advance of work performed are recorded as deferred revenue and losses on contracts, if any, are recognized in the period in which they become known.

Under its Grant Agreement with BMGF (see Note 7), the Company is reimbursed for certain costs that support development activities, including the Company's global Phase 3 clinical trial in pregnant women in their third trimester, product licensing efforts and efforts to obtain World Health Organization ("WHO") prequalification of its RSV F Vaccine. Payments received under the Grant Agreement are recognized as revenue in the period in which such research and development activities are performed. The Company analyzes its grant agreements to determine whether the payments received should be recorded as revenue or as a reduction to research and development expenses. In reaching this determination, management considers a number of factors, including whether the Company is principal under the arrangement, and whether the arrangement is significant to, and part of, the Company's core operations. Historically, payments received under grant agreements have been recognized as revenue since the Company acts as a principal in the arrangement and the activities are core to its operations.

Under cost reimbursable contracts with U.S. Government agencies, the Company is reimbursed and recognizes revenue as allowable costs are incurred plus a portion of the fixed-fee earned. The Company considers fixed-fees under cost reimbursable contracts to be earned in proportion to the allowable costs incurred in performance of the work as compared to total estimated contract costs, with such costs incurred representing a reasonable measurement of the proportional performance of the work completed. Under its HHS BARDA contract (see Note 7), certain activities were pre-approved by HHS BARDA in order for their costs to be deemed allowable direct costs. Direct costs incurred under cost reimbursable contracts are recorded as research and development expenses. Payments to the Company under cost reimbursable contracts with agencies of the U.S. Government, such as the HHS BARDA contract, are provisional payments subject to adjustment upon audit by the government. When the final determination of the additional reimbursable costs for any year has been made, and such amount is known and collection of the amount is reasonably assured, revenue and billings will be adjusted accordingly.

Revenue associated with upfront payments under arrangements is recognized over the contract term or when all obligations associated with the upfront payment have been satisfied.

Stock-Based Compensation

The Company accounts for stock-based compensation related to grants of stock options, restricted stock awards and purchases under its Employee Stock Purchase Plan (the "ESPP") at fair value. The Company

recognizes compensation expense related to such awards 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. Effective January 1, 2017, the Company accounts for forfeitures when they occur. See Note 11 for a further discussion on stock-based compensation.

The expected term 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, whereas the expected term for purchases under the ESPP was based on the purchase periods included in the offering. The expected volatility was determined using historical volatilities based on stock prices over a look-back period corresponding to the expected term. The risk-free interest rate was determined using the yield available for zero-coupon U.S. Government issues with a remaining term equal to the expected term. The Company has never paid a dividend, and as such, the dividend yield is zero, and the Company does not intend to pay dividends in the foreseeable future.

Restricted stock awards have been recorded as compensation expense over the expected vesting period based on the fair value at the award date 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 an equity award is not fully vested, such equity award is revalued on each subsequent reporting date until vesting is complete with a cumulative catch-up adjustment recognized for any changes in its estimated fair value.

Research and Development Expenses

Research and development expenses include salaries, stock-based compensation, laboratory supplies, consultants and subcontractors, including external contract research organizations ("CROs"), and other expenses associated with the Company's process development, manufacturing, clinical, regulatory and quality assurance activities for its programs. In addition, related indirect costs such as, fringe benefits and overhead expenses, are also included in research and development expenses. Research and development activities are expensed as incurred.

Accrued Research and Development Expenses

The Company accrues research and development expenses, including clinical trial-related expenses, as the services are performed, which may include estimates of those expenses incurred, but not invoiced. The Company uses information provided by third-party service providers and CROs, invoices and internal estimates to determine the progress of work performed on the Company's behalf. Assumptions based on clinical trial protocols, contracts and participant enrollment data are also developed to determine and analyze these estimates and accruals.

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 such changes are enacted. A valuation allowance is established when necessary to reduce net deferred tax assets to the amount expected to be realized.

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.

Interest and penalties related to income tax matters are recorded as income tax expense. At December 31, 2017 and 2016, the Company had no accruals for interest or penalties related to income tax matters.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Act") was enacted into law, and the new legislation contains certain key tax provisions that affected the Company, including a reduction of the corporate income tax rate from 35% to 21% effective for tax years beginning after December 31, 2017, among others. The Company is required to recognize the effect of the tax law changes in the period of enactment, such as re-measuring its U.S. deferred tax assets and liabilities as well as reassessing the net realizable amounts of its deferred tax assets and liabilities. In December 2017, the SEC issued Staff Accounting Bulletin No. 118, *Income Tax Accounting Implications of the Tax Cuts and Jobs Act* ("SAB 118"), which allows the Company to record provisional amounts during a measurement period not to extend beyond one year of the enactment date. Since the Act was passed late in the fourth quarter of 2017, and ongoing guidance and accounting interpretation are expected over the next 12 months, the Company considers the deferred tax re-measurements and other items to be incomplete due to the forthcoming guidance and its ongoing analysis of final year-end data and tax positions. The Company expects to complete its analysis within the measurement period in accordance with SAB 118, although it does not expect there to be any adjustment to the income tax expense on the Company's consolidated statement of operations during the re-measurement period. See Note 13 for additional information on income taxes.

Net Loss per Share

Net loss per share is computed using the weighted average number of shares of common stock outstanding. At December 31, 2017, 2016 and 2015, the Company had outstanding stock options and unvested restricted stock awards totaling 46,513,399, 39,277,732 and 23,832,545 shares, respectively. As of December 31, 2017 and 2016, the Company's Notes were convertible into approximately 47,716,900 shares of the Company's common stock. These and any shares due to the Company upon settlement of its capped call transactions (see Note 9) are excluded from the computation, as their effect is antidilutive.

Foreign Currency

The accompanying consolidated financial statements are presented in U.S. dollars. The functional currency of Novavax AB, which is located in Sweden, is the local currency (Swedish Krona). The translation of assets and liabilities of Novavax AB to U.S. dollars is made at the exchange rate in effect at the consolidated balance sheet date, while equity accounts are translated at historical rates. The translation of the statement of operations data is made at the average exchange rate in effect for the period. The translation of operating cash flow data is made at the average exchange rate in effect for the period, and investing and financing cash flow data is translated at the exchange rate in effect at the date of the underlying transaction. Translation gains and losses are recognized as a component of accumulated other comprehensive loss in the accompanying consolidated balance sheets. The foreign currency translation adjustment balance included in accumulated other comprehensive loss was $8.6 million and $11.8 million at December 31, 2017 and 2016, respectively.

Segment Information

The Company manages its business as one operating segment: the development of recombinant vaccines. The Company does not operate separate lines of business with respect to its vaccine candidates. Accordingly, the Company does not have separately reportable segments as defined by ASC Topic 280, *Segment Reporting*.

Recent Accounting Pronouncements

Recently Adopted

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-09, *Compensation — Stock Compensation (Topic 718)* that simplifies the accounting for share-based payment transactions, including the income tax consequences, the treatment of forfeitures, classification of awards as either equity or liabilities and classification on the statement of cash flows. The Company adopted this standard on the effective date, January 1, 2017, and, as part of the adoption, elected

to account for forfeitures when they occur. The impact from adoption of the provisions related to forfeitures was reflected in the Company's consolidated financial statements on a modified retrospective basis, resulting in an adjustment to accumulated deficit of $0.6 million.

Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which supersedes nearly all existing revenue recognition guidance under Topic 605, *Revenue Recognition*. The new standard requires a company to recognize revenue when it transfers goods and services to customers in an amount that reflects the consideration that the company expects to receive for those goods or services. ASU 2014-09 defines a five-step process that includes identifying the contract with the customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract and recognizing revenue when (or as) the entity satisfies the performance obligations. In July 2015, the FASB approved a one-year deferral of the effective date of the new standard to 2018 for public companies, with an option that would permit companies to adopt the new standard as early as the original effective date of 2017. Early adoption prior to the original effective date is not permitted. ASU 2014-09 allows for either full retrospective or modified retrospective adoption. The Company has completed an assessment of the potential changes from adopting ASU 2014-09, primarily by reviewing its current revenue streams and deferred revenue balances, and determined there will be no material change to the recognition of its revenue. The Company will apply ASU 2014-09 on a modified retrospective basis as of January 1, 2018.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* that increases transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the balance sheet and disclosure of key information about leasing arrangements for both lessees and lessors. The standard will be effective January 1, 2019 for the Company, with early adoption permitted. The standard will be applied using a modified retrospective approach to the beginning of the earliest period presented in the financial statements. The Company is expecting to adopt this standard on January 1, 2019 and is currently evaluating the potential impact to its consolidated financial statements and related disclosures.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows — Restricted Cash* ("ASU 2016-18"), which requires that the change in total cash and cash equivalents at the beginning of period and end of period on the statement of cash flows include restricted cash and restricted cash equivalents. ASU 2016-18 also requires companies who report cash and cash equivalents and restricted cash separately on the balance sheet to reconcile those amounts to the statement of cash flows. The standard will be effective January 1, 2018 for the Company, and will be applied using a retrospective transition method to each period presented. The Company will adopt ASU 2016-18 as of January 1, 2018. Although the Company's restricted cash will be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows, the adoption is not expected to have a material impact on the other aspects of the Company's consolidated cash flow statements, or its consolidated financial statements as a whole, including related disclosures.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles-Goodwill and Other (Topic 350)* ("ASU 2017-04"), which will simplify the goodwill impairment calculation by eliminating Step 2 from the current goodwill impairment test. The new standard does not change how a goodwill impairment is identified. The Company will continue to perform its quantitative goodwill impairment test by comparing the fair value of its reporting unit to its carrying amount, but if the Company is required to recognize a goodwill impairment charge, under the new standard, the amount of the charge will be calculated by subtracting the reporting unit's fair value from its carrying amount. Under the current standard, if the Company is required to recognize a goodwill impairment charge, Step 2 requires it to calculate the implied value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination and the amount of the charge is calculated by subtracting the reporting unit's implied fair value of goodwill from the goodwill carrying amount. The standard will be effective January 1, 2020 for the Company, with early adoption permitted, and should be applied prospectively from the date of adoption. The Company is currently evaluating when it will adopt ASU 2017-04 and its expected impact to related disclosures.

Note 4 — Fair Value Measurements

The following table represents the Company's fair value hierarchy for its financial assets and liabilities measured at fair value on a recurring basis (in thousands):

	Fair Value at December 31, 2017			Fair Value at December 31, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Money market funds[1]	$36,762	$ —	$—	$95,896	$ —	$—
Asset-backed securities[2]	—	29,750	—	—	42,632	—
Corporate debt securities[3]	—	80,309	—	—	79,470	—
Total cash equivalents and marketable securities	$36,762	$110,059	$—	$95,896	$122,102	$—
Liabilities						
Convertible notes payable	$ —	$152,396	$—	$ —	$141,989	$—

(1) Classified as cash and cash equivalents as of December 31, 2017 and 2016, respectively (see Note 3).

(2) Includes $16,007 and $19,000 classified as cash and cash equivalents as of December 31, 2017 and 2016, respectively (see Note 3).

(3) Includes $43,056 and $11,976 classified as cash and cash equivalents as of December 31, 2017 and 2016, respectively (see Note 3).

Fixed-income investments categorized as Level 2 are valued at the custodian bank by a third-party pricing vendor's valuation models that use verifiable observable market data, e.g., interest rates and yield curves observable at commonly quoted intervals and credit spreads, bids provided by brokers or dealers or quoted prices of securities with similar characteristics. Pricing of the Company's Notes (see Note 9) has been estimated using other observable inputs, including the price of the Company's common stock, implied volatility, interest rates and credit spreads among others. Over time, the Company expects a market for the Notes to develop. At that time, the Company intends to use trade data as the principal basis for measuring fair value.

During the years ended December 31, 2017 and 2016, the Company did not have any transfers between Levels.

The amount in the Company's consolidated balance sheets for accounts payable approximates its fair value due to its short-term nature. The Company's milestone payment due to Wyeth (see Note 14) also approximates its fair value at December 31, 2017.

Note 5 — Marketable Securities

Marketable securities classified as available-for-sale as of December 31, 2017 and 2016 were comprised of (in thousands):

	December 31, 2017				December 31, 2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Asset-backed securities	$13,748	$—	$ (5)	$13,743	$23,636	$—	$ (4)	$23,632
Corporate debt securities	37,265	—	(12)	37,253	67,457	43	(6)	67,494
Total	$51,013	$—	$(17)	$50,996	$91,093	$43	$(10)	$91,126

Marketable Securities — Unrealized Losses

The Company owned 19 available-for-sale securities as of December 31, 2017. Of these 19 securities, 18 had combined unrealized losses of less than $0.1 million as of December 31, 2017. The Company did not have any investments in a loss position for greater than 12 months as of December 31, 2017. The Company has evaluated its marketable securities and has determined that none of these investments has an other-than-temporary impairment, as it has no intent to sell securities with unrealized losses and it is not likely that the Company will be required to sell any securities with unrealized losses, given the Company's current and anticipated financial position.

Note 6 — Goodwill and Other Intangible Assets

Goodwill

The changes in the carrying amounts of goodwill for the years ended December 31, 2017 and 2016 were as follows (in thousands):

	Year Ended December 31,	
	2017	2016
Beginning balance	$51,673	$53,065
Currency translation	1,890	(1,392)
Ending balance	$53,563	$51,673

Identifiable Intangible Assets

Purchased intangible assets consisted of the following as of December 31, 2017 and 2016 (in thousands):

	December 31, 2017			December 31, 2016		
	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Finite-lived intangible assets:						
Proprietary adjuvant technology	$ 9,086	$(2,006)	$7,080	$ 8,222	$(1,404)	$6,818
Collaboration agreements	4,103	(3,310)	793	3,713	(1,306)	2,407
Total identifiable intangible assets	$13,189	$(5,316)	$7,873	$11,935	$(2,710)	$9,225

Amortization expense for the years ended December 2017, 2016 and 2015 was $2.2 million, $0.8 million and $0.9 million, respectively. Estimated amortization expense for existing intangible assets for each of the five succeeding years ending December 31, is as follows (in thousands):

Year	Amount
2018	$761
2019	761
2020	633
2021	454
2022	454

Note 7 — Grant, U.S. Government Contract and Joint Venture

Bill & Melinda Gates Foundation Grant Agreement

In support of the Company's development of its RSV F Vaccine for infants via maternal immunization, in September 2015, the Company entered into the Grant Agreement with BMGF, under which it was awarded a grant totaling up to $89.1 million (the "Grant"). The Grant supports development activities, including the Company's global Phase 3 clinical trial in pregnant women in their third trimester, product licensing efforts and efforts to obtain World Health Organization ("WHO") prequalification of its RSV F Vaccine. Unless terminated earlier by BMGF, the Grant Agreement will continue in effect until the end of 2021. The Company concurrently entered into a Global Access Commitments Agreement ("GACA") with BMGF as a part of the Grant Agreement. Under the terms of the GACA, among other things, the Company agreed to make a certain amount of the RSV F Vaccine available and accessible at affordable pricing to people in certain low and middle income countries. Unless terminated earlier by BMGF, the GACA will continue in effect until the latter of 15 years from its effective date, or 10 years after the first sale of a product under defined circumstances. The term of the GACA may be extended in certain circumstances, by a period of up to five additional years.

Payments received in advance that are related to future performance are deferred and recognized as revenue when the research and development activities are performed. Cash payments received under the Grant are restricted as to their use until expenditures contemplated in the Grant are incurred. In 2017, the Company recognized revenue from the Grant of $29.7 million, and has recognized approximately $42 million in revenue since the inception of the agreement. At December 31, 2017, the Company's current restricted cash and deferred revenue balances on the consolidated balance sheet represent its estimate of costs to be reimbursed and revenue to be recognized, respectively, in the next twelve months under the Grant Agreement.

HHS BARDA Contract for Recombinant Influenza Vaccines

HHS BARDA awarded the Company a contract in 2011, which funded the development of both the Company's quadrivalent seasonal and pandemic influenza virus-like particle ("VLP") vaccine candidates. The contract with HHS BARDA was a cost-plus-fixed-fee contract, which reimbursed the Company for allowable direct contract costs incurred plus allowable indirect costs and a fixed-fee earned in the ongoing clinical development and product scale-up of its multivalent seasonal and monovalent pandemic H7N9 influenza VLP vaccine candidates. In September 2014, HHS BARDA exercised and initiated a two-year option to the contract, which included scope to support development activities leading up to planned Phase 3 clinical studies, added $70 million of funding on top of the remainder of the $97 million base period funding and extended the contract until September 2016. In June 2015, the contract was amended to increase the funding by $7.7 million to allow for the recovery of additional reimbursable costs under the contract relating to the settlement of indirect rates for the years ended December 31, 2011 and 2012. This additional amount was received and recorded as revenue in the second quarter of 2015. The HHS BARDA contract expired in accordance with its terms in September 2016. Billings under the contract were provisional billings, subject to adjustment upon audit by the government, and were based on approved provisional indirect billing rates, which permit recovery of fringe benefits, overhead and general and administrative expenses. These indirect rates are subject to audit by HHS BARDA on an annual basis. An audit of indirect rates for the years ended December 31, 2013 and 2014 was completed in the first quarter of 2017. When the final determination of the additional reimbursable costs for the years ended December 31, 2013 and 2014 has been made, and such amount is known and collection of the amount is reasonably assured, revenue and billings will be adjusted accordingly. The Company has recognized approximately $114 million in revenue under the HHS BARDA contract since the inception of the contract.

CPLB Joint Venture

In 2009, the Company formed a joint venture with Cadila Pharmaceuticals Limited ("Cadila"), CPLB, to develop and manufacture vaccines, biological therapeutics and diagnostics in India. CPLB is owned 20% by the Company and 80% by Cadila. Because CPLB's activities and operations are controlled and funded by Cadila, the Company accounts for its investment using the equity method. Since the carrying value of the Company's initial investment was nominal, and the Company has provided no guarantee or commitment to provide future funding, the Company has not recorded nor expects to record losses related to this investment in the foreseeable future. The Company has recognized as an expense the entire amount of purchases to date under the master services agreements related to CPLB as the Company has not recorded any equity income (loss) of CPLB (see Note 15).

Note 8 — Other Financial Information

Prepaid Expenses and Other Current Assets

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

	2017	2016
Laboratory supplies	$13,085	$15,736
Other prepaid expenses and other current assets	4,689	6,301
Prepaid expenses and other current assets	$17,774	$22,037

Property and Equipment, net

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

	2017	2016
Machinery and equipment	$ 35,409	$ 32,596
Leasehold improvements	23,664	22,642
Computer hardware	5,091	4,285
Construction in progress	1,129	2,938
	65,293	62,461
Less – accumulated depreciation	(29,306)	(22,277)
Property and equipment, net	$ 35,987	$ 40,184

Depreciation expense was approximately $7.6 million, $7.7 million and $5.1 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Accrued Expenses

Accrued expenses consist of the following at December 31 (in thousands):

	2017	2016
Employee benefits and compensation	$11,186	$ 7,300
Research and development accruals	17,542	15,744
Other accrued expenses	882	1,464
Accrued expenses	$29,610	$24,508

Note 9 — Long-Term Debt

Convertible Notes

In the first quarter of 2016, the Company issued $325 million aggregate principal amount of convertible senior unsecured notes that will mature on February 1, 2023 (the "Notes"). The Notes are senior unsecured debt obligations and were issued at par. The Notes were issued pursuant to an indenture dated January 29, 2016 (the "Indenture"), between the Company and the trustee. The Company received $315.0 million in net proceeds from the offering after deducting underwriting fees and offering expenses. The Notes bear cash interest at a rate of 3.75%, payable on February 1 and August 1 of each year, beginning on August 1, 2016. The Notes are not redeemable prior to maturity and are convertible into shares of the Company's common stock. The Notes are initially convertible into approximately 47,716,900 shares of the Company's common stock based on the initial conversion rate of 146.8213 shares of the Company's common stock per $1,000 principal amount of the Notes. This represents an initial conversion price of approximately $6.81 per share of the Company's common stock, representing an approximate 22.5% conversion premium based on the last reported sale price of the Company's common stock of $5.56 per share on January 25, 2016. In addition, the holders of the Notes may require the Company to repurchase the Notes at par value plus accrued and unpaid interest following the occurrence of a Fundamental Change (as described in the Indenture). If a holder of the Notes converts upon a Make-Whole Adjustment Event (as described in the Indenture), they may be eligible to receive a make-whole premium through an increase to the conversion rate up to a maximum of 179.8561 shares per $1,000 principal amount of Notes (subject to other adjustments as described in the Indenture).

The Notes are accounted for in accordance with ASC 470-20, *Debt with Conversion and Other Options* ("ASC 470-20") and ASC 815-40, *Contracts in Entity's Own Equity* ("ASC 815-40"). Under ASC 815-40, to qualify for equity classification (or nonbifurcation, if embedded) the instrument (or embedded feature) must be both (1) indexed to the issuer's stock and (2) meet the requirements of the equity classification guidance. Based upon the Company's analysis, it was determined the Notes do contain embedded features indexed to its own stock, but do not meet the requirements for bifurcation, and therefore do not need to be separately accounted for as an equity component. Since the embedded conversion feature meets the equity scope exception from derivative accounting, and also since the embedded conversion option does not need to be separately accounted for as an equity component under ASC 470-20, the proceeds received from the issuance of the convertible debt were recorded as a liability on the consolidated balance sheets.

In connection with the issuance of the Notes, the Company also paid $38.5 million, including expenses, to enter into privately negotiated capped call transactions with certain financial institutions (the "capped call transactions"). The capped call transactions are generally expected to reduce the potential dilution upon conversion of the Notes in the event that the market price per share of the Company's common stock, as measured under the terms of the capped call transactions, is greater than the strike price of the capped call transactions, which initially corresponds to the conversion price of the Notes, and is subject to anti-dilution adjustments generally similar to those applicable to the conversion rate of the Notes. The cap price of the capped call transactions will initially be $9.73 per share, which represented a premium of approximately 75% based on the last reported sale price of the Company's common stock of $5.56 per share on January 25, 2016, and is subject to certain adjustments under the terms of the capped call transactions. If, however, the market price per share of the Company's common stock, as measured under the terms of the capped call transactions, exceeds the cap price, there would nevertheless be dilution upon conversion of the Notes to the extent that such market price exceeds the cap price. The Company evaluated the capped call transactions under ASC 815-10, *Derivatives and Hedging — Overall* and determined that it should be accounted for as a separate transaction and that the capped call transactions will be classified as an equity instrument.

The Company incurred approximately $10.0 million of debt issuance costs during the first quarter of 2016 relating to the issuance of the Notes, which were recorded as a reduction to the Notes on the consolidated balance sheets. The $10.0 million of debt issuance costs is being amortized and recognized as additional interest expense over the seven year contractual term of the Notes using the effective interest rate method. The Company also incurred $0.9 million of expenses related to the capped call transactions, which were recorded as a reduction to additional paid-in-capital.

Total convertible notes payable consisted of the following at (in thousands):

	December 31, 2017	December 31, 2016
Principal amount of Notes	$325,000	$325,000
Unamortized debt issuance costs	(7,237)	(8,661)
Total convertible notes payable	$317,763	$316,339

Interest expense incurred in connection with the Notes consisted of the following for the years ended December 31 (in thousands):

	2017	2016
Coupon interest	$12,188	$11,240
Amortization of debt issuance costs	1,424	1,305
Total interest expense on Notes	$13,612	$12,545

Note 10 — Stockholders' Equity

In December 2017, the Company entered into an At Market Issuance Sales Agreement ("December 2017 Sales Agreement"), which allows it to issue and sell up to $75 million in gross proceeds of its common stock. From January 17, 2018 through March 9, 2018, the Company sold 12.7 million shares of common stock under the December 2017 Sales Agreement resulting in $26.0 million in net proceeds, leaving $48.6 million remaining.

In January 2017, the Company entered into an At Market Issuance Sales Agreement ("January 2017 Sales Agreement"), which allowed it to issue and sell up to $75 million in gross proceeds of its common stock. During 2017, the Company sold 50.9 million shares of common stock under the January 2017 Sales Agreement resulting in $63.4 million in net proceeds at a weighted average sales price of $1.27 per share. From January 1 through January 17, 2018, the Company sold 6.8 million shares of common stock resulting in $10.3 million in net proceeds. The January 2017 Sales Agreement was fully utilized at that time.

During the first quarter of 2016, in connection with the Company's issuance of the Notes, the Company also entered into privately negotiated capped call transactions as discussed in Note 9. The cost of the capped call transactions and associated expenses totaling $38.5 million were recorded as a reduction to additional paid-in-capital.

In March 2015, the Company completed a public offering of 27,758,620 shares of its common stock, including 3,620,689 shares of common stock that were issued upon the exercise in full of the option to purchase additional shares granted to the underwriters, at a price of $7.25 per share resulting in proceeds, net of offering costs of $11.6 million, of approximately $190 million.

In 2015, the Company sold 1.4 million shares under its At Market Issuance Sales Agreement, entered into in 2012 (the "2012 Sales Agreement"), at an average sales price of $10.63 per share, resulting in $14.6 million in net proceeds. The 2012 Sales Agreement was fully utilized at that time.

Note 11 — Stock-Based Compensation

Stock Options

The 2015 Stock Incentive Plan, as amended, ("2015 Plan") was approved at the Company's annual meeting of stockholders in June 2015. Under the 2015 Plan, equity awards may be granted to officers, directors, employees and consultants of and advisors to the Company and any present or future subsidiary.

The 2015 Plan authorizes the issuance of up to 36,000,000 shares of common stock under equity awards granted under the plan. All such shares authorized for issuance under the 2015 Plan have been reserved. The 2015 Plan will expire on March 4, 2025.

The Amended and Restated 2005 Stock Incentive Plan ("2005 Plan") expired in February 2015 and no new awards may be made under such plan, although awards will continue to be outstanding in accordance with their terms.

The 2015 Plan permits and the 2005 Plan permitted the grant of stock options (including incentive stock options), restricted stock, stock appreciation rights and restricted stock units. In addition, under the 2015 Plan, unrestricted stock, stock units and performance awards may be granted. Stock options and stock appreciation rights generally have a maximum term of 10 years and may be or were granted with an exercise price that is no less than 100% of the fair market value of the Company's common stock at the time of grant. Grants of stock options are generally subject to vesting over periods ranging from six months to four years.

Stock Options Awards

The following is a summary of option activity under the 2015 Plan and the 2005 Plan for the year ended December 31, 2017:

	2015 Plan		2005 Plan	
	Stock Options	Weighted-Average Exercise Price	Stock Options	Weighted-Average Exercise Price
Outstanding at January 1, 2017	25,104,603	$4.87	14,128,129	$3.30
Granted	12,411,543	$1.37	—	$ —
Exercised	—	$ —	(115,000)	$1.25
Canceled	(3,840,426)	$4.65	(1,194,200)	$3.92
Outstanding at December 31, 2017	33,675,720	$3.61	12,818,929	$3.26
Shares exercisable at December 31, 2017	8,550,717	$5.87	11,659,554	$3.04
Shares available for grant at December 31, 2017	2,279,280			

The fair value of stock options granted under the 2015 Plan and 2005 Plan was estimated at the date of grant or the date upon which the 2015 Plan was approved by the Company's stockholders for stock options granted prior to that time using the Black-Scholes option-pricing model with the following assumptions:

	2017	2016	2015
Weighted average fair value of options granted	$1.06	$1.88	$4.38
Risk-free interest rate	1.61% – 2.34%	0.97% – 1.78%	1.19% – 2.13%
Dividend yield	0%	0%	0%
Volatility	88.91% – 114.10%	57.86% – 108.88%	53.58% – 68.39%
Expected term (in years)	4.14 – 7.46	4.22 – 7.28	3.98 – 7.34
Expected forfeiture rate[(1)]	N/A	0% – 16.33%	0% – 16.33%

(1) See Note 3 regarding the Company's adoption of ASU 2016-09 in 2017.

The Company used the Monte Carlo simulation model to determine the fair value of its 1.7 million shares of stock options containing a market condition that were granted in 2016 (the "Performance Options"). The fair value of the Performance Options was estimated with the following assumptions: 99.11% volatility, a 1.74% risk-free interest rate, 5.62% forfeiture rate and 0% dividend yield, which resulted in fair values of $0.74 to $0.92, and expected terms of 1.35 years to 3.50 years.

The total aggregate intrinsic value and weighted-average remaining contractual term of stock options outstanding under the 2015 Plan and 2005 Plan as of December 31, 2017 was $0.1 million and 7.7 years, respectively. The total aggregate intrinsic value and weighted-average remaining contractual term of stock options exercisable under the 2015 Plan and 2005 Plan as of December 31, 2017 was less than $0.1 million and 6.2 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 the period and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2017. This amount is subject to change based on changes to the closing price of the Company's common stock. The aggregate intrinsic value of options exercised and vesting of restricted stock awards for 2017, 2016 and 2015 was $0.1 million, $2.4 million and $9.7 million, respectively.

Employee Stock Purchase Plan

In 2013, the Company adopted an Employee Stock Purchase Plan (the "ESPP"), which currently authorizes an aggregate of 3,450,000 shares of common stock to be purchased, and the aggregate amount of shares will continue to increase 5% on each anniversary of its adoption up to a maximum of 4,000,000 shares. The number of authorized shares and the maximum number of shares both include an increase of 1,000,000 shares approved at the Company's 2016 annual meeting of stockholders. The ESPP allows employees to purchase shares of common stock of the Company at each purchase date through payroll deductions of up to a maximum of 15% of their compensation, at 85% of the lesser of the market price of the shares at the time of purchase or the market price on the beginning date of an option period (or, if later, the date during the option period when the employee was first eligible to participate). At December 31, 2017, there were 808,425 shares available for issuance under the ESPP.

The ESPP is considered compensatory for financial reporting purposes. As such, the fair value of ESPP shares was estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	2017	2016	2015
Range of Black-Scholes fair values of ESPP shares granted	$0.45 – $5.47	$1.86 – $4.76	$1.06 – $3.38
Risk-free interest rate	0.45% – 1.13%	0.22% – 0.61%	0.05% – 0.35%
Dividend yield	0%	0%	0%
Volatility	45.98% – 267.85%	43.03% – 86.75%	40.79% – 64.24%
Expected term (in years)	0.5 – 2.0	0.5 – 2.0	0.5 – 2.0
Expected forfeiture rate[(1)]	N/A	5%	5%

(1) See Note 3 regarding the Company's adoption of ASU 2016-09 in 2017.

Restricted Stock Awards

The following is a summary of restricted stock awards activity for the year ended December 31, 2017:

	Number of Shares	Per Share Weighted-Average Grant-Date Fair Value
Outstanding and Unvested at January 1, 2017	45,000	$4.99
Restricted stock granted	—	$ —
Restricted stock vested	(26,250)	$4.99
Restricted stock forfeited	—	$ —
Outstanding and Unvested at December 31, 2017	18,750	$4.99

The Company recorded stock-based compensation expense for awards issued under the above mentioned plans in the consolidated statements of operations as follows (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Research and development	$11,750	$11,168	$ 6,771
General and administrative	8,059	7,992	6,660
Total stock-based compensation expense	$19,809	$19,160	$13,431

As of December 31, 2017, there was approximately $36 million of total unrecognized compensation expense related to unvested stock options, ESPP and restricted stock awards. This unrecognized non-cash compensation expense is expected to be recognized over a weighted-average period of 1.6 years, and will be allocated between research and development and general and administrative expenses accordingly. This estimate does not include the impact of other possible stock-based awards that may be made during future periods.

Note 12 — Employee Benefits

The Company maintains a defined contribution 401(k) retirement plan, pursuant to which employees may elect to contribute up to 100% 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 matches 100% of the first 3% of the participants' deferral, and 50% on the next 2% of the participants' deferral, up to a potential 4% Company match. The Company's matching contributions to the 401(k) plan vest immediately. The Company has recorded expense of $1.5 million, $1.5 million and $0.8 million in 2017, 2016 and 2015, respectively.

The Company's foreign subsidiary has a pension plan under local tax and labor laws and is obligated to make contributions to this plan. Contributions and other expenses related to this plan were $0.5 million in 2017, 2016 and 2015.

Note 13 — Income Taxes

The Company's loss from operations before income tax expense by jurisdiction for the years ended December 31 are as follows (in thousands):

	2017	2016	2015
Domestic	$(173,749)	$(273,134)	$(150,227)
Foreign	(10,020)	(6,832)	(6,710)
Total net loss	$(183,769)	$(279,966)	$(156,937)

As a result of current and historical losses, there is no income tax provision for the years ended December 31, 2017, 2016 and 2015.

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

	2017	2016
Deferred tax assets:		
Federal and State net operating loss carryforward	$ 240,550	$ 286,619
Foreign net operating loss carryforward	11,577	9,011
Research tax credits	27,571	23,260
Deferred revenue	668	10,121
Original discount interest	7,167	12,445
Other	16,496	17,981
Total deferred tax assets	304,029	359,437
Valuation allowance	(299,862)	(354,530)
Net deferred tax assets	$ 4,167	$ 4,907
Deferred tax liabilities:		
Intangibles	(1,789)	(2,090)
Other	(2,378)	(2,817)
Total deferred tax liabilities	(4,167)	(4,907)
Net deferred tax assets	$ —	$ —

At December 31, 2017, the Company has provided provisional accounting for the tax effects of enactment of the Act. The Company re-measured certain of its U.S. deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future. As a result, the Company's U.S. deferred tax balances at December 31, 2017 were revalued at the newly enacted tax rate, decreasing the net deferred tax asset (before valuation allowance) by approximately $132 million, offset by a decrease in the valuation allowance by the same amount.

The valuation allowance decreased $54.7 million during the year ended December 31, 2017 primarily due to the impact of the Act and was partially offset by the generation of net operating losses in 2017. The valuation allowance increased by $117.7 million for the year ended December 31, 2016.

The differences between the U.S. federal statutory tax rate and the Company's effective tax rate are as follows:

	2017	2016	2015
Statutory federal tax rate	(34)%	(34)%	(34)%
State income taxes, net of federal benefit	(3)%	(3)%	(3)%
Research and development and other tax credits	(2)%	(2)%	(3)%
Release of FIN 48 liability	0%	0%	(2)%
Other	(1)%	2%	1%
Change in tax rate	70%	0%	0%
Change in valuation allowance	(30)%	37%	41%
Income tax provision	0%	0%	0%

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, 2017 and 2016 as management believes it is more likely than not that the assets will not be realizable.

As of December 31, 2017, the Company had net operating losses and research tax credits available as follows (in thousands):

	Amount
Federal and State net operating losses expiring through the year 2037	$974,463
Foreign net operating losses (no expiration)	52,621
Research tax credits expiring through the year 2037	27,477

Utilization of the net operating loss carryforwards and credits may be subject to an annual limitation due to prior ownership change of the Company. The Company does not expect such limitation, if any, to impact the use of the net operating losses and business tax credits.

At December 31, 2017 and 2016, the Company did not have any unrecognized tax benefits. To the extent unrecognized tax benefits are ultimately recognized, it would affect the annual effective income tax rate unless otherwise offset by a corresponding change in the valuation allowance. The Company does not expect that the amounts of unrecognized tax benefits will change significantly within the next twelve months.

The Company files income tax returns in the U.S. federal jurisdiction and in various states, as well as in Sweden. The Company had U.S. tax net operating losses and credit carryforwards that are subject to examination from 1998 through 2017. The statute extends for a number of years beyond the year in which the losses were 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 returns in Sweden are subject to examination from 2010 through 2017.

The Company's policy is to recognize interest and penalties related to income tax matters in income tax expense. As of December 31, 2017 and 2016, the Company had no accruals for interest or penalties related to income tax matters.

Note 14 — Commitments and Contingencies

Operating Leases

The Company conducts its operations from leased facilities. The operating leases for these facilities have terms expiring through 2026, unless earlier terminated by the Company in 2023. The leases contain provisions for future rent increases. Also, the leases obligate the Company to pay building operating costs. The Company records a deferred rent liability to account for the funding under improvement allowances and to record rent expense on a straight-line basis for these operating leases.

Future minimum rental commitments under non-cancelable leases as of December 31, 2017 (excluding commitments for the Clopper Road Lease as described below as this lease was terminated in January 2018) are as follows (in thousands):

Year	Operating Leases
2018	$ 6,695
2019	6,693
2020	5,416
2021	5,398
2022	5,515
Thereafter	6,801
Total minimum lease payments	$36,518

Total rent expenses approximated $8.4 million, $7.0 million and $4.2 million for the years ended December 31, 2017, 2016 and 2015, respectively.

After re-evaluating its real estate needs, the Company amended its lease for approximately 147,000 square feet of facility space located at 1201 Clopper Road, Gaithersburg, Maryland (the "Clopper Road Lease"),

allowing for, among other things, the ability to terminate the Clopper Road Lease upon the occurrence of certain events. In January 2018, the landlord terminated the Clopper Road Lease, and the Company paid a termination fee to the landlord of $5.3 million, which the Company believes is less than the potential total lease and operating expense cash obligations that could have been incurred over one year. The Company expects to record total expense, which includes the termination fee and write-down of the related leasehold improvements, and is partially offset by deferred rent expense previously recorded, of approximately $1 million in the first quarter of 2018 in connection with the termination of the Clopper Road Lease.

Contingencies

In 2007, the Company entered into an agreement to license certain rights from Wyeth Holdings Corporation, a subsidiary of Pfizer Inc. ("Wyeth"). The Wyeth license is a non-exclusive, worldwide license to a family of patents and patent applications covering VLP technology for use in human vaccines in certain fields, with expected patent expiration in early 2022. The Wyeth license provides for the Company to make an upfront payment (previously made), ongoing annual license fees, sublicense payments, milestone payments on certain development and commercialization activities and royalties on any product sales. Except in certain circumstances in which the Company continuously markets multiple products in a country within the same vaccine program, the milestone payments are one-time only payments applicable to each related vaccine program. At present, CPLB's recombinant trivalent seasonal VLP influenza vaccine ("CadiFlu") is the only program to which the Wyeth license applies. The license may be terminated by Wyeth only for cause and may be terminated by the Company only after it has provided ninety (90) days' notice that the Company has absolutely and finally ceased activity, including through any affiliate or sublicense, related to the manufacturing, development, marketing or sale of products covered by the license. In September 2015, the Company entered into an amendment to the license agreement with Wyeth. Among other things, the amendment restructured the $3 million milestone payment ("Milestone") owed as a result of CPLB's initiation of a Phase 3 clinical trial for CadiFlu in 2014. Under the amendment, the Milestone, which has increased slightly over time, became due on December 31, 2017. The amendment also restructured the final milestone payment to apply to the initial seasonal influenza VLP vaccine candidate being developed outside India. Thus, the aggregate milestone payments for a seasonal influenza VLP vaccine candidate developed and commercialized was increased from $14 million to up to $15 million. In connection with the execution of the amendment, the Company agreed to pay a one-time only payment to Wyeth. The amendment also increased annual license maintenance fees associated with VLP vaccine candidates from $0.2 million to $0.3 million per year. Payments under the agreement to Wyeth as of December 31, 2017 aggregated to $7.6 million. At December 31, 2017, the Milestone is recorded in accrued expenses on the consolidated balance sheet and is expected to be paid in the first quarter of 2018. The Milestone was recorded as a research and development expense in 2014.

Note 15 — Related Party Transactions

Dr. Rajiv Modi, a director of the Company, is also the managing director of Cadila. The Company and Cadila formed a joint venture, CPLB (see Note 7). A subsidiary of Cadila owned 2.5 million shares of the Company's outstanding common stock as of December 31, 2017. The Company and Cadila also entered into master services agreements, pursuant to which Cadila or CPLB may perform certain research, development and manufacturing services for the Company. For 2017, 2016 and 2015, the Company incurred $0.1 million, $0.4 million and $2.2 million, respectively, in expenses under the master services agreements. No amount was owed to CPLB under the master services agreement at December 31, 2017; however, the Company owed $0.1 million at December 31, 2016.

In July 2017, the Company entered into a consulting agreement with Dr. Sarah Frech, the spouse of Mr. Stanley C. Erck, the Company's President, Chief Executive Officer and Interim Chief Financial Officer. Dr. Frech is a seasoned biotechnology executive with significant experience managing multiple clinical programs. Under the agreement, Dr. Frech provides clinical development and operations services related to the Company's Phase 3 clinical trial of its RSV F Vaccine for infants via maternal immunization and other professional services. The agreement is scheduled to terminate in July 2018. In 2017, the Company incurred $0.2 million in consulting expenses under the agreement. The amount due and unpaid for services performed under the agreement at December 31, 2017 was less than $0.1 million.

Note 16 — Quarterly Financial Information (Unaudited)

The Company's unaudited quarterly information for the years ended December 31, 2017 and 2016 is as follows:

	Quarter Ended			
	March 31	**June 30**	**September 30**	**December 31**
	(in thousands, except per share data)			
2017:				
Revenue	$ 5,680	$ 6,732	$ 8,352	$ 10,412
Net loss	$(43,854)	$(44,465)	$(44,607)	$(50,843)
Net loss per share	$ (0.16)	$ (0.16)	$ (0.15)	$ (0.16)

	Quarter Ended			
	March 31	**June 30**	**September 30**	**December 31**
	(in thousands, except per share data)			
2016:				
Revenue	$ 4,218	$ 2,505	$ 3,231	$ 5,399
Net loss	$(77,252)	$(79,351)	$(66,254)	$(57,109)
Net loss per share	$ (0.29)	$ (0.29)	$ (0.24)	$ (0.21)

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

Exhibit 21

LIST OF SUBSIDIARIES

The following is a list of subsidiaries of the Company as of December 31, 2017.

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Novavax AB	Sweden

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3 No. 333-222365) pertaining to Novavax Inc. common stock,

(2) Registration Statement (Form S-3 No. 333-215389) pertaining to Novavax Inc. common stock,

(3) Registration Statement (Form S-8 No. 333-219829) pertaining to the Novavax Inc. stock incentive plan,

(4) Registration Statement (Form S-8 No. 333-213069) pertaining to the Novavax Inc. stock incentive plan and 2013 employee stock purchase plan,

(5) Registration Statement (Form S-8 No. 333-206354) pertaining to the Novavax Inc. stock incentive plan,

(6) Registration Statement (Form S-8 No. 333-198121) pertaining to the Novavax Inc. stock incentive plan,

(7) Registration Statement (Form S-8 No. 333-190600) pertaining to the Novavax Inc. stock incentive plan,

(8) Registration Statement (Form S-8 No. 333-190599) pertaining to the Novavax Inc. 2013 employee stock purchase plan,

(9) Registration Statement (Form S-8 No. 333-183113) pertaining to the Novavax Inc. stock incentive plan,

(10) Registration Statement (Form S-8 No. 333-145298) pertaining to the Novavax Inc. stock incentive plan,

(11) Registration Statement (Form S-8 No. 333-130990) pertaining to the Novavax Inc. stock incentive plan,

(12) Registration Statement (Form S-8 No. 333-110401) pertaining to the Novavax Inc. stock incentive plan,

(13) Registration Statement (Form S-8 No. 333-97931) pertaining to the Novavax Inc. stock incentive plan,

(14) Registration Statement (Form S-8 No. 333-46000) pertaining to the Novavax Inc. stock incentive plan,

(15) Registration Statement (Form S-8 No. 333-77611) pertaining to the Novavax Inc. stock incentive plan,

(16) Registration Statement (Form S-8 No. 33-80279) pertaining to the Novavax Inc. stock incentive plan, and

(17) Registration Statement (Form S-8 No. 33-80277) pertaining to Novavax Inc. stock incentive plan

of our reports dated March 14, 2018, with respect to the consolidated financial statements of Novavax Inc., and the effectiveness of internal control over financial reporting of Novavax, Inc., included in this Annual Report (Form 10-K) of Novavax Inc. for the year ended December 31, 2017.

/s/ Ernst & Young LLP

Baltimore, Maryland
March 14, 2018

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Stanley C. Erck, 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 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 the 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.

Date: March 14, 2018

By: /s/ Stanley C. Erck
President, Chief Executive Officer and
Interim Chief Financial Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER

I, Stanley C. Erck, 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 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 the 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.

Date: March 14, 2018

By: /s/ Stanley C. Erck
President, Chief Executive Officer and
Interim Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AND CHIEF FINANCIAL 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 period ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stanley C. Erck, President, Chief Executive Officer and Interim Chief Financial 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.

Date: March 14, 2018

By: /s/ Stanley C. Erck
President, Chief Executive Officer and
Interim Chief Financial Officer

Corporate Information

Board of Directors

James F. Young, Ph.D.
Chairman of the Board of Directors

Stanley C. Erck
President and Chief Executive Officer, Director

Richard Douglas, Ph.D.
Director

Gary C. Evans
Director

Michael A. McManus, Jr.
Director

Rajiv I. Modi, Ph.D.
Director

John O. Marsh, Jr.
Director Emeritus

Management Team

Stanley C. Erck
President and Chief Executive Officer

Gregory M. Glenn, M.D.
President, Research & Development

Sven Andréasson
Senior Vice President, Corporate Development

Amy B. Fix
Senior Vice President, Regulatory Affairs

Louis F. Fries III, M.D.
Senior Vice President, Chief Medical Officer

Timothy J. Hahn, Ph.D.
Senior Vice President, Global Manufacturing Operations

John A. Herrmann III
Senior Vice President, General Counsel, Corporate Secretary

John J. Trizzino
Senior Vice President, Chief Business Officer, Chief Financial Officer and Treasurer

Russell P. “Rip” Wilson
Senior Vice President, Business Development

Annual Meeting

The Annual Meeting of Stockholders will be held on June 14, 2018 at 8:30 a.m. at 21 Firstfield Road, Gaithersburg, MD 20878.

Independent Registered Public Accounting Firm

Ernst & Young LLP
621 East Pratt Street
Baltimore, MD 21202

Transfer Agent

Computershare, Inc.
250 Royall Street
Canton, MA 02021

Novavax Corporate Headquarters

Novavax, Inc.
20 Firstfield Road
Gaithersburg, MD 20878

Market Information

Novavax is traded on the NASDAQ Global Select Market under “NVAX.”

NOVAVAX
Creating Tomorrow’s Vaccines Today

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Gaithersburg, MD 20878
+1 240-268-2000

novavax.com

NASDAQ:NVAX