Annual Report 2019

NOVAVAX

Creating Tomorrow's Vaccines Today

To Our Shareholders

Vaccines and wide-spread vaccination practices have been instrumental in shaping our global community by preventing devastating diseases and saving millions of lives. Recent scientific and technological advances offer new potential for vaccines to address and prevent existing and emerging infectious diseases. There is no better illustration of the continued need for innovative vaccines than the COVID-19 pandemic we are all confronting.

At Novavax, our dedication to our mission necessitates that we focus efforts on a vaccine that can help global health authorities address, control and potentially eradicate SARS-CoV-2, the virus responsible for COVID-19. We are seeking to fulfill our mission with NVX-CoV2373.

My letter to you, the stockholders of Novavax, normally focuses on activities from the past year. However, I would be remiss if I did not comment first on our COVID-19 efforts. NVX-CoV2373 was developed by our discovery team using our nanoparticle platform and fortified with our Matrix-M adjuvant. Preclinical studies offer strong evidence that this vaccine candidate will be highly immunogenic and thus protective in humans. In light of global health needs, we accelerated our plans to begin first-in-human trials in May in parallel with our aggressive product development and manufacturing activities. The support of CEPI, the Coalition for Epidemic Preparedness Innovations, will be instrumental in contributing to our progress and rapid response. CEPI recently awarded Novavax with up to $388 million in funding to advance NVX-CoV2373 in the clinic, to implement rapid production of antigen and adjuvant, and to allow for large-scale manufacturing in multiple potential sites around the world.

Our experience developing vaccines to address unmet medical needs, improving the standards for vaccinating against diseases where current vaccines are insufficient, and protecting against new, emerging infectious diseases make Novavax uniquely qualified to bring its thoughtful but rapid development strategies to bear when vaccine solutions are required. Although we have been spending much of the first part of 2020 focusing on COVID-19, we are also continuing to advance our NanoFlu program forward toward BLA filing, identify new opportunities to leverage Matrix-M, and align on progressing our important RSV vaccine programs.

I want to underscore the success of NanoFlu, our adjuvanted quadrivalent influenza vaccine. Earlier this year we announced that the Phase 3 trial of NanoFlu achieved *all* primary endpoints. With these results, we are developing a BLA package that, when approved, will allow us to bring NanoFlu to adults over 65, increasingly challenged by weakened immunity. NanoFlu addresses a serious public health threat as well as a federal mandate to find better, more effective influenza vaccines.

In addition, we remain committed to addressing the unmet medical need for an RSV vaccine for vulnerable populations. Other companies have joined the effort to defeat RSV, but our RSV-F Protein vaccines are unique in demonstrating potent efficacy in late stage clinical trials for both older adults and vaccinated pregnant mothers for the protection of their infants. The results of our trials give us optimism that we have viable RSV vaccines, and we will continue to work with regulatory authorities and potential partners to refine clinical trial designs with the goal of bringing these life-saving vaccines to the market.

Our success as a vaccine development company will rely heavily on our ability to leverage our proven technology platforms (recombinant protein antigens fortified by our Matrix-M adjuvant), execute against our strategic plans as circumstances evolve, and advance effective vaccines in support of global health. Meeting our core principles will allow us to create value for our stockholders. Our vision is both ambitious and challenging with large hurdles that must be addressed. Fortunately, Novavax draws upon a smart, talented, hardworking, and above all, dedicated group of employees. I am fortunate to be a part of this remarkable group, driven by passion to find answers and to solve some of our greatest health challenges.

I am proud to share the successes of this team, and grateful to our stockholders for the encouragement and support of this vision to improve global health. Trite though it may sound, it is never more true than it is now: our success stems from the confidence of our investors, the support of our funding partners, and the efforts of a superlative group of employees and contractors, in the U.S., Sweden, and around the world. I wish to sincerely thank you all; without you, Novavax could not begin to do what it has done, is now doing, and will do in the days ahead.

Stanley C. Erck
President and Chief Executive Officer

NOVAVAX
Creating Tomorrow's Vaccines Today

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Gaithersburg, MD 20878
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www.novavax.com
Nasdaq: NVAX

May 12, 2020

Dear Novavax Stockholder:

You are cordially invited to our Annual Meeting of Stockholders on Thursday, June 25, 2020, beginning at 8:30 a.m. Eastern Time. Due to the public health impact of the coronavirus pandemic ("COVID-19") and to support the health and well-being of our stockholders, this year's Annual Meeting of Stockholders will be held in a virtual meeting format only. You can virtually attend the live webcast of the Annual Meeting of Stockholders at www.viewproxy.com/Novavax/2020/VM. We are pleased to also provide a copy of our 2019 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 the live virtual webcast of 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 25, 2020

To the Stockholders of Novavax, Inc.:

NOTICE IS HEREBY GIVEN that the 2020 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 25, 2020 at 8:30 a.m. Eastern Time, via live webcast at www.viewproxy.com/Novavax/2020/VM, to consider and act upon the following matters:

1. To elect two directors as Class I directors to serve on the board of directors of the Company (the "Board"), each for a three-year term expiring at the 2023 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 two other most highly compensated individuals serving as executive officers on December 31, 2019 (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 individual and non-employee director stock award limits granted to any person in any calendar year, and to increase the number of shares of the Company's common stock, par value $0.01 (our "Common Stock"), available for issuance thereunder by 7,100,000 shares;

4. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2020; and

5. 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 29, 2020 (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, 2019, 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
May 12, 2020

WHETHER OR NOT YOU PLAN TO ATTEND THE VIRTUAL WEBCAST OF 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 25, 2020:

Notice of Annual Meeting, Proxy Statement, and Annual Report are available free of charge at
http://www.viewproxy.com/Novavax/2020

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Novavax, Inc.
21 Firstfield Road
Gaithersburg, Maryland 20878

PROXY STATEMENT
For the Annual Meeting of Stockholders
To Be Held on Thursday, June 25, 2020

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 2020 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Thursday, June 25, 2020 at 8:30 a.m. Eastern Time via live webcast at www.viewproxy.com/Novavax/2020/VM 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, 2019 (the "Annual Report") are being made available via the Internet and, upon request, will be mailed to our stockholders on or about May 15, 2020.

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 live virtual webcast of 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 15, 2020, 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., 21 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 I directors to serve on the Board, each for a three-year term expiring at the 2023 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 individual and non-employee director stock award limits granted to any person in any calendar year, and to increase the number of shares of the Company's Common Stock available for issuance thereunder by 7,100,000 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, 2020; 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 2019 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 57,958,587 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 virtually 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 virtually 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.

Why is the Company holding a virtual Annual Meeting?

Due to the public health impact of the coronavirus outbreak ("COVID-19") and to support the health and well-being of our stockholders, this year's Annual Meeting will be held in a virtual meeting format only. We have designed our virtual format to enhance, rather than constrain, stockholder access, participation, and communication. For example, the virtual format allows stockholders to communicate with us in advance of, and during, the Annual Meeting so they can ask questions of our board of directors or management. Just like we did during our in-person meetings, during the live Q&A session of the Annual Meeting, we may answer questions as they come in and address those asked in advance, to the extent relevant to the business of the Annual Meeting, as time permits.

How can I attend the virtual Annual Meeting?

The Annual Meeting will be held entirely online. To attend the live webcast of the Annual Meeting, you must demonstrate that you were a Novavax stockholder as of the close of business on April 29, 2020 or hold a valid proxy for the Annual Meeting from such a stockholder.

- To participate in the Annual Meeting live via the Internet you must register at *www.viewproxy.com/Novavax/2020* by **11:59 p.m. Eastern Time on June 22, 2020**.

- On the day of the Annual Meeting, if you have properly registered, you may enter the Annual Meeting by logging in using the password you received via email in your registration confirmation at *www.viewproxy.com/Novavax/2020/VM*.

If you encounter any difficulties accessing the Annual Meeting live audio webcast during the meeting time, please email VirtualMeeting@viewproxy.com or call 866-612-8937. If you do not comply with the procedures outlined above, you will not be admitted to the Annual Meeting.

Even if you plan to attend the live virtual webcast of the Annual Meeting, we encourage you to vote in advance by Internet, telephone or mail so that your vote will be counted even if you later decide not to attend the live virtual webcast of the Annual Meeting. Please note that no members of management or the Board will be in attendance at the physical location. A replay of the meeting, as well as any questions pertinent to meeting matters and management's answers (including any questions that could not be answered during the meeting due to time constraints), will be made publicly available on our investor relations website promptly after the Annual Meeting.

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.

- **At the Live Virtual Webcast of the Annual Meeting**. All stockholders may vote at the Annual Meeting. If you are a registered holder, you must register using the virtual control number included on your Notice of Internet Availability of Proxy Materials or your proxy card (if you received a printed copy of the proxy materials). If you hold your shares beneficially through a bank or broker, you must provide a legal proxy from your bank or broker during registration and you will be assigned a virtual control number in order to vote your shares during the Annual Meeting. If you are unable to obtain a legal proxy to vote your shares, you will still be able to attend the Annual Meeting (but will not be able to vote your shares) so long as you demonstrate proof of stock ownership such as a copy of your proxy card, voter instruction card, Notice of Internet Availability, or brokerage statement showing proof of your ownership of Novavax common stock as of April 29, 2020. Instructions on how to connect and participate via the Internet, including how to demonstrate proof of stock ownership, are posted at *www.viewproxy.com/Novavax/2020*.

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, 2020, 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 — Ratification of Ernst & Young LLP as Independent Auditors for 2020	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 — The approval, on an advisory basis, of the compensation paid to our Named Executive Officers	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 — Ratification of Ernst & Young LLP as Independent Auditors for 2020	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 electronically at the Annual Meeting. In light of disruptions caused by COVID-19, if you intend to revoke your proxy by such written notice, we advise that you also send a copy via email to ir@novavax.com with "Attention: Corporate Secretary" in the subject line. Attendance at the live virtual webcast of 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 at the live virtual webcast of the Annual Meeting.

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. This cost also includes support for the hosting of the live virtual webcast of the Annual Meeting. 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 I DIRECTORS

Pursuant to the Company's charter, the Board of Directors (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 seven individuals: Richard H. Douglas, Ph.D., Stanley C. Erck, Gary C. Evans, Rachel K. King, Michael A. McManus, Jr., J.D., Rajiv I. Modi, Ph.D., and James F. Young, Ph.D.

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 I directors expires at the Annual Meeting. The terms of the Class II and Class III directors will expire at the 2021 and 2022 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. The following information outlines our directors and their ages and positions as of April 29, 2020, followed by biographical information of each such director.

Nominees for Election as Class I Directors

After recommendation by the Nominating and Corporate Governance Committee, the Board has designated Stanley C. Erck and Rajiv I. Modi, Ph.D. as nominees for election as Class I directors of the Company at the Annual Meeting. If elected, each such nominee will serve until the expiration of his term at the 2023 Annual Meeting of Stockholders and until his successor is elected and qualified. Mr. Erck and Dr. Modi have consented to being named in this Proxy Statement and to serve if elected. The Board has no reason to believe that Mr. Erck and Dr. Modi 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:

STANLEY C. ERCK

Age: 72 **Class: I** **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 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 chief executive officer positions for several companies, and his extensive experience of serving on other companies' boards.

RAJIV I. MODI, PH.D.

Age: 59 **Class: I** **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 29, 2020, 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 board of Cadila, as well as the boards of numerous other private companies and foreign public companies.

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.

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

Directors Continuing as Class II Directors

RICHARD H. DOUGLAS, PH.D.

Age: 67 **Class: II** **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., 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: 62 **Class: II** **Year First Elected Director: 1998**

Chairman of the Board and Chief Executive Officer of Generation Hemp, Inc. since 2019, and prior to that Chairman of the Board and Chief Executive Officer of Energy Hunter Resources, Inc., a Dallas based oil and gas exploration and production company, from May 2016 to November 2019. 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 Generation Hemp, 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.

Directors Continuing as Class III Directors

RACHEL K. KING

Age: 60 **Class: III** **Year First Elected Director: 2018**

Founder and Chief Executive officer of GlycoMimetics, Inc. since 2003. Mrs. King was an Executive in Residence at New Enterprise Associates ("NEA"), one of the nation's leading venture capital firms. Mrs. King joined NEA after serving as a Senior Vice President of Novartis Corporation. Before Novartis, Mrs. King spent ten years with Genetic Therapy, Inc. ("GTI") through the company's early stage, initial public offering, and eventual sale to Novartis, after which she ran GTI as a wholly owned subsidiary of Novartis. Mrs. King worked previously at ALZA Corporation and Bain and Company.

Other Directorships: Mrs. King currently serves on the board of directors of GlycoMimetics, Inc., as well as the executive committee of the Biotechnology Innovation Organization. She also sits on the board of directors of the University of Maryland BioPark.

Education: Mrs. King received her Bachelors of Arts degree from Dartmouth College and her Masters in Business Administration from Harvard Business School.

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

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

Age: 77 **Class: III** **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.

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: 67 **Class: III** **Year First Elected Director: 2010**

Former Chairman of the Board and Chief Executive Officer of Targeted Microwave Solutions, Inc. from 2016 to 2018. 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 board of Sagimet Biosciences, 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 20, 2020, 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 2019, the Board met 13 times and acted by written consent in lieu of a meeting one time. In addition, the non-employee directors met four times in executive session during the same period. Each of our incumbent directors 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.

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 then-current Board members attended the 2019 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 Vice President, Information Technology 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
Rachel K. King	—	Member	Member
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 Exchange Act, "outside director," as defined in Section 162(m) ("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 2019, the Audit Committee met six times and did not act by written consent in lieu of a meeting.

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, and an "independent director," as defined by the listing standards of the Nasdaq, including the heightened standards that apply to compensation committee members. During 2019, the Compensation Committee met four 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 Senior 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 2019, 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 the applicable year's annual meeting of stockholders; provided, however, that in the event that the date of the applicable 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 the ability to devote sufficient time to the business and affairs of the Company; and
- 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;
- 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 In accordance with this policy, although each of Mr. Erck and Dr. Modi will have served on our board for more than ten years, the Nominating and Corporate Governance Committee determined to nominate each of them for reelection to the Board at the Annual Meeting due to Mr. Erck's leadership experience in the biotechnology industry and his extensive experience of serving on other companies' boards and due to Dr. Modi's extensive leadership experience, technical expertise in the development and manufacturing of pharmaceutical products and broad experience in international joint ventures and pharmaceutical sales. 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., 21 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. Novavax and Cadila have formed a joint venture called CPL Biologicals Private Limited, of which Novavax owns 20% and Cadila owns the remaining 80%. As of April 29, 2020, a subsidiary of Cadila owns 125,000 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 provided clinical development and operations services related to the Company's Phase 3 clinical trial of ResVax and other professional services. The agreement terminated in July 2019. In 2019 and 2018, the Company incurred $0.1 million and $0.3 million, respectively, in consulting expenses under the agreement. See also the information regarding the consulting agreement in Note 16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 11, 2020.

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 2019, Dr. Douglas, Ms. King, Mr. McManus, and Dr. Young served as members of the Compensation Committee. None of the members of the Compensation Committee were at any time during 2019 an employee or executive officer of Novavax.

No executive officer of the Company currently serves, or during 2019 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 paid to our non-employee directors is comprised of two components: (i) cash compensation and (ii) equity awards.

Cash Compensation

Our non-employee director cash compensation arrangement for 2019 was as follows:

Fee(s)	2019 Amount
Annual Director Retainer	$40,000 – Non-Employee Director
Annual Chairperson Retainer	$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
	$7,500 – 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.

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 Common Stock and are credited with additional notional units if dividends are paid on 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, 2019. 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 December 12, 2019, the Compensation Committee granted options to purchase 18,000 shares of the Common Stock to each of Ms. King, Messrs. Evans and McManus, and Dr. Douglas. In recognition of his service as our Chairperson, Dr. Young was granted an option to purchase 40,000 shares of the Common Stock, of which the option to purchase 2,500 shares of Common Stock was null and void pursuant to the terms of the 2015 Stock Plan as of the date of grant, resulting in an award to him of an option to purchase 37,500 shares of the Common Stock. All of the aforementioned options have an exercise price of $3.985 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 2019:

Name	Fees Earned or Paid in Cash[1] ($)	Option Awards[2] ($)	Total ($)
Richard H. Douglas, Ph.D.	57,500	61,796	119,296
Gary C. Evans	60,000	61,796	121,796
Rachel K. King	52,500	61,796	114,296
Michael A. McManus, Jr., J.D.	72,500	61,796	134,296
Rajiv I. Modi, Ph.D.[3]	—	—	—
James Young, Ph.D.	95,000	128,741	223,741

(1) Represents fees earned in 2019.

(2) Represents options granted in 2019 in respect of 2019 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 13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 11, 2020. As of December 31, 2019, the aggregate number of stock options held by each non-employee director is as follows: Dr. Douglas, 41,000; Mr. Evans, 39,500; Ms. King 26,000, Mr. McManus, 36,250; Dr. Modi, none; and Dr. Young, 100,750.

(3) Due to his relationship with Cadila and CPL Biologicals Private Limited, Dr. Modi did not receive compensation for his services a director in 2019.

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 29, 2020, followed by biographical information of each such executive officer:

Name	Age	Title
Stanley C. Erck	72	President and Chief Executive Officer and Director
John J. Trizzino	60	Senior Vice President, Chief Business Officer and Chief Financial Officer and Treasurer
Gregory M. Glenn, M.D.	66	President, Research and Development
John A. Herrmann III	54	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. He also served on the board of directors of BioCryst Pharmaceuticals from December 2008 to December 2018. Mr. Erck also serves on the board of directors of 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 and Treasurer 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 four executive officers for 2019 (each a "Named Executive Officer" or an "NEO"): (i) Stanley C. Erck, President and Chief Executive Officer; (ii) John J. Trizzino, Senior Vice President, Chief Business Officer and Chief Financial Officer and Treasurer; (iii) Dr. Gregory M. Glenn, President, Research and Development; and (iv) John A. Herrmann III, Senior Vice President, General Counsel and Corporate Secretary.

The CD&A reviews the Company's executive compensation philosophy, the objectives and operation of the compensation program, how compensation was set for 2019, and the various elements of compensation paid to the executive officers including the NEOs for services during 2019.

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, rewarding strong performance, and incentivizing, and retaining high potential personnel; and
- a market-competitive, comprehensive benefits program.

The Compensation Committee believes that these components provide the tools needed to deliver performance-vesting 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 2019 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. Approximately 70% of the votes cast on the advisory vote on executive compensation were in favor of our Named Executive Officer compensation as disclosed in our 2019 proxy statement. We expanded the scope of our stockholder outreach following the 2019 Annual Meeting of Stockholders executive compensation advisory vote. In late 2019 and early 2020, we solicited our top 20 stockholders to discuss topics related to our business, corporate governance, and executive compensation. These stockholders indicated a meeting was not necessary or did not respond to our multiple requests. Stockholder feedback is important, and the information we glean from these engagements is highly valued. Certain of our stockholders had previously expressed a preference for performance-vesting long-term compensation (as compared to time-vesting). Accordingly, as further discussed below in this CD&A, in March 2019 and April 2020, the Compensation Committee awarded performance-vesting awards to our executive officers.

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, incentivize 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;
- 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 the opportunity to receive equity grants in various forms. The Compensation Committee granted equity awards to our named executive officers in March 2019 in the form of time-vesting and performance-vesting restricted stock units ("RSUs"), in September 2019 in the form of time-vesting stock options, stock appreciation rights ("SARs"), and RSUs, and in April 2020 in the form of performance-vesting stock options. We consider grants of stock options and SARs to align the interest of our executives with our stockholders interest because value is created in such grants when the value of Common Stock appreciates after grant. We also view RSUs granted to our executive officers as important incentives, designed to encourage retention and stock ownership.

Generally, time-vesting stock option grants vest over four years, with 25% of the award vesting on the first anniversary of the grant date and 75% vesting monthly thereafter over the following three-year period. This vesting schedule supports long-term retention of executive officers because executive officers cannot exercise the options until they vest.

In March 2019, certain executive officers received (i) time-vesting RSUs that vested on September 8, 2019, subject to the executive officer's continued service through such date, and (ii) performance-vesting RSUs that partially vested on March 8, 2020, subject to the executive officer's continued service through such date, and based on the Company meeting a performance objective related to its NanoFlu vaccine. Such performance-vesting RSUs were partially forfeited in September 2019 based on the Company failing to meet a performance objective related to its ResVax vaccine candidate, as further discussed in the section entitled "Elements of Compensation — Equity Awards" below.

In September 2019, certain executive officers received the following equity awards: (i) time-vesting RSU retention grants that will vest on the first anniversary of the grant date, subject to continued service through the vesting date; (ii) time-vesting RSU grants that will vest in equal annual installments on the first, second, and third anniversary of the grant date, subject to continued service through the vesting date;

(iii) time-vesting SARs that vest as to 25% of the SARs on the first anniversary of the grant date, and as to the remaining 75% in equal monthly installments over the following three years, subject to continued service through the vesting date; and (iv) time-vesting stock options that vest as to 25% on the first anniversary of the grant date, and as to the remaining 75% in equal monthly installments over the following three years, subject to continued service through the vesting date and subject to stockholder approval of an increase in the number of shares available under the Company's Amended and Restated 2015 Stock Incentive Plan, as amended (the "2015 Stock Plan"), as further discussed in the section entitled "Elements of Compensation — Equity Awards" below.

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 11 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 executive compensation based on the recommendation of the Compensation Committee. In 2019, the CEO and the Senior 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, 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, a part of the Total Rewards practice at Aon plc ("Radford") to conduct annual analyses and provide ongoing compensation support. In the third quarter of 2019, Radford completed a thorough competitive analysis for 2020 executive compensation, and this analysis was used to inform decisions made regarding the type and amount of equity granted to executive officers in September 2019. Radford's competitive analysis was based on a combination of survey data and peer group data.

Survey Data

When determining overall compensation for 2020, 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 900 life sciences companies and more than 600,000 individuals. Global market data is available for 50 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. In 2018, Radford used a customized selection of Survey data comprised of public biopharmaceutical companies with 100 — 1,000 employees and a market capitalization of $200M — $1.5 billion to better align the Survey data with Novavax' compensation programs.

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 2019 Consists of the Following 18 Companies:	Achillion Pharmaceuticals	Chimerix	Seres Therapeutics
	Agenus	Cytokinetics	Tetraphase Pharmaceuticals
	Alder Biopharmaceuticals	Dynavax Technologies	XBiotech
	Athersys	ImmunoGen	Zogenix
	BioCryst Pharmaceuticals	Inovio Pharmaceuticals	
	BioTime	MacroGenics	
	ChemoCentryx	Recro Pharma	

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 did not raise any conflicts of interest or similar concerns. The Compensation Committee assesses 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. 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. Accordingly, a significant portion of an executive officer's total compensation package is based on the Company's performance and the achievement of corporate goals. During 2019, the Board and the Company's senior executives jointly developed a set of objectives for 2019, which were based on the Company's strategic plan (the "2019 Objectives"). These objectives are described below under "2019 Performance and Outcomes."

Individual Performance

The CEO recommended individual performance goals and objectives for 2019 for executive officers other than himself, and, in the first quarter of 2020, reviewed each such executive officer's achievement of such performance goals and objectives. Because of his key role in the overall success of the Company, the CEO's performance goals and objectives for 2019 were the same as the annual corporate objectives based on the strategic plan and, in the first quarter of 2020, the Chairperson of the Board reviewed and evaluated the CEO's achievement of such performance goals and objectives.

With the exception of the CEO, whose incentive compensation is based entirely on achievement of the 2019 Objectives and the discretion of the Board, each NEO had additional individual goals to support the 2019 Objectives or to further the Company's strategic plan. Each NEO achieved his individual objectives in 2019.

2019 Performance and Outcomes

During the first quarter of 2020, the Compensation Committee reviewed the Company's performance related to its 2019 Objectives. The following table summarizes its conclusions regarding these objectives:

2019 Objective	Weight	Achievement	Percent	Explanation
Execute on influenza vaccine development plans	60%	Exceeded objective	70%	Successful Phase 3 NanoFlu results that met primary endpoint and key secondary endpoints
Catalent transaction	15%	Met objective	15%	Closing of transaction with Catalent Maryland, Inc., a unit of Catalent Biologics
Execute on RSV vaccine development plans	15%	Did not meet objective	0%	Comprehensive path forward for ResVax in the U.S. and Europe
Complete financing to end 2019 on budget	10%	Met objective	10%	Raised cash opportunistically and stayed on 2019 budget
Total	100%		95%	

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. The base salaries for the NEOs as of December 31, 2019 were:

Executive	Base Salary ($)	Percentage Increase in Base Salary from December 31, 2018 (%)
Stanley C. Erck	642,720	0.0[(1)]
John J. Trizzino	393,567	3.0
Gregory M. Glenn, M.D.	472,770	2.0
John A. Herrmann III	381,368	3.0

(1) Mr. Erck did not receive an annual base salary increase for 2019.

Incentive Cash Bonus Program

The incentive cash bonus program is designed to motivate and reward executive officers for the achievement of specific corporate and, for our executive officers other than our CEO, individual 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 in the table of the 2019 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. Eighty percent 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 Messrs. Trizzino and Herrmann, 75% of their bonuses are based on corporate achievement and 25% of their bonuses are based on the performance of their respective functional areas. The 2019 NEO bonus targets, which remained unchanged from 2018, and actual incentive cash bonus awards received were as follows:

Executive	Bonus Target as Percentage of Base Salary (%)	Incentive Cash Bonus Award Received ($)
Stanley C. Erck	60.0	366,351
John J. Trizzino	40.0	150,421
Gregory M. Glenn, M.D.	50.0	225,818
John A. Herrmann III	40.0	145,758

The conclusions regarding the Company's performance related to its 2019 Objectives are shown above, under the heading "2019 Performance and Outcomes."

In recognition of the 2019 Objectives that were achieved in 2019, including 2019 Objectives that were achieved in 2019 and measured in 2020, in March 2020, the Compensation Committee granted each of our NEOs a cash bonus in the amount disclosed above.

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. Importantly, given the significant risks and high potential reward the Company faces around its development of NVX-CoV2373, its vaccine candidate for the SARS-CoV-2 virus responsible for the COVID-19 pandemic, as well as the ongoing efforts to attain licensure for its NanoFlu vaccine, the Compensation Committee believes such equity awards align the executives' performance with the interest of our stockholders and create appropriate incentives for improved global health. In the case of stock options and SARs, the executive officers are motivated by the potential appreciation in the stock price above the exercise price or base value, as applicable. To encourage continued employment, equity grants to executive officers, other than retention- and performance-vesting grants, typically require the executive to remain an

employee of the Company for three or four years before the award is fully vested. In addition, the Compensation Committee may grant equity awards that vest as the executive officer achieves certain performance 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 equity grants are awarded to executive officers at the discretion of the Board upon a recommendation by the Compensation Committee or at the discretion of the Compensation Committee pursuant to the authority delegated by the Board. In making its recommendations or determinations, 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, annual equity awards were awarded to all employees including the NEOs in September 2019.

In recognition of the 2018 Objectives that could potentially be achieved in 2019, in March 2019, the Compensation Committee granted our CEO performance-vesting RSUs that partially vested based on the Company meeting a performance objective related to its NanoFlu vaccine. Such RSUs were partially forfeited based on the Company failing to meet a performance objective related to its ResVax vaccine candidate. The Compensation Committee determined that our NEOs, other than the CEO, would receive a 2018 annual cash bonus equal to 50% of the amount determined to be earned in accordance with the 2018 Objectives. In March 2019, in lieu of the remaining 50%, the NEOs, other than the CEO, received time-vesting RSU retention grants that vested on September 8, 2019 subject to continued service through the vesting date. In addition, in recognition of the 2018 Objectives that could potentially be achieved in 2019, in March 2019, the Compensation Committee awarded the NEOs performance-vesting RSUs that partially vested based on the Company meeting a performance objective related to its NanoFlu vaccine. Such RSUs were partially forfeited based on the Company failing to meet a performance objective related to its ResVax vaccine candidate.

Each of the NEOs is also eligible to participate in the Company's Amended and Restated 2013 Employee Stock Purchase Plan (the "ESPP").

From time to time, the Company may grant performance-vesting stock equity awards. The following table contains information about the grant, vesting, and forfeiture of outstanding performance-vesting awards as of December 31, 2019:

	Number of Shares
Non-vested at December 31, 2015	—
Granted	55,000
Vested	—
Forfeited	—
Non-vested at December 31, 2016	55,000
Granted	—
Vested	—
Forfeited	(6,250)
Non-vested at December 31, 2017	48,750
Granted	—
Vested	—
Forfeited	—
Non-vested at December 31, 2018	48,750
Granted	38,758
Vested	—
Forfeited	(31,009)
Non-vested at December 31, 2019	56,499

Stock Options

In September 2019, the Compensation Committee awarded to each Named Executive Officer an option to purchase Common Stock. The stock options vest as to 25% of the shares underlying the option on the first anniversary of the grant date and as to the remaining 75% in equal monthly installments over a three-year period, subject to continued service with the Company through the applicable vesting date and subject to stockholder approval of an increase in the number of shares available under the 2015 Stock Plan, which we intend to seek at the 2020 Annual Meeting. If the stockholders do not approve this increase, these stock options will be cancelled. The following table contains the contingent time-vesting stock options granted to each NEO:

Executive	Time-Vesting Stock Options
Stanley C. Erck	100,000
John J. Trizzino	100,000
Gregory M. Glenn, M.D.	100,000
John A. Herrmann III	99,000

In April 2020, in acknowledgment of the extraordinary work of our employees to implement a new vaccine program against SARS-CoV-2 , our Compensation Committee approved a grant of performance-vesting equity awards to our employees, including a grant of stock options to our executive officers. The stock options will be earned if a Phase 2 clinical trial of the Company's NVX-CoV2373 vaccine candidate against SARS-CoV-2 is initiated within 12 months of the grant date, and will thereafter vest as to 50% of the earned stock options on the first anniversary of the Phase 2 initiation date and as to the remaining 50% of the earned stock options on the second anniversary of the Phase 2 initiation date, subject to continued service with the Company through the applicable vesting date and subject to stockholder approval of an increase in the number of shares available under the 2015 Stock Plan, which we intend to seek at the Annual Meeting. If the stockholders do not approve this increase, these stock options will be cancelled. The following table contains the contingent performance-vesting stock options granted to each NEO:

Executive	Time-Vesting Stock Options
Stanley C. Erck	400,000
John J. Trizzino	140,000
Gregory M. Glenn, M.D.	165,000
John A. Herrmann III	125,000

Restricted Stock Units

In March 2019, the Compensation Committee awarded the executive officers (i) time-vesting RSUs that vested on September 8, 2019, subject to the executive officer's continued service through such date, and (ii) performance-vesting RSUs that partially vested on March 8, 2020, subject to the executive officer's continued service through such date, and based on the Company meeting a performance objective related to its NanoFlu vaccine. Such performance-vesting RSUs were partially forfeited in September 2019 based on the Company failing to meet a performance objective related to its ResVax vaccine candidate. The following table contains the RSUs granted to each NEO:

Executive	Time-Vesting RSUs[1]	Performance-Vesting RSUs[2]
Stanley C. Erck	—	30,362
John J. Trizzino	5,143	2,344
Gregory M. Glenn, M.D.	7,608	3,804
John A. Herrmann III	4,933	2,248

(1) One hundred percent of the RSUs subject to this grant under the Company's 2015 Stock Plan vested six (6) months from the March 8, 2019 grant date subject to continued employment with the Company through the vesting date.

(2) Vesting of the performance-vesting RSUs subject to this grant under the 2015 Stock Plan is subject to the satisfaction of both (1) a time-vesting requirement, pursuant to which one hundred percent of the RSUs vested on the first anniversary of the March 8, 2019 grant date subject to continued service through such vesting date; and (2) performance-vesting requirements, pursuant to which the RSUs were eligible to vest as to 80% of the underlying shares if on or prior to September 30, 2019, the Company developed a viable, near-term marketing authorization approach for its ResVax vaccine and as to 20% of the underlying shares if on or prior to September 30, 2019, the Company received notification of its right to pursue accelerated approval for its NanoFlu vaccine from the U.S. Food and Drug Administration ("FDA"), subject in each case to continued service with the Company through the first anniversary of the grant date.

As part of our annual grant process, in September 2019, the Compensation Committee awarded the executive officers other than Dr. Glenn time-vesting RSUs that vest in three equal annual installments on the first three anniversaries of the date of grant, subject to continued service with the Company through the applicable vesting date. The following table contains the RSUs granted to each NEO:

Executive	Time-Vesting RSUs
Stanley C. Erck	19,638
John J. Trizzino	10,613
Gregory M. Glenn, M.D.	—
John A. Herrmann III	11,919

In addition, in September 2019, the Compensation Committee awarded the executive officers other than the CEO retention RSUs that vest on the first anniversary of the grant date, subject to continued service with the Company through the vesting date. The following table contains the retention RSUs granted to each NEO:

Executive	Time-Vesting RSUs
Stanley C. Erck	—
John J. Trizzino	31,900
Gregory M. Glenn, M.D.	38,588
John A. Herrmann III	30,900

Stock Appreciation Rights

In September 2019 as part of the annual grant process, the Compensation Committee awarded the executive officers other than Mr. Herrmann time-vesting SARs that will be settled in shares. The SARs vest as to 25% of the SARs on the first anniversary of the grant date and as to the remaining 75% in equal monthly installments over a three-year period, subject to continued service with the Company through the applicable vesting date. The following table contains the SARs granted to each NEO:

Executive	Time-Vesting SARs
Stanley C. Erck	100,000
John J. Trizzino	18,400
Gregory M. Glenn, M.D.	66,100
John A. Herrmann III	—

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, 2019, the Company had employment agreements in place with all of the NEOs. 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 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, subject to certain grandfathering rules for performance-vesting compensation in effect on November 2, 2017 and not materially modified after such date. The Compensation Committee believes that its primary responsibility is to provide a compensation program that attracts, retains and rewards the executives necessary for our success. Accordingly, the Compensation Committee has authorized, and will continue to authorize, compensation arrangements that are not fully deductible under Section 162(m) of the Code or that may otherwise be limited as to tax deductibility.

The Compensation Committee regularly considers the accounting implications of significant compensation decisions, especially in connection with decisions that relate to our equity incentive award plans and programs. If accounting standards change, we may revise certain programs to appropriately align accounting expenses of our equity awards with our overall executive compensation philosophy and objectives.

Prohibition on Hedging and Pledging our Common Stock

Our insider trading policy prohibits all directors, officers and other employees from engaging in hedging of Common Stock or similar transactions that transfer to another, in whole or in part, any of the economic consequences of ownership of Common Stock, such as put and call options and short and long sales, convertible debentures or preferred stock and debt securities (debentures, bonds and notes). Further,

our insider trading policy provides that no director, executive officer or vice president may engage in any transaction involving pledging of Common Stock.

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 25 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 2019, 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. and Europe. 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. In total, Novavax conducted 105 individual calls or meetings with buy-side investors and had 21 interactions with sell-side analysts in 2019. 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.

2019 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 2019:

- the median of the annual total compensation of all employees of the Company (other than Mr. Erck) was $98,413;
- Mr. Erck's annual total compensation, as reported in the Summary Compensation Table included elsewhere within this Proxy Statement, was $2,438,562; and
- for 2019, 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, 2019, its employee population consisted of approximately 168 individuals, with approximately 121 employees based in the United States and 47 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 2019.
- 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, 2019.
- After identifying the median employee, all of the elements of such employee's compensation for 2019 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, were totaled resulting in annual total compensation of $98,413. 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, 2019, 2018, and 2017.

Name and Principal Position	Year	Salary[1] ($)	Stock Awards[2] ($)	Option Awards[3] ($)	Non-Equity Incentive Plan Compensation[4] ($)	All Other Compensation[5] ($)	Total ($)
Stanley C. Erck	2019	642,720	431,631	986,660	366,351	11,200	2,438,562
President and CEO	2018	638,040	—	3,509,358	—	11,000	4,158,398
	2017	624,000	—	1,753,125	383,760	10,800	2,771,685
John J. Trizzino	2019	390,701	330,831	584,103	150,421	9,546	1,465,602
SVP, Chief Business Officer	2018	378,078	—	890,700	53,498	7,500	1,329,776
and CFO and Treasurer	2017	366,102	—	425,000	149,145	7,500	947,747
Gregory M. Glenn, M.D.	2019	470,453	348,306	819,421	225,818	11,200	1,875,198
President, Research and	2018	460,125	—	1,131,189	79,142	11,000	1,681,456
Development	2017	450,000	—	531,250	229,500	10,500	1,221,250
John A. Herrmann III	2019	378,591	329,470	488,397	145,758	11,200	1,353,416
SVP, General Counsel and	2018	362,695	—	712,560	51,321	11,000	1,137,576
Corporate Secretary	2017	340,000	—	425,000	138,550	9,767	913,317

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

(2) The amount reported in this column represents the grant date fair value of time-vesting and performance-vesting RSUs granted to our NEOs in 2019. 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 13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 11, 2020. The grant date fair values of the performance-vesting RSUs as reported in the table above are based on the probable outcome of the performance conditions associated with the RSUs on the grant date, which is the same value as if all applicable performance milestones associated with the RSUs were achieved at maximum levels.

(3) The amount reported in this column represents the grant date fair value of time-vesting stock options and SARs granted to our NEOs in 2019. The grant date fair value was calculated in accordance with FASB ASC Topic 718 assuming all contingent awards were granted on a non-contingent basis. Assumptions used in the calculation of this amount are included in Note 13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 11, 2020.

(4) Represents performance-vesting bonuses awarded in 2019, 2018, and 2017 under the Company's incentive cash bonus program. For a description of the incentive cash bonus program, see page 21 in the CD&A.

(5) For 2019, All Other Compensation consisted of employer matching contributions to the Company's 401(k) plan for Messrs. Erck, Trizzino, and Herrmann, and Dr. Glenn.

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, 2019:

Name	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]		Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards	All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards[2]	Grant Date Fair Value of Stock and Option Awards[3]
	Target ($)	Maximum ($)		Target (#)	(#)	(#)	($/Sh)	($)
Stanley C. Erck	385,632	482,040	9/26/2019			100,000[4]	5.95	493,330
			9/26/2019			100,000[5]	5.95	493,330
			9/26/2019		19,638[6]			116,846
			3/8/2019	30,362[7]				314,785
John J. Trizzino	156,280	195,350	9/26/2019			100,000[4]	5.95	493,330
			9/26/2019			18,400[5]	5.95	90,773
			9/26/2019		10,613[6]			63,147
			9/26/2019		31,900[6]			189,805
			3/8/2019		5,143[6]			53,497
			3/8/2019	2,344[7]				24,382
Gregory M. Glenn, M.D.	235,226	294,033	9/26/2019			100,000[4]	5.95	493,330
			9/26/2019			66,100[5]	5.95	326,091
			9/26/2019		38,588[6]			229,599
			3/8/2019		7,608[6]			79,138
			3/8/2019	3,804[7]				39,569
John A. Herrmann III	151,436	189,295	9/26/2019			99,000[4]	5.95	488,397
			9/26/2019		11,919[6]			70,918
			9/26/2019		30,900[6]			183,855
			3/8/2019		4,933[6]			51,313
			3/8/2019	2,248[7]				23,384

(1) The target cash bonus amount for fiscal 2019 was based on achievement of 100% of the 2019 Objectives and the individual's earned base salary for 2019 and represented 60% of Mr. Erck's base salary, 40% of Mr. Trizzino's base salary, 50% of Dr. Glenn's base salary, and 40% of Mr. Herrmann's base salary. The maximum cash bonus amount for fiscal 2019 was capped at achievement of 125% of the 2019 Objectives.

(2) Stock options and SARs granted have an exercise price or base value, as applicable, equal to the fair market value of a share of the Common Stock on the date of grant which, under the 2015 Stock Plan, is equal to the closing price of the Common Stock as reported on Nasdaq on the date of grant.

(3) The grant date fair value was calculated in accordance with FASB ASC Topic 718, assuming all contingent awards were granted on a non-contingent basis. Assumptions used in the calculation of this amount are included in Note 13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 11, 2020.

(4) Represents stock options granted to our NEOs under the 2015 Stock Plan. All stock option awards in this column are options to purchase shares of the Common Stock, have a ten-year term and are subject to service-based vesting, as described below.

(5) Represents SARs granted to our NEOs under the 2015 Stock Plan. All SARs in this column have a ten-year term and are subject to service-based vesting, as described below.

(6) Represents time-vesting RSUs granted to our NEOs under the 2015 Stock Plan. All time-vesting RSUs are subject to service-based vesting, as described below.

(7) Represents performance-vesting RSUs granted to our NEOs under the 2015 Stock Plan. The performance criteria applicable to performance-vesting RSUs are described below.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

During 2019, each of the NEOs was party to an employment agreement that provides for a base salary and other benefits. All of the NEOs were eligible to participate in the 2015 Stock Plan and the ESPP, and our benefit plans and programs during 2019. Each of the NEOs' annual cash bonus opportunity is established and determined pursuant to the 2019 Objectives, as more fully described in the CD&A above. As described above, in 2019, each NEO was granted stock options, SARs and RSUs that are eligible to vest based on continued service, as well as RSUs that are eligible to vest based on the achievement of specified performance criteria.

The severance arrangements with the NEOs and the effect of a change in control on their outstanding equity awards are described below under "Overview of Employment and Change in Control Agreements."

OUTSTANDING EQUITY AWARDS AT 2019 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, 2019:

		Option Awards[1]					Stock Awards[2]			
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 ($)[3]	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)[4]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[4]
Stanley C. Erck	2/15/2010	7,499	—		48.00	2/15/2020[5]				
	6/22/2011	42,999	—		39.80	6/22/2021				
	3/1/2012	24,999	—		25.60	3/1/2022				
	3/2/2013	44,999	—		36.60	3/2/2023				
	3/6/2014	44,999	—		121.00	3/6/2024				
	3/5/2015	44,999	—		178.80	3/5/2025				
	3/15/2016	42,184	2,815		99.80	3/15/2026[6]				
	11/14/2016	21,196	6,303		27.00	11/14/2026[6]				
	11/14/2016	—	—	27,500	27.00	11/14/2026[7]				
	12/15/2017	41,241	41,258		27.60	12/15/2027[6]				
	12/13/2018	24,625	73,874		46.00	12/13/2028[6]				
	3/8/2019	—	—	—	—	—			6,072[8]	24,167
	9/26/2019	—	—	—	—	—	19,638	78,159		
	9/26/2019	—	100,000		5.95	9/26/2029[10]				
	9/26/2019	—	100,000		5.95	9/26/2029[6]				
John J. Trizzino	3/10/2014	14,999	—		117.20	3/10/2024				
	3/5/2015	9,999	—		178.80	3/5/2025				
	3/15/2016	10,543	706		99.80	3/15/2026[6]				
	11/14/2016	4,812	1,437		27.00	11/14/2026[6]				
	11/14/2016	—	—	6,250	27.00	11/14/2026[7]				
	12/15/2017	9,992	10,007		27.60	12/15/2027[6]				
	12/13/2018	6,250	18,749		46.00	12/13/2028[6]				
	3/8/2019	—	—	—	—	—			468[8]	1,863
	9/26/2019	—	—	—	—	—	31,900[9]	126,962		
	9/26/2019	—	—	—	—	—	10,613	42,240		
	9/26/2019	—	18,400		5.95	9/26/2029[10]				
	9/26/2019	—	100,000		5.95	9/26/2029[6]				

		Option Awards[1]					Stock Awards[2]			
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 ($)[3]	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)[4]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[4]
Gregory M. Glenn, M.D.	7/1/2010	16,749	—		42.20	7/1/2020[11]				
	3/10/2011	3,200	—		50.00	3/10/2021				
	3/1/2012	7,500	—		25.60	3/1/2022				
	3/2/2013	4,405	—		36.60	3/2/2023				
	3/6/2014	8,749	—		121.00	3/6/2024				
	3/5/2015	14,999	—		178.80	3/5/2025				
	3/15/2016	16,403	1,096		99.80	3/15/2026[6]				
	11/14/2016	6,737	2,013		27.00	11/14/2026[6]				
	11/14/2016	—	—	8,750	27.00	11/14/2026[7]				
	12/15/2017	12,490	12,509		27.60	12/15/2027[6]				
	12/13/2018	7,937	23,812		46.00	12/13/2028[6]				
	3/8/2019	—	—	—	—	—			760[8]	3,025
	9/26/2019	—	—	—	—	—	38,588[9]	153,580		
	9/26/2019	—	66,100		5.95	9/26/2029[10]				
	9/26/2019	—	100,000		5.95	9/26/2029[6]				
John A. Herrmann III . . .	4/15/2010	3,750	—		53.20	4/15/2020				
	3/10/2011	1,000	—		50.00	3/10/2021				
	3/1/2012	7,499	—		25.60	3/1/2022				
	3/2/2013	7,499	—		36.60	3/2/2023				
	3/6/2014	7,499	—		121.00	3/6/2024				
	6/12/2014	2,499	—		91.00	6/12/2024				
	3/5/2015	9,999	—		178.80	3/5/2025				
	3/15/2016	10,543	706		99.80	3/15/2026[6]				
	11/14/2016	4,812	1,437		27.00	11/14/2026[6]				
	11/14/2016	—	—	6,250	27.00	11/14/2026[7]				
	12/15/2017	9,992	10,007		27.60	12/15/2027[6]				
	12/13/2018	5,000	14,999		46.00	12/13/2028[6]				
	3/8/2019	—	—	—	—	—			449[8]	1,787
	9/26/2019	—	—	—	—	—	30,900[9]	122,982		
	9/26/2019	—	—	—	—	—	11,919	47,438		
	9/26/2019	—	99,000		5.95	9/26/2029[6]				

(1) All stock options and SARs included in this table 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 annual installments on the first four anniversaries of the date of grant, subject to continued service with the Company through the applicable vesting date.

(2) All RSUs included in this table were awarded under the 2015 Stock Plan and, except as noted, vest in three equal annual installments on the first three anniversaries of the date of grant, subject to continued service with the Company through the applicable vesting date.

(3) The exercise price of stock options and base value of SARs is equal to the fair market value of a share of the Common Stock on the date of grant which, under the 2005 Stock Plan and the 2015 Stock Plan, is equal to the closing price of the Common Stock on the date of grant.

(4) Amounts in this column have been calculated by multiplying the number of RSUs subject to the applicable award by $3.98, which was the closing price of the Common Stock on December 31, 2019.

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

(6) Twenty-five percent of the shares subject to this stock 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 service with the Company through the applicable vesting date.

(7) Represents performance- and time-vesting stock options, and assume achievement of performance at threshold levels. These stock options are eligible to vest according to the satisfaction of both a time-vesting requirement, pursuant to which 25% of the shares subject to this option vest one year following the date of grant, and the remaining 75% will vest in equal monthly installments over the following three years subject to continued employment through the vesting date; and a performance-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 the Common Stock meets or exceeds three separate pre-determined dollar targets, respectively, for twenty (20) consecutive trading days.

(8) The performance-vesting RSUs were eligible to vest as to 80% of the underlying shares if on or prior to September 30, 2019, the Company developed a viable, near-term marketing authorization approach for its ResVax vaccine and as to 20% of the underlying shares if on or prior to September 30, 2019, the Company received notification of its right to pursue accelerated approval for its NanoFlu vaccine from the FDA, subject in each case to continued service with the Company through the first anniversary of the grant date.

(9) The RSUs vest in full on the first anniversary of the date of grant, subject to continued service with the Company through the vesting date.

(10) Twenty-five percent of the shares underlying this SAR grant under the 2015 Stock Plan will vest on the first anniversary of the grant date, and the remaining 75% will vest in equal monthly installments over the following three years, subject to continued employment with the Company through the vesting date.

(11) The shares subject to this stock option vested in three equal installments on the first three anniversaries of the date of grant, subject to continued services with the Company through the applicable vesting date.

OPTIONS EXERCISED AND STOCK VESTED

Our NEOs did not exercise any stock options during the fiscal year ended December 31, 2019. The following table sets forth certain information concerning the holding of RSUs that vested during the fiscal year ended December 31, 2019.

	Stock Awards	
Executive	Number of Shares Acquired on Vesting (#)[1]	Value Realized on Vesting ($)[2]
Stanley C. Erck	—	—
John J. Trizzino	5,143	28,287
Gregory M. Glenn, M.D.	7,608	41,844
John A. Herrmann III	4,933	27,132

(1) Amounts in this column represent RSUs that vested during 2019.

(2) The dollar amount in this column is determined by multiplying the number of shares of the Common Stock underlying RSUs that vested during 2019 by the closing price of a share of the Common Stock on the date the RSUs vested.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information about the Common Stock authorized for issuance under our equity compensation plans as of December 31, 2019. See also the information regarding stock options in Note 13 to the Company's consolidated financial statements for the year ended December 31, 2019, included in the Company's Annual Report on Form 10-K filed with the SEC on March 11, 2020.

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]	4,992,792[2]	$39.32	520,054
Equity compensation plans not approved by security holders	—	—	—
Total	4,992,792[2]	$39.32	520,054

(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. The weighted-average exercise price in column (b) excludes RSUs, which are not subject to an exercise price.

(2) Includes 1,014,200 stock options granted to certain employees with a weighted-average exercise price of $5.95 under the 2015 Plan that are subject to approval at the Annual Meeting.

OVERVIEW OF EMPLOYMENT AND CHANGE IN CONTROL AGREEMENTS

Employment Agreements

On December 31, 2019, the Company had employment agreements in place with each of our NEOs. 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 21 through 31 in the CD&A. The amount of any incentive bonus and the form of payment (cash, equity, 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 performance and subject to the Board's approval, for the reimbursement of reasonable expenses incurred by him in connection with the performance of his duties, and for the NEO to participate in the Company's Severance Plan (discussed below). Each NEO must devote his 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 employment and for the duration of the severance period provided for the NEO following the termination of his 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 44. 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 in the event that their employment with the Company is 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 are 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.

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, and the severance payment and benefits provided pursuant to the Severance Plan, are as follows:

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

Term	Definition
	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 days of the date due; • the Company's requiring the eligible employee to relocate his principal worksite to any place outside a 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; • 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 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 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

Term	Definition
	• 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 as of December 31, 2019, 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:

		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	964,080	—	1,285,440
	Bonus	—	—	385,362[4]
	Equity Awards	—	—	—[5]
	Health Insurance	31,489[6]	—	31,489[6]
	Total	995,569	—	1,702,291
John J. Trizzino	Severance Payment	393,567	—	393,567
	Bonus	—	—	156,280[4]
	Equity Awards	—	—	—[5]
	Health Insurance	—	—	20,993[6]
	Total	393,567	—	570,840
Gregory M. Glenn, M.D.	Severance Payment	472,770	—	472,770
	Bonus	—	—	235,226[4]
	Equity Awards	—	—	—[5]
	Health Insurance	—	—	20,993[6]
	Total	472,770	—	728,989
John A. Herrmann III	Severance Payment	381,368	—	381,368
	Bonus	—	—	151,436[4]
	Equity Awards	—	—	—[5]
	Health Insurance	—	—	17,529[6]
	Total	381,368	—	550,333

(1) On December 31, 2019, the Company had employment agreements with Dr. Glenn and Messrs. Erck, Herrmann, and Trizzino, which provided for a lump sum cash severance payment equal to 18 months' base salary for Mr. Erck and 12 months' base salary for Dr. Glenn and Messrs. Herrmann and Trizzino 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 (i) continuation of medical, dental, and vision benefits for 18 months following the date of termination and (ii) the accelerated vesting of 50% of the unvested portion of each stock option or restricted stock grant made by the Company. Mr. Erck may exercise all outstanding vested stock options held at termination (including any accelerated options or grants) during the 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 stock options 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 stock 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 stock 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 stock options outstanding at the closing price on December 31, 2019, 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, 2019.

Termination as a Result of Death or Disability

In the event an NEO is terminated as a result of death or disability, all outstanding equity awards granted to the executive on or after March 2016 will vest as to 50% of the unvested portion of each 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.
Rachel K. King
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 2019 and particularly with regard to the Company's audited consolidated statements of financial condition as of December 31, 2019, and the related statements of operations, comprehensive loss, changes in stockholders' deficit, and cash flows for each of the years in the three-year period ended December 31, 2019.

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 applicable requirements of the Public Company Accounting Oversight Board (PCAOB) and SEC, 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, 2019 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 29, 2020, unless otherwise indicated, with respect to the beneficial ownership of our Common Stock by (i) each director of the Company, (ii) each of the Named Executive Officers of the Company, as identified in the "Summary Compensation Table" of this Proxy Statement, and (iii) all directors and executive officers of the Company as a group. As of April 29, 2020, no person (including any group) is known to the Company to beneficially own more than 5% of the outstanding shares of our Common Stock.

Beneficial Owner[1]	Shares of Common Stock Beneficially Owned[2]	Percentage of Class Outstanding[3]
Directors and Named Executive Officers		
Richard H. Douglas, Ph.D.[4]	50,500	*
Gary C. Evans[5]	36,598	*
Rachel K. King[6]	12,300	*
Michael A. McManus, Jr.[7]	27,951	*
Rajiv I. Modi, Ph.D.[8]	125,000	*
James F. Young, Ph.D.[9]	62,250	*
Stanley C. Erck[10]	381,114	*
Gregory M. Glenn, M.D.[11]	110,294	*
John A. Herrmann III[12]	73,095	*
John J. Trizzino[13]	68,784	*
All directors and executive officers as a group (10 persons)[14]	947,886	1.6%

* 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., 21 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 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 29, 2019 upon the exercise of stock options, RSUs, 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 57,958,587 shares of the Common Stock outstanding as of April 29, 2020.

(4) Includes 23,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 29, 2020.

(5) Includes 20,500 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 29, 2020. Also includes 400 shares owned by Mr. Evans as a result of shares held in trusts for the benefit of Mr. Evans's children.

(6) Includes 8,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 29, 2020. Also includes 2,200 shares of Common Stock indirectly owned by Mrs. King as a result of shares held in trusts for the benefit of Mrs. King's children.

(7) Includes 18,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 29, 2020.

(8) Consists of 125,000 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.

(9) Consists solely of 62,250 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 29, 2020.

(10) Includes 360,620 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 29, 2020.

(11) Includes 108,455 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 29, 2020.

(12) Includes 72,820 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 29, 2020.

(13) Includes 63,697 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 29, 2020.

(14) Includes 737,342 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 29, 2020.

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, as required pursuant to section 14A of the Securities Exchange Act (15 U.S.C. 78n-1). 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, reward executives for meeting Novavax' strategic goals and objectives, reward strong individual performance and align executives' interests 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, 2019 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 2019, 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 2020 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 2019.

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 20, 2020 (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 each of June 15, 2017, June 14, 2018 and June 28, 2019. The number of shares currently authorized for issuance under the 2015 Stock Plan include the following shares:

- 1,250,000 shares originally authorized for issuance under the 2015 Stock Plan, which included approximately 231,018 shares that were available for issuance under our 2005 Stock Plan immediately prior to its expiration on February 23, 2015;
- an additional 300,000 shares following a vote by Novavax stockholders on June 9, 2016 to approve an amendment to increase the number of shares under the 2015 Stock Plan;
- an additional 250,000 shares following a vote by Novavax stockholders on June 15, 2017 to approve an amendment to increase the number of shares under the 2015 Stock Plan;
- an additional 1,000,000 shares following a vote by Novavax stockholders on June 14, 2018 to approve an amendment to increase the number of shares under the 2015 Stock Plan; and
- an additional 1,000,000 shares following a vote by Novavax stockholders on June 28, 2019 to approve an amendment to increase the number of shares under the 2015 Stock Plan.

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 7,100,000 shares, to increase the limit on the number of shares of Common Stock subject to awards that may be granted to our employees in any calendar year, and to increase the limit on the number of shares of Common Stock subject to awards that may be granted to our non-employee directors in any calendar year.

If stockholders do not approve this proposal, our Amended 2015 Stock Plan will not become effective and our 2015 Stock Plan will remain in effect in accordance with its terms. In addition, if stockholders do not approve this proposal, certain awards that were granted to our employees contingent upon obtaining stockholder approval of our Amended 2015 Stock Plan, as described in more detail under "New Plan Benefits", will be automatically forfeited.

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 Company is currently in a critical stage for its ultimate long-term success. After a sale of our manufacturing business in 2019, we have shifted our business focus to commit fully to the development of NanoFlu and our other vaccine candidates. We accomplished positive top-line results in our pivotal Phase 3 clinical trials of NanoFlu, and are working to advance an innovative vaccine candidate designed to protect against the SARS-CoV-2 virus responsible for the COVID-19 pandemic. It is essential that the Company continue to be able to attract and retain best-in-class talent at this stage, and our ability to grant equity awards is key to our success in that regard. 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 during 2019, more shares of our Common Stock were granted as awards under the 2015 Stock Plan (prior to its amendment) in 2019 than previously anticipated. As a result, the remaining shares of Common Stock available for issuance under the 2015 Stock Plan are not 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 20, 2020, 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 7,100,000 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 7,100,000 shares. In addition, the Board determined to retain individual limits on annual grants to employees previously included in the 2015 Stock Plan by reason of the performance-based pay exception under Section 162(m) of the Code, which is no longer in effect, but to increase such limits to allow for grants of stock options representing up to 500,000 shares of Common Stock, grants of SARs representing up to 500,000 shares of Common Stock and grants of stock awards other than stock options and SARs representing up to 250,000 shares of Common Stock. The Board further determined to retain an annual per-share non-employee director limit applicable to awards granted under the Amended 2015 Stock Plan, but to increase such limit to allow for awards under the Amended 2015 Stock Plan representing up to 100,000 shares of Common Stock. 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 "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 Amended 2015 Stock 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, 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 designed to reward individual and Company performance.

- *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 Amended 2015 Stock 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 2019, the Company granted stock options covering a total of 1,425,821 shares, 1,251,609 RSUs, and 192,400 SARs. Our 2019 burn rate was determined to be 11.9%. The following table provides information regarding the three-year average burn rate for the preceding three fiscal years as follows:

	Stock options and SARs granted	Full value awards granted	Performance-vesting awards granted	Total	Burn rate[1]
2019	1,618,221[2]	1,184,932	66,677	2,869,830	11.9%
2018[3]	830,616	—	—	830,616	4.5%
2017[3]	620,503	—	—	620,503	4.2%
Three-year average	1,023,113	394,977	22,226	1,440,316	6.9%

(1) Our weighted average common shares outstanding in each of the last three years was: 2019, 24,100,000; 2018, 18,488,000 and 2017, 14,633,000.

(2) Includes stock options to purchase 1,014,200 shares of Common Stock that were granted contingent on stockholder approval of this proposal.

(3) Reflects awards adjusted for the 1-for-20 Reverse Stock Split.

In 2019 and through April 29, 2020, the Company granted stock options covering a total of 3,515,800 shares and 326,050 RSUs that are contingent on stockholder approval of the Amended 2015 Stock Plan. As of April 29, 2020, our 2015 Stock Plan had 226,483 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 3,484,633, which is the sum of 7,100,000 shares, plus the number of shares currently available under the 2015 Stock Plan, minus the number of shares underlying outstanding awards that are contingent on stockholder approval of the Amended 2015 Stock Plan. If the stockholders do not approve the Amended 2015 Stock Plan, the Amended 2015 Stock Plan will not become effective, the contingent awards will be forfeited and additional awards will only be granted from the shares currently available under the 2015 Stock Plan.

Potential Dilution

As of the Record Date, 57,958,587 shares of Common Stock were outstanding. 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 April 29, 2020.

	Number of shares	As a percentage of stock outstanding on a fully diluted basis
Outstanding stock options and SARs	2,849,454[(1)]	4.6%
Outstanding RSUs	1,081,298[(2)]	1.7%
Total shares subject to outstanding awards under the 2015 Stock Plan and the 2005 Stock Plan	3,930,752	6.4%
Total shares available for future awards under the 2015 Stock Plan	226,483	0.4%
Outstanding contingent stock options	3,515,800[(3)]	5.1%
Outstanding contingent RSUs	326,050[(4)]	0.5%
Proposed additional shares available for future awards under the Amended 2015 Stock Plan	3,258,150	4.7%
Proposed increase to shares available for awards under the Amended 2015 Stock Plan	7,100,000	10.3%
Total potential dilution	11,257,235	16.3%

(1) Does not include stock options that were granted contingent on stockholder approval of this proposal.

(2) Does not include RSUs that were granted contingent on stockholder approval of this proposal.

(3) Includes stock options that were granted contingent on stockholder approval of this proposal.

(4) Includes RSUs that were granted contingent on stockholder approval of this proposal.

As indicated by the numbers in the table above, as of April 29, 2020, the potential dilution under our 2015 Stock Plan and 2005 Stock Plan was 6.8%. If the Amended 2015 Stock Plan is approved by our stockholders, our potential dilution will be 16.3%.

Supplemental Equity Compensation Plan Information

The following table provides supplemental information on the Company's equity compensation plans as of April 29, 2020 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 Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (d)
Equity compensation plans approved by security holders[1]	7,772,602[2]	$31.20	8.5	502,526
Equity compensation plans not approved by security holders				
Total	7,772,602[2]	$31.20	8.5	502,526

(1) Includes our 2015 Stock Plan, 2005 Stock Plan and ESPP. The weighted-average exercise price in column (b) excludes RSUs, which do not have an exercise price.

(2) Includes 1,014,200 stock options with an exercise price of $5.95, 2,501,600 stock options with an exercise price of $19.08 and 326,050 RSUs awarded to employees that were granted contingent on stockholder approval of the Amended 2015 Stock Plan at the 2020 Annual Meeting of Stockholders.

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 7,100,000 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 10,900,000 shares. 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 Incentive Stock Options. The maximum aggregate number of shares that may be issued under the Amended 2015 Stock Plan upon the exercise of incentive stock options is 10,900,000.

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, 500,000 shares. The maximum number of shares subject to other awards that may be granted to any person in any calendar year is 250,000 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 100,000 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 April 29, 2020, 175 employees, six consultants, and five 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, RSUs, 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 maximum withholding amount consistent with the award being subject to equity accounting treatment under the Accounting Rules).

- *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 RSU 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. However, a number of shares of Common Stock not exceeding five percent of the number of shares of Common Stock that may be delivered in satisfaction of awards under the Amended 2015 Stock Plan may be delivered in satisfaction of awards that are not subject to the minimum one-year vesting period.

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. For example, on May 10, 2019, the Company effected the 1-for-20 Reverse Stock Split, which resulted in appropriate and proportionate adjustments.

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 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 an RSU 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) limits to $1 million the amount a company may deduct for compensation paid to certain executive officers, subject to certain grandfathering rules for performance-based compensation in effect on November 2, 2017 and not materially modified after such date. Stock options, SARs and certain performance awards granted under the Amended 2015 Stock Plan prior to November 2, 2017 were 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

The following table sets forth time- and performance-vesting stock options and performance-vesting RSUs granted by the Company to the persons and groups named below under our 2015 Stock Plan in September 2019 and April 2020, contingent on stockholder approval of the Amended 2015 Stock Plan. Should stockholder approval not be obtained, these awards will be automatically forfeited.

The time-vesting stock options granted on September 26, 2019 have an exercise price of $5.95 and expire on the tenth anniversary of the grant date. The time-vesting stock options vest as to 25% of the shares underlying the option on the first anniversary of the grant date and as to the remaining 75% in equal monthly installments over a three-year period, generally subject to continued service with the Company through the applicable vesting date. The performance-vesting stock options and RSUs were granted on April 17, 2020. The performance-vesting stock options have an exercise price of $19.08 and expire on the tenth anniversary of the grant date. The performance-vesting stock options and RSUs will be earned if a Phase 2 clinical trial of the Company's NVX-CoV2373 vaccine candidate against SARS-CoV-2 is initiated within 12 months of the grant date, and will thereafter vest as to 50% of the award on the first anniversary

of the Phase 2 initiation date and as to the remaining 50% of the award on the second anniversary of the Phase 2 initiation date, generally subject to continued service with the Company through the applicable vesting date. The number of performance-vesting awards included in the table below assumes that the applicable performance goal is achieved.

Any other awards under our Amended 2015 Plan would be granted by our Compensation Committee in its discretion, subject to the limits described above under *Summary of the Amended 2015 Stock Plan — Individual Limits and — Non-employee Director Limits*.

On April 29, 2020, the closing price of a share of our Common Stock as reflected on the Nasdaq was $18.41.

Name and Position	Number of Units
Stanley C. Erck President and Chief Executive Officer	500,000
John J. Trizzino SVP, Chief Business Officer and Chief Financial Officer	240,000
Gregory M. Glenn, M.D. President, Research and Development	265,000
John A. Herrmann III SVP, General Counsel and Corporate Secretary	224,000
Executive Officer Group	1,229,000
Non-Executive Director Group	—
Non-Executive Officer Employee Group	2,612,850

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 TO INCREASE INDIVIDUAL AND NON-EMPLOYEE DIRECTOR STOCK AWARD LIMITS GRANTED TO ANY PERSON IN ANY CALENDAR YEAR AND TO INCREASE THE NUMBER OF SHARES BY 7,100,000 UNDER THE AMENDED 2015 STOCK PLAN

PROPOSAL NO. 4

RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2020

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, 2020. 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 virtually or represented by proxy at the 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 2019 and 2018 fiscal years.

	Ernst & Young LLP	
Fee Category	**2019 ($)**	**2018 ($)**
Audit Fees	735,908[1]	701,681[2]
Audit-Related Fees	—	—
Tax Fees	79,247	85,347
All Other Fees	—	—
Total Fees	815,155	787,028

(1) Includes $43,343 for services related to the Company's shelf registration and prospectus supplement filings.

(2) Includes $70,000 for services related to the Company's public offering of Common Stock.

Audit Fees. Consists of fees for professional services rendered in connection with the audit of the Company's annual consolidated financial statements for 2019 and 2018 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, 2019 and 2018.

FOR PROPOSAL NO. 4, 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, 2020

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 2021 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 15, 2021. 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 25, 2020), 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 2021 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 25, 2020); 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 LIVE VIRTUAL WEBCAST OF 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 VIRTUAL WEBCAST OF 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

May 12, 2020

NOVAVAX

NOVAVAX, INC.
2015 STOCK INCENTIVE PLAN
AMENDED AND RESTATED MARCH 20, 2020

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 "non-employee directors" (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 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.

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 10,900,000 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 10,900,000 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: 500,000 shares of Common Stock.

(ii) SARs: 500,000 shares of Common Stock.

(iii) Stock Awards other than Options or SARs: 250,000 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 100,000 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 maximum withholding amount consistent with the award being subject to equity accounting treatment under the Accounting Rules).

(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 December 22, 2017.

(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 maximum withholding amount consistent with the award being subject to equity accounting treatment under the Accounting Rules. 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 2020. 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

"***Accounting Rules***": Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor provision.

"***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 20, 2020

"***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.

"***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 the Amendment Date, and as further amended from time to time.

"***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.

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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, 2019

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	**21 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	Trading Symbol	Name of each exchange on which registered
Common Stock, Par Value $0.01 per share	NVAX	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 every Interactive Data File required to be submitted 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 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 ☐ 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, 2019 on the Nasdaq Global Select Market) was approximately $138,300,000.

As of March 6, 2020, there were 51,528,841 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, 2019 in connection with the Registrant's 2020 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™, Resolve™, and ResVax™ 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 late-stage biotechnology company that promotes improved global health through the discovery, development and commercialization of innovative vaccines to prevent serious infectious diseases. 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 21 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, including our lead candidates, NanoFlu™ and ResVax™, are genetically engineered, three-dimensional nanostructures of recombinant proteins critical to disease pathogenesis and may elicit differentiated immune responses, which may be more efficacious than naturally occurring immunity or traditional vaccines. Our technology targets a variety of infectious diseases. We are also developing proprietary immune stimulating saponin-based adjuvants at Novavax AB, our wholly owned Swedish subsidiary. Our lead adjuvant, Matrix-M™, has been shown to enhance immune responses and has been well-tolerated in multiple clinical trials.

Product Pipeline

Program	Current Development Stage
Seasonal Influenza	
• **NanoFlu (Older Adults)[1]**	Phase 3
Respiratory Syncytial Virus ("RSV")	
• **ResVax[2] (Infants via Maternal Immunization)**	Phase 3
• **Older Adults[1]**	Phase 2
• **Pediatrics**	Phase 1
Combination Seasonal Influenza/RSV[1]	Preclinical
Ebola Virus ("EBOV")[1]	Phase 1
Coronavirus ("COVID-19")[1]	Preclinical

(1) Includes Matrix-M adjuvant

(2) Supported by a grant of up to $89.1 million from the Bill & Melinda Gates Foundation ("BMGF")

A summary and status of these vaccine programs follows:

Seasonal Influenza

NanoFlu Program (Older Adults)

Influenza is a world-wide infectious disease with serious illness generally occurring in more susceptible populations such as children under 18 years old and older adults, but also occurring in the general population. According to influenza vaccines forecasts by Datamonitor in 2013, the market for seasonal influenza vaccines is expected to grow from approximately $3.2 billion in the 2015-16 flu season to approximately $5.3 billion in the 2021-22 flu season (in the countries comprising the top seven markets). Recent flu seasons have shown an increase in the influenza disease burden. For the 2017-18 flu season, the Centers for Disease Control and Prevention estimates that influenza in the U.S. resulted in 48.8 million illnesses, 959,000 hospitalizations and 79,400 deaths, a dramatic increase across all categories compared to previous years.

In October 2019, we initiated a pivotal Phase 3 clinical trial of NanoFlu in older adults (65 years and older). This randomized, observer-blinded, active-controlled trial will evaluate the immunogenicity and safety of NanoFlu with its proprietary Matrix-M adjuvant, compared to a U.S.-licensed quadrivalent vaccine, Fluzone® Quadrivalent. The trial's primary objective is to demonstrate non-inferior immunogenicity as measured by hemagglutination inhibition ("HAI") titers of vaccine homologous influenza strains compared to a licensed seasonal vaccine, and to describe its safety profile. In October 2019, we completed enrollment of 2,652 healthy older adults across 19 clinical sites in the U.S. and we expect to report top-line clinical data by the end of the first quarter of 2020. Positive data will support a subsequent U.S. biologics license application ("BLA") and licensure of NanoFlu using the U.S. Food and Drug Administration's ("FDA") accelerated approval pathway.

In January 2020, we announced that the FDA granted NanoFlu Fast Track designation, which 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. Specifically, Fast Track designation facilitates meetings to discuss all aspects of development to support licensure and provides the opportunity to submit sections of a BLA on a rolling basis as data become available. This permits the FDA to review modules of the BLA as they are received instead of waiting for the entire BLA submission. In addition, priority review (six-month review versus standard 10-month review) is an additional benefit that may potentially be available for NanoFlu in the future.

In June 2019, we announced that the FDA acknowledged that the accelerated approval pathway is available for NanoFlu. An accelerated approval may be granted for certain biological products that have been studied for their safety and effectiveness in treating serious or life-threatening illnesses and that provide meaningful therapeutic benefit over existing treatments. Such an approval will be based on adequate and well-controlled clinical trials establishing that the biological product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit. For seasonal influenza vaccines, the HAI antibody response is considered an acceptable surrogate marker of activity that is reasonably likely to predict clinical benefit. To be considered for accelerated approval, a BLA for a new seasonal influenza vaccine should include results from one or more well-controlled studies designed to meet immunogenicity endpoints along with a commitment to conduct confirmatory post-marketing studies of clinical effectiveness in preventing influenza.

Respiratory Syncytial Virus (RSV)

Currently, there is no approved RSV vaccine available to combat the estimated 64 million RSV infections that occur globally each year. We have identified three susceptible target populations that we believe could benefit from the development of our respiratory syncytial virus fusion (F) protein nanoparticle vaccine candidate ("RSV F Vaccine") in different formulations: (1) infants via maternal immunization, (2) older adults (60 years and older) and (3) children six months to five years old ("pediatrics"). With our current estimates of the annual global cost burden of RSV in excess of $88 billion, we believe our RSV F Vaccine represents a multi-billion dollar worldwide opportunity.

ResVax Program (Infants via Maternal Immunization)

ResVax is our adjuvanted RSV F Vaccine for infants via maternal immunization. RSV is the most common cause of lower respiratory tract infections ("LRTI") and the leading viral cause of severe lower respiratory tract disease in infants and young children worldwide. 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.

Data from our Prepare trial, which was initiated in December 2015, was announced in February 2019. The Prepare trial was conducted to determine whether ResVax reduced incidence of medically significant RSV-positive LRTI in infants through a minimum of the first 90 days of life and up through the first six months of life. While these data did not meet the trial's primary efficacy endpoint, it did demonstrate efficacy against a secondary objective by reducing RSV LRTI hospitalizations in treated infants. ResVax is thus the first RSV vaccine to show efficacy in a Phase 3 clinical trial, and in addition, showed important effects against a variety of pre-specified exploratory endpoints and post-hoc analyses. This included a ~60% reduction in RSV-related severe hypoxemia and a ~74% reduction in RSV-related, radiographically-confirmed pneumonia through day 90. As in previous clinical trials, ResVax also showed favorable safety and tolerability results. In light of the fact that the trial failed to meet the primary endpoints, the FDA and European Medicines

Agency ("EMA") recommended that we conduct an additional Phase 3 clinical trial to confirm efficacy. BMGF has supported the Prepare trial for ResVax through a grant of up to $89.1 million; BMGF continues to financially support our efforts to conduct certain follow-on analyses of the Phase 3 data. We are currently in discussions with multiple potential commercial partners about the opportunity to bring ResVax to market globally, including assisting us with the regulatory licensure pathways in the U.S., the European Union and other geographies.

RSV Older Adults Program

Older adults (60 years and older) are at increased risk for RSV disease due in part to immunosenescence, the age-related decline in the human immune system. RSV infection can also lead to exacerbation of underlying co-morbidities such as chronic obstructive pulmonary disease, asthma and congestive heart failure. In the U.S. alone, a reported RSV incidence rate of 5.5% in older adults would account for approximately 2.5 million infections per year. We estimate that approximately 900,000 medical interventions are caused by RSV disease in this U.S. population each year. We followed up the 2016 Phase 3 clinical trial of our RSV F Vaccine, which failed to meet its pre-specified primary or secondary efficacy objectives, with a 2017 Phase 2 clinical trial in older adults, to assess safety and immunogenicity of one and two dose regimens of our RSV F Vaccine, with and without aluminum phosphate or our proprietary Matrix-M adjuvant. Immunogenicity results from the 2017 trial indicate that both adjuvants increase the magnitude, duration and quality of the immune response versus the non-adjuvanted RSV F Vaccine. We continue to assess the development opportunities for our RSV F Vaccine in older adults.

RSV Pediatrics Program

By the age of five, essentially all children will have been exposed to RSV and will likely develop natural immunity against the virus; however, children under five remain vulnerable to RSV disease, offering a strong rationale for a pediatric vaccine that could offer enhanced protection. In 2015, we announced positive results in our Phase 1 clinical trial evaluating the safety and immunogenicity of our RSV F Vaccine in healthy children between two and six years of age. We continue to assess the development opportunities for our RSV F Vaccine for pediatrics.

Combination Seasonal Influenza/RSV F Vaccine

With the ongoing development of our NanoFlu and RSV F Vaccine, a strong rationale exists for developing a combination respiratory vaccine that is designed to protect susceptible populations against both diseases. Although testing is at an early stage, we believe that a combination vaccine against both influenza and RSV may be achievable.

Ebola Virus

Ebola virus ("EBOV") is a filovirus that produces severe, often fatal illness in humans. Within the last decade, it has produced two large outbreaks in Sub-Saharan Africa with high mortality. There are currently no licensed treatments proven to prevent EBOV, although a range of blood, immunological and drug therapies are under development.

We have developed an EBOV glycoprotein vaccine candidate ("Ebola GP Vaccine") expressed in insect cells, using our core recombinant baculovirus technology. In five separate studies, carried out in collaboration with the National Institute of Allergy and Infectious Disease, active immunization with Ebola GP Vaccine was shown to be highly immunogenic and efficacious in preventing lethal disease in non-human primates challenged with EBOV. Our 2015 Phase 1 clinical trial demonstrated that our Ebola GP Vaccine is highly immunogenic in humans, well-tolerated and, in conjunction with our proprietary Matrix-M adjuvant, demonstrated marked antigen dose-sparing and induced significant increases in neutralizing antibody titers. While we intend to advance our Ebola GP Vaccine, doing so will be dependent upon funding or a partner.

Coronavirus

Coronaviruses ("CoV"), so named for their "crown-like" appearance, are a large family of viruses that spread from animals to humans and include diseases such as Middle East Respiratory Syndrome ("MERS") and

Severe Acute Respiratory Syndrome ("SARS"). Historically, we developed a vaccine candidate against MERS, a novel coronavirus first identified in 2012, as well as a vaccine candidate against SARS in 2005. In 2012, within weeks of obtaining the sequence of the circulating MERS strain, we successfully produced a vaccine candidate designed to provide protection. Our MERS candidate was based on the major surface spike protein, which we had previously identified as the antigen of choice in our work with our SARS vaccine candidate. In 2014, in collaboration with the University of Maryland, School of Medicine, we published results that showed our MERS and SARS vaccine candidates both blocked infection in laboratory studies.

Recently, a new strain of coronavirus ("COVID-19") causing pneumonia-like symptoms has emerged in China, marking the beginning of a spread of the virus across the globe. Researchers have now confirmed that the virus can spread via human-to-human transmission. There are currently no licensed treatments proven to prevent COVID-19, although a range of vaccine candidates are under development. We have successfully produced a vaccine candidate designed to provide protection against COVID-19. Using our recombinant nanoparticle technology, we have generated antigen for our initial vaccine candidate derived from the coronavirus spike (S) protein. This vaccine candidate has been engineered from the genetic sequence of COVID-19 virus and binds efficiently with the same human receptors targeted by the virus, a critical aspect for effective vaccine protection. We intend to combine our proprietary Matrix-M adjuvant into our experimental vaccine candidate to potentially provide an additional immune response. We were recently awarded initial funding from the Coalition for Epidemic Preparedness Innovations ("CEPI") to facilitate our development of a COVID-19 vaccine in preparation for potential future clinical trials. A subsequent CEPI award may be available to cover our program expenditures through Phase 1 clinical trial results.

CPLB Joint Venture

CPL Biologicals Private Limited ("CPLB"), our joint venture between Novavax and Cadila Pharmaceuticals Limited ("Cadila"), is actively developing a number of vaccine candidates in India. CPLB is owned 20% by Novavax and 80% by Cadila.

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, broadening the immune system's attack against microorganisms and allowing 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 and Influenza

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. These groups are developing products to prevent disease caused by RSV using a variety of technology platforms, including viral vectors, nucleic acid (RNA/DNA), live attenuated chimeric, antigens or monoclonal antibodies ("Mab") and competitive recombinant technologies. Despite the announcement of results from the Prepare trial of ResVax, we continue to believe that our RSV F vaccine candidate, which is a recombinant prefusogenic F-protein nanoparticle, is likely to be as effective as other RSV vaccine candidates or other products in development by our competitors, and may prove effective. We further believe that ResVax, our RSV vaccine program for infants via maternal immunization, is the only RSV vaccine to have ever demonstrated some degree of efficacy in a Phase 3 clinical trial. At this time, there are a number of companies and other organizations with vaccine candidates in Phase 1 and 2 trials, including Pfizer, GlaxoSmithKline, Sanofi, Bavarian Nordic, Janssen, Moderna, Ablynx, Immunovaccine, Intravaac, Vaxart and the NIAID. Presently, the two lead Mab programs seeking to develop product candidates to prevent RSV in infants are being conducted by AstraZeneca PLC ("AstraZeneca"), and Merck. The AstraZeneca Mab, Nirsevimab (previously known as MEDI-8897), which is partnered with Sanofi Pasteur and Swedish Orphan Biovitrum AB, completed Phase 2 trials for preterm infants and is in Phase 3 trial for full-term infants. Additionally, it has obtained Breakthrough designation from the FDA. The Merck Mab MK-1654 is currently in Phase 2 trials in preterm and full-term infants.

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. For the older adult segment, Sanofi currently supplies Fluzone-HD® and Flublok® to the majority (>60%) of U.S. older adults. 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. Despite the significant competition and advancing technologies, some of which are similar to our own, based on our completed Phase 2 trial results, we believe that NanoFlu, our adjuvanted nanoparticle seasonal influenza product could be as efficacious as, or more so than, current products or products being developed by our competitors. However, our seasonal influenza vaccine may not prove to be efficacious or our manufacturing system may not prove to be sufficiently effective and differentiated to ensure commercial success.

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 400 U.S. patents and corresponding foreign patents and patent applications relating to vaccines and vaccine-related technologies.

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.

We also have issued patents directed to other core programs, including our RSV and influenza 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, 9,717,786, 10,022,437, and 10,426,829. 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 and 10,086,065 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, 9,901,634 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 ("HHS BARDA") 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. Although 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 meeting U.S. and ICH standards generally allows us to satisfy regulatory agencies in other countries where we intend to do business; however, we are mindful that expectations in some venues, notably in the European Union, differ to some degree and we take proactive steps to address such differences by maintaining regular filings and correspondence and attending regular meetings with many other non-U.S. regulatory agencies. 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. Following successful completion of all three phases of clinical development, a BLA can be submitted to the FDA requesting licensure of the vaccine for marketing based on the vaccine's safety and efficacy. Similar pathways exist in Europe and other geographies.

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 and most other non-U.S. based regulatory agencies continue 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 the results of their own tests for potency, safety and purity for each vaccine lot, if requested by the relevant regulatory agency. They may also be required to submit samples of each vaccine lot to the agency 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 current Good Manufacturing Practices ("GMP") 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. In June 2019, we announced that the FDA acknowledged that the accelerated approval pathway is available for NanoFlu.

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 guarantee 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 payers. Third-party payers include government authorities or programs, private health insurers (including managed care plans) and other organizations. These third-party payers 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 at certain prices. Adequate third-party reimbursement may not be available in certain markets to enable us to maintain price levels sufficient to realize an appropriate return on our investment in product development. Third-party payers 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, including 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 payers (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 in Uppsala, Sweden, where Novavax AB 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, only one vendor has been qualified 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 strive to create sustainable value by evaluating all options, including working to obtain non-dilutive funding, similar to our agreement with BMGF related to our maternal RSV program, from both governmental and non-governmental funding sources, 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/or
- commercialization through partners and other strategic relationships.

Employees

As of March 6, 2020, we have 165 full-time employees, of whom 24 hold M.D. or Ph.D. degrees and 51 of whom hold other advanced degrees. Of our total workforce, 127 are engaged primarily in research,

development and manufacturing activities and 38 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; 48 of our 49 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. 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, 2019 was $1.4 billion. Our revenue for the last three fiscal years was $18.7 million in 2019, $34.3 million in 2018, and $31.2 million in 2017. We may not be successful in entering into collaborations, strategic alliances and marketing, distribution or licensing 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 $132.7 million in 2019, $184.7 million in 2018, and $183.8 million in 2017.

Historically, our 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 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, and, if our product candidates are approved, future commercialization efforts.

Although certain specified costs associated with the development of ResVax, our RSV vaccine program 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;
- work with third-party manufacturers to commercially scale the manufacturing process; 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 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 anticipate seeking such additional funds through a combination of public or private equity or debt financings, as well as potential collaborations, strategic alliances and marketing, distribution or licensing arrangements and non-dilutive funding from governmental and non-governmental funding entities, as well as other sources. While we may 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 organization, 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, contract manufacturing 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.

The United Kingdom's withdrawal from the European Union could result in increased regulatory and legal complexity, which may make it more difficult for us to do business in Europe and impose additional challenges in securing regulatory approval of our product candidates in Europe.

The United Kingdom's exit from the European Union, or Brexit, and the related negotiations have caused political and economic uncertainty, including in the regulatory framework applicable to our operations and vaccine candidates in the United Kingdom and the European Union, and this uncertainty may persist for years. Brexit could, among other outcomes, disrupt the free movement of goods, services and people between the United Kingdom and the European Union, and result in increased legal and regulatory complexities, as well as potential higher costs of conducting business in Europe. For instance, preparations for Brexit have resulted in the decision to move the European Medicines Agency from the United Kingdom to the Netherlands. This transition may cause disruption or delays in granting clinical trial authorization or opinions for marketing authorization, disruption of importation and export of active substance and other components of new drug formulations, and disruption of the supply chain for clinical trial product and final authorized formulations.

The cumulative effects of the disruption to the regulatory framework may add considerably to the development lead time to marketing authorization and commercialization of products in the European Union and/or the United Kingdom. It is possible that there will be increased regulatory complexities, which can disrupt the timing of our clinical trials and regulatory approvals. In addition, changes in, and legal uncertainty with regard to, national and international laws and regulations may present difficulties for our clinical and regulatory strategy. Any delay in obtaining, or an inability to obtain, any marketing approvals, as a result of Brexit or otherwise, would prevent us from commercializing our product candidates in the United Kingdom and/or the European Union and restrict our ability to generate revenues and achieve and sustain profitability.

In addition, as a result of Brexit, other European countries may seek to conduct referenda with respect to their continuing membership with the European Union. Given these possibilities and others we may not anticipate, as well as the absence of comparable precedent, it is unclear what financial, regulatory and legal implications the withdrawal of the United Kingdom from the European Union will have, how such withdrawal will affect us, and the full extent to which our business could be adversely affected.

Inadequate funding for the FDA, the SEC and other government agencies could hinder their ability to hire and retain key leadership and other personnel, prevent new products and services from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal business functions on which the operation of our business may rely, which could negatively impact our business.

The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, ability to hire and retain key personnel and accept the payment of user fees, and statutory, regulatory and policy changes. Average review times at the agency have fluctuated in recent years as a result. In addition, government funding of the SEC and other government agencies on which our operations may rely, including those that fund research and development activities, is subject to the political process, which is inherently fluid and unpredictable.

Disruptions at the FDA and other agencies may also slow the time necessary for new drugs to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, over the last several years, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA and the SEC, have had to furlough critical FDA, SEC and other government employees and stop critical activities. If a prolonged government shutdown occurs, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our business. Further, in our operations as a public company, future government shutdowns could impact our ability to access the public markets and obtain necessary capital in order to properly capitalize and continue our operations.

The Grant Agreement with BMGF does not assure success of ResVax or that the vaccine candidate will be licensed by the FDA.

The grant agreement we entered into with BMGF in September 2015 (the "Grant Agreement") reimburses a portion of specified expenses associated with the development of ResVax, 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.

Even with the Grant Agreement with BMGF, we may not be able to fully fund ResVax.

The Grant Agreement reimburses a portion of specified expenses associated with the development of ResVax. Additional development activities likely will be needed and BMGF may not reimburse us for any portion of these activities.

The results from the Prepare trial, including that ResVax failed to meet the primary endpoint of the trial, will likely create challenges, some of which may be significant, around further development of that vaccine.

While the Prepare results suggest that ResVax is safe and is likely efficacious in more serious manifestations of RSV disease, the trial failed to achieve its primary clinical endpoint. Not achieving the primary clinical endpoint has been viewed negatively by our investors. Although the failure to achieve the primary endpoint in the trial is not evidence that the vaccine is not effective, it means that regulatory agencies like the FDA and EMA are likely to require additional clinical trial data prior to licensure. This development may be viewed negatively by our potential collaborators and partners, which may make the ongoing development of ResVax, and any other RSV F Vaccine candidates, more challenging.

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;
- new or changes in interpretations of existing trade protections measures, including tariffs, embargoes 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 or changes in interpretations of existing 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 the scope of the approval, 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 AstraZeneca, 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. Even if our RSV vaccine candidate receives regulatory approval, it may not achieve significant sales if other, more effective vaccines under development by our competitors are also approved.

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 third-party manufacturing arrangements may not provide enough savings of time or money to provide the required differentiation for commercial success.

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 otherwise 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 terms, 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 participants 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, especially when our stock price is at a lower level compared to market prices over recent years. 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, 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 through third-party manufacturers 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, and our failure to comply with data protection laws and regulations could lead to government enforcement actions, 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, "hacktivists," 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. In addition, privacy and data protection laws may be interpreted and applied differently from country to country and may create inconsistent or conflicting requirements, which can increase the costs incurred by us in complying with such laws. The European Union's General Data Protection Regulation ("GDPR"), which greatly increases the jurisdictional reach of European Union law and became effective in May 2018, adds a broad array of requirements for handling personal data including the public disclosure of significant data breaches, and imposes substantial penalties for non-compliance of up to the greater of €20 million or 4% of global annual revenue for the preceding financial year. Our efforts to comply with GDPR and other privacy and data protection laws may impose significant costs and challenges that are likely to increase over time, and we could incur substantial penalties or litigation related to violations of existing or future data privacy laws and regulations.

The comprehensive 2017 tax reform bill could adversely affect our business and financial condition.

On December 22, 2017, President Trump signed into law legislation (the "Act") that significantly revised the Internal Revenue Code of 1986, as amended. The Act, among other things, contained significant changes to corporate taxation, including reduction of the corporate tax rate from a top marginal rate of 35 percent (35%) to a flat rate of 21 percent (21%), limitation of the tax deduction for interest expense to 30 percent (30%) of adjusted earnings (except for certain small businesses), limitation of the deduction for net operating losses to 80 percent (80%) of current-year taxable income and elimination of net operating loss carrybacks, one time taxation of offshore earnings at reduced rates regardless of whether they are repatriated, immediate deductions for certain new investments instead of deductions for depreciation expense over time, modifying or repealing many business deductions and credits, and puts into effect the migration from a "worldwide" system of taxation to a territorial system. Notwithstanding the reduction in the corporate income tax rate, the overall impact of the Act is uncertain and our business and financial condition could be adversely affected. In addition, it is uncertain if and to what extent various states will conform to the Act.

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 approvals or achieve commercial viability;
- third-party manufacturer facilities will be unable or unwilling to scale-up manufacturing capabilities for our products in a cost-effective manner;
- the products, if safe and effective, will be difficult to manufacture on a large-scale or uneconomical to market;
- third-party manufacturing facilities 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;
- submission 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 at commercial scale capable of passing FDA inspection;
- 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.

These 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 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 ultimately may not grant approval for commercial sale in any jurisdiction, or may impose regulatory requirements that make further pursuit of approval uneconomical in one or more jurisdictions. 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. We are dependent on third-party organizations to conduct all of our vaccine manufacturing activities. If third-party manufacturing organizations are unable to manufacture our vaccine candidates in clinical quantities or, when necessary, in commercial quantities and at sufficient yields, then we will need to identify and reach supply arrangements with additional third-parties. 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 higher priority. We may not be able to enter into any necessary additional 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 third-party 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 and clinical trials, and all of our vaccine manufacturing, we may encounter delays in or lose some control over our efforts to develop products.

We are dependent on third-party organizations to conduct some of our laboratory testing and clinical trials and all of our vaccine 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 third-parties to conduct our laboratory testing, clinical trials and manufacturing activities.

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. Furthermore, if our third-party manufacturer is producing materials or products for themselves or other companies, our third-party manufacturer may be exposed to regulatory risks for the production of such materials and products. As a result, failure to meet the

regulatory requirements for the production of those materials and products may generally affect the regulatory clearance of the third-party manufacturer's facility, which could impact its ability to produce our materials and products. Any of our third-party service providers 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 payer 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 and 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.

There are significant challenges associated with marketing 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;
- regulatory agency review and approval of proposed clinical trial protocols;
- approval of clinical trials protocols and informed consent forms by institutional review boards responsible for overseeing the ethical conduct of the 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;
- unfavorable 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, result in the suspension or termination of, or prevent further conduct of clinical 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, United Kingdom, 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, for example in other foreign countries. However, a failure or delay in obtaining regulatory approval in one jurisdiction may have a negative effect on the regulatory approval process in other jurisdictions, including approval by the FDA. The failure to obtain regulatory approval in foreign jurisdictions could harm our business.

Even if regulatory approval is received for our 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 after a product gains regulatory approval, 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 such 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. We cannot provide assurance that newly discovered or developed safety issues will not arise following regulatory approval. With the use of any vaccine by a wide patient population, serious adverse events may occur from time to time that did not arise in the clinical trials of the product or that initially appeared to be unrelated to the vaccine itself and only with the collection of subsequent information were

found to be causally related to the product. Any such 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.

Fast Track Designation by the FDA or other regulatory acceleration options may not actually lead to a faster development or regulatory review or approval process and does not assure approval.

If a drug is intended for the treatment of a serious or life-threatening condition and the drug demonstrates the potential to address an unmet medical need for this condition, the drug sponsor may apply for FDA Fast Track Designation. However, Fast Track Designation does not ensure that the drug sponsor will receive marketing approval or that approval will be granted within any particular timeframe. In January 2020, we announced that the FDA had granted Fast Track Designation for NanoFlu, our recombinant quadrivalent seasonal influenza vaccine candidate. We may also seek Fast Track Designation for more of our other vaccine candidates. If we do seek Fast Track Designation for our other vaccine candidates, we may not receive it, and even if we receive Fast Track Designation, we may not experience a faster development process, review or approval compared to conventional FDA procedures. In addition, the FDA may withdraw Fast Track designation if it believes that the designation is no longer supported by data from our clinical development program. Fast Track Designation alone does not guarantee qualification for the FDA's priority review procedures.

Obtaining a Fast Track Designation does not change the standards for product approval, but may expedite the development or approval process. Even though the FDA has granted such designation for NanoFlu, it may not actually result in faster clinical development or regulatory review or approval. Furthermore, such a designation does not increase the likelihood that NanoFlu will receive marketing approval in the U.S.

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 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 Centers for Disease Control and Prevention;
- 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 and could adversely affect the prices that we receive for our vaccine candidates, if approved. Some of these proposed and implemented reforms could result in reduced pharmaceutical pricing or 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. The Act was also enacted at the end of 2017 and 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. The pharmaceutical industry has also been the subject of significant publicity in recent years regarding the pricing of pharmaceutical products, including publicity and pressure resulting from prices charged by pharmaceutical companies for new products as well as price increases by pharmaceutical companies on older products that some people have deemed excessive. As a result, pharmaceutical product prices have been the focus of increased scrutiny by the U.S. government, including certain state attorneys general, members of congress, presidential candidates and the United States Department of Justice. 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 payers 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 payer, 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 400 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 any particular 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 be found 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 may 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 suit 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 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 or 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 may not control either the prosecution or the enforcement of the patents. Under such circumstances, we may be forced to rely upon our licensors to properly prosecute and file those patent applications and prevent infringement of those patents.

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.

If we do not obtain patent term extension and/or patent term adjustment in the United States under the Hatch-Waxman Act and similar extensions in foreign countries, our ability to exclude competitors may be harmed.

In the United States, the patent term is 20 years from the earliest U.S. non-provisional filing date. Extensions of patent term may be available under certain circumstances. Depending upon the timing, duration and conditions of FDA marketing approval of our product candidates, we may be able to extend the term of one patent that covers a marketed product under the Drug Price Competition and Patent Term Restoration Act of 1984, (the "Hatch-Waxman Amendments") and similar legislation in the European Union.

The Hatch-Waxman Amendments permit patent term extension of up to five years for a patent covering an approved product as compensation for effective patent term lost during product development and the FDA regulatory review process. We may not receive any extension if we fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. Moreover, the length of the extension could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is less than we request, the period during which we can enforce our patent rights for that product will be shortened and our competitors may obtain approval to market competing products sooner.

Patent term covering our products may also be extended for time spent during the prosecution of the patent application in the USPTO. This extension is referred to as Patent Term Adjustment ("PTA"). The laws and regulations governing how the USPTO calculates the PTA is subject to change and changes in the law can reduce or increase any such PTA. Further, the PTA granted by the USPTO may be challenged by a third-party. If we do not prevail under such a challenge, the PTA may be reduced or eliminated, shortening the patent term, which may negatively impact our ability to exclude competitors.

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 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, 2019 through December 31, 2019, the closing sale price of our common stock has been as low as $3.69 per share and as high as $46.80 per share.[(1)] 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;

(1) Share prices reflect the May 10, 2019 1-for-20 Reverse Stock Split.

- 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 us or 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. On April 11, 2019, we received a notification letter from Nasdaq (the "Notice") advising us that for 30 consecutive business days preceding the date of the Notice, the bid price of our common stock had closed below this $1.00 per share minimum closing bid price. In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company was provided a compliance period of 180 calendar days, or until October 8, 2019, to regain compliance with this requirement.

On May 8, 2019, our stockholders approved the Reverse Stock Split, which became effective on May 10, 2019. On May 24, 2019, we received a notification letter from Nasdaq advising us that our closing bid price of our common stock had been at $1.00 per share or greater for ten consecutive business days and we had regained compliance with Nasdaq Listing Rule 5450(a)(2) accordingly. We continue to monitor the bid price for our common stock. If we fail to satisfy the minimum closing bid price requirement or any other listing requirements in the future, 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. For example, our organizational documents provide for 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 two facilities in Gaithersburg, 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
21FF Gaithersburg, MD . . .	53,000	Research and development facility and offices
22FF Gaithersburg, MD . . .	40,000	Executive, administrative, clinical and regulatory offices
Uppsala, Sweden	24,000	Adjuvant manufacturing and research and development facility and offices
Total square footage	117,000	

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

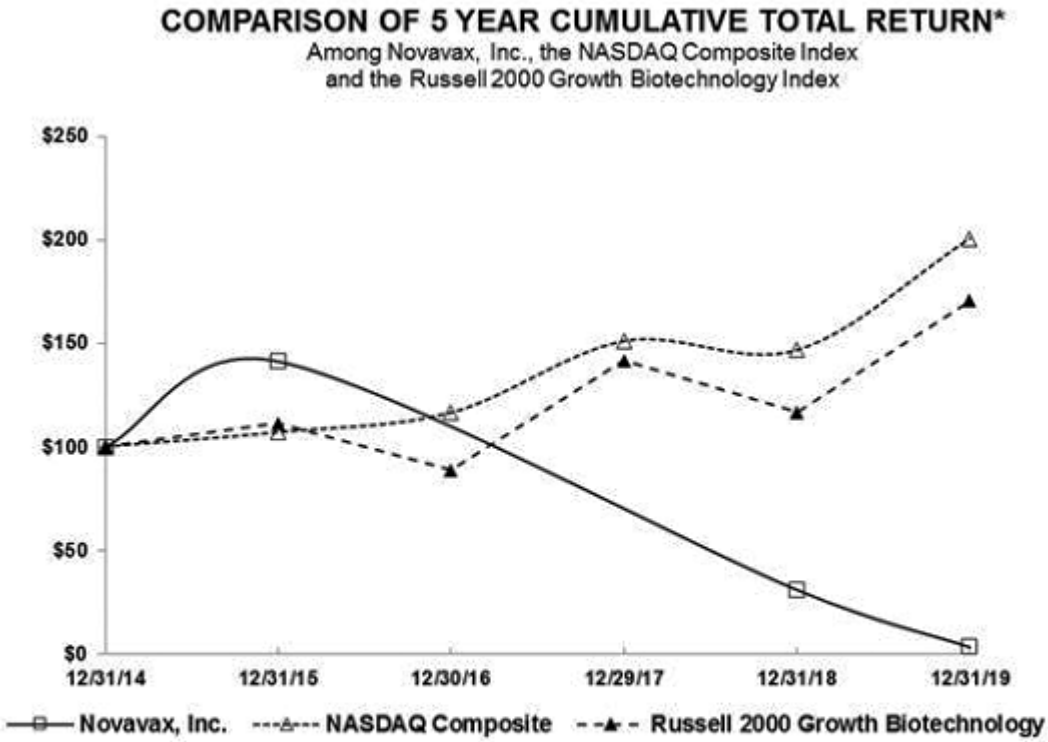
Our common stock trades on the Nasdaq Global Select Market under the symbol "NVAX." Our common stock was held by approximately 133 stockholders of record as of March 6, 2020, one of which is Cede & Co., a nominee for Depository Trust Company ("DTC"). All of the shares of common stock held by brokerage 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 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, 2014, and reinvestments of all dividends.



*$100 invested on 12/31/14 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

Value of $100 invested on December 31, 2014 in stock or index, including reinvestment of dividends, for fiscal years ended December 31:

	12/31/14	12/31/15	12/30/16	12/29/17	12/31/18	12/31/19
Novavax, Inc.	$100.00	$141.48	$ 21.25	$ 20.91	$ 31.03	$ 3.36
Nasdaq Composite Index	$100.00	$106.96	$116.45	$150.96	$146.67	$200.49
RUSSELL 2000 Growth Biotechnology Index	$100.00	$111.17	$ 88.61	$141.64	$116.81	$170.48

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 Securities Exchange Act of 1934, as amended, 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, 2019, which have 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 for future periods.

	Year Ended December 31,				
	2019[1]	2018[2]	2017[3]	2016[4]	2015[5]
	(in thousands, except per share amounts)				
Statements of Operations Data[6]:					
Revenue	$ 18,662	$ 34,288	$ 31,176	$ 15,353	$ 36,250
Net loss	(132,694)	(184,748)	(183,769)	(279,966)	(156,937)
Basic and diluted net loss per share	(5.51)	(9.99)	(12.56)	(20.68)	(11.97)
Weighted average shares used in computing basic and diluted net loss per share	24,100	18,488	14,633	13,540	13,112

	As of December 31,				
	2019[1]	2018[2]	2017[3]	2016[4]	2015[5]
	(in thousands)				
Balance Sheet Data:					
Cash and cash equivalents, marketable securities and restricted cash	$ 82,180	$ 103,939	$ 186,427	$ 270,383	$ 268,062
Total current assets	97,247	119,276	203,311	287,830	287,257
Working capital[7]	71,452	73,737	129,636	221,424	210,763
Total assets[8]	172,957	207,978	302,493	394,301	386,038
Long-term debt, less current portion[9]	320,611	319,187	317,763	316,339	37
Accumulated deficit	(1,431,801)	(1,299,107)	(1,114,359)	(929,996)	(650,030)
Total stockholders' (deficit) equity	(186,017)	(167,935)	(101,732)	(5,546)	292,669

(1) In 2019, we had sales of 13.0 million shares of common stock resulting in net proceeds of approximately $98 million.

(2) In 2018, we had sales of 2.9 million shares of common stock resulting in net proceeds of approximately $100 million.

(3) In 2017, we had sales of 2.5 million shares of common stock resulting in net proceeds of approximately $63 million.

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

(5) In 2015, we had sales of 1.5 million shares of common stock resulting in net proceeds of approximately $204 million.

(6) All share and per share amounts have been retroactively restated for all periods presented to reflect the Reverse Stock Split (see Note 12 to the accompanying consolidated financial statements).

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

(8) In 2019, the Company adopted ASU 20160-02, *Leases* (Topic 842), in which the Company recorded right-of-use assets associated with its leases on the consolidated balance sheet (see Note 7 to the accompanying consolidated financial statements).

(9) Includes non-current portion of capital leases in 2015.

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 March 2020 Sales Agreement (defined below); obligations under our Services Agreement (defined below) with Catalent Maryland, Inc. (formerly Paragon Bioservices, Inc.), a unit of Catalent Biologics ("Catalent"); 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; our expectations with respect to the anticipated ongoing development and potential commercialization or licensure of ResVax; the expected timing and content of regulatory actions; payments by the Bill & Melinda Gates Foundation ("BMGF"); our available cash resources and usage and the availability of financing generally; expected future cash savings and expense reductions associated with the Catalent transaction; plans regarding partnering activities, business development initiatives; the adoption of stock incentive plans and amendments thereto; 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 involve 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 from 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 that could cause results to differ in the cautionary statements included in this Annual Report, particularly those identified in Part I, Item 1A "Risk Factors" of this Annual Report. 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 late-stage biotechnology company that promotes improved global health through the discovery, development and commercialization of innovative vaccines to prevent serious infectious diseases. Our vaccine

candidates, including our lead candidates, NanoFlu™ and ResVax™, are genetically engineered, three-dimensional nanostructures of recombinant proteins critical to disease pathogenesis and may elicit differentiated immune responses, which may be more efficacious than naturally occurring immunity or traditional vaccines. Our technology targets a variety of infectious diseases. We are also developing proprietary immune stimulating saponin-based adjuvants at Novavax AB, our wholly owned Swedish subsidiary. Our lead adjuvant, Matrix-M™, has been shown to enhance immune responses and has been well-tolerated in multiple clinical trials.

Product Pipeline

Program	Current Development Stage
Seasonal Influenza	
• **NanoFlu (Older Adults)[1]**	Phase 3
Respiratory Syncytial Virus ("RSV")	
• **ResVax[2] (Infants via Maternal Immunization)**	Phase 3
• **Older Adults[1]**	Phase 2
• **Pediatrics**	Phase 1
Combination Seasonal Influenza/RSV[1]	Preclinical
Ebola Virus ("EBOV")[1]	Phase 1
Coronavirus ("COVID-19")[1]	Preclinical

(1) Includes Matrix-M adjuvant

(2) Supported by a grant of up to $89.1 million from BMGF

A summary and status of these vaccine programs follows:

Seasonal Influenza

NanoFlu Program (Older Adults)

Influenza is a world-wide infectious disease with serious illness generally occurring in more susceptible populations such as children under 18 years old and older adults, but also occurring in the general population. According to influenza vaccines forecasts by Datamonitor in 2013, the market for seasonal influenza vaccines is expected to grow from approximately $3.2 billion in the 2015-16 flu season to approximately $5.3 billion in the 2021-22 flu season (in the countries comprising the top seven markets). Recent flu seasons have shown an increase in the influenza disease burden. For the 2017-18 flu season, the Centers for Disease Control and Prevention estimates that influenza in the U.S. resulted in 48.8 million illnesses, 959,000 hospitalizations and 79,400 deaths, a dramatic increase across all categories compared to previous years.

In October 2019, we initiated a pivotal Phase 3 clinical trial of NanoFlu in older adults (65 years and older). This randomized, observer-blinded, active-controlled trial will evaluate the immunogenicity and safety of NanoFlu with its proprietary Matrix-M adjuvant, compared to a U.S.-licensed quadrivalent vaccine, Fluzone® Quadrivalent. The trial's primary objective is to demonstrate non-inferior immunogenicity as measured by hemagglutination inhibition ("HAI") titers of vaccine homologous influenza strains compared to a licensed seasonal vaccine, and to describe its safety profile. In October 2019, we completed enrollment of 2,652 healthy older adults across 19 clinical sites in the U.S. and we expect to report top-line clinical data by the end of the first quarter of 2020. Positive data will support a subsequent U.S. biologics license application ("BLA") and licensure of NanoFlu using the U.S. Food and Drug Administration's ("FDA") accelerated approval pathway.

In January 2020, we announced that the FDA granted NanoFlu Fast Track designation, which 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. Specifically, Fast Track designation facilitates meetings to discuss all aspects of development to support licensure and provides the opportunity to submit sections of a BLA on a rolling

basis as data become available. This permits the FDA to review modules of the BLA as they are received instead of waiting for the entire BLA submission. In addition, priority review (six-month review versus standard 10-month review) is an additional benefit that may potentially be available for NanoFlu in the future.

In June 2019, we announced that the FDA acknowledged that the accelerated approval pathway is available for NanoFlu. An accelerated approval may be granted for certain biological products that have been studied for their safety and effectiveness in treating serious or life-threatening illnesses and that provide meaningful therapeutic benefit over existing treatments. Such an approval will be based on adequate and well-controlled clinical trials establishing that the biological product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit. For seasonal influenza vaccines, the HAI antibody response is considered an acceptable surrogate marker of activity that is reasonably likely to predict clinical benefit. To be considered for accelerated approval, a BLA for a new seasonal influenza vaccine should include results from one or more well-controlled studies designed to meet immunogenicity endpoints along with a commitment to conduct confirmatory post-marketing studies of clinical effectiveness in preventing influenza.

Respiratory Syncytial Virus (RSV)

Currently, there is no approved RSV vaccine available to combat the estimated 64 million RSV infections that occur globally each year. We have identified three susceptible target populations that we believe could benefit from the development of our respiratory syncytial virus fusion (F) protein nanoparticle vaccine candidate ("RSV F Vaccine") in different formulations: (1) infants via maternal immunization, (2) older adults (60 years and older) and (3) children six months to five years old ("pediatrics"). With our current estimates of the annual global cost burden of RSV in excess of $88 billion, we believe our RSV F Vaccine represents a multi-billion dollar worldwide opportunity.

ResVax Program (Infants via Maternal Immunization)

ResVax is our adjuvanted RSV F Vaccine for infants via maternal immunization. RSV is the most common cause of lower respiratory tract infections ("LRTI") and the leading viral cause of severe lower respiratory tract disease in infants and young children worldwide. 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.

Data from our Prepare trial, which was initiated in December 2015, was announced in February 2019. The Prepare trial was conducted to determine whether ResVax reduced incidence of medically significant RSV-positive LRTI in infants through a minimum of the first 90 days of life and up through the first six months of life. While these data did not meet the trial's primary efficacy endpoint, it did demonstrate efficacy against a secondary objective by reducing RSV LRTI hospitalizations in treated infants. ResVax is thus the first RSV vaccine to show efficacy in a Phase 3 clinical trial, and in addition, showed important effects against a variety of pre-specified exploratory endpoints and post-hoc analyses. This included a ~60% reduction in RSV-related severe hypoxemia and a ~74% reduction in RSV-related, radiographically-confirmed pneumonia through day 90. As in previous clinical trials, ResVax also showed favorable safety and tolerability results. In light of the fact that the trial failed to meet the primary endpoints, the FDA and European Medicines Agency ("EMA") recommended that we conduct an additional Phase 3 clinical trial to confirm efficacy. BMGF has supported the Prepare trial for ResVax through a grant of up to $89.1 million; BMGF continues to financially support our efforts to conduct certain follow-on analyses of the Phase 3 data. We are currently in discussions with multiple potential commercial partners about the opportunity to bring ResVax to market globally, including assisting us with the regulatory licensure pathways in the U.S., the European Union and other geographies.

RSV Older Adults Program

Older adults (60 years and older) are at increased risk for RSV disease due in part to immunosenescence, the age-related decline in the human immune system. RSV infection can also lead to exacerbation of underlying co-morbidities such as chronic obstructive pulmonary disease, asthma and congestive heart failure. In the U.S. alone, a reported RSV incidence rate of 5.5% in older adults would account for approximately 2.5 million infections per year. We estimate that approximately 900,000 medical interventions are caused by RSV disease in this U.S. population each year. We followed up the 2016 Phase 3 clinical trial of our RSV F Vaccine, which failed to meet its pre-specified primary or secondary efficacy objectives, with a 2017 Phase 2 clinical trial in

older adults, to assess safety and immunogenicity of one and two dose regimens of our RSV F Vaccine, with and without aluminum phosphate or our proprietary Matrix-M adjuvant. Immunogenicity results from the 2017 trial indicate that both adjuvants increase the magnitude, duration and quality of the immune response versus the non-adjuvanted RSV F Vaccine. We continue to assess the development opportunities for our RSV F Vaccine in older adults.

RSV Pediatrics Program

By the age of five, essentially all children will have been exposed to RSV and will likely develop natural immunity against the virus; however, children under five remain vulnerable to RSV disease, offering a strong rationale for a pediatric vaccine that could offer enhanced protection. In 2015, we announced positive results in our Phase 1 clinical trial evaluating the safety and immunogenicity of our RSV F Vaccine in healthy children between two and six years of age. We continue to assess the development opportunities for our RSV F Vaccine for pediatrics.

Combination Seasonal Influenza/RSV F Vaccine

With the ongoing development of our NanoFlu and RSV F Vaccine, a strong rationale exists for developing a combination respiratory vaccine that is designed to protect susceptible populations against both diseases. Although testing is at an early stage, we believe that a combination vaccine against both influenza and RSV may be achievable.

Ebola Virus

Ebola virus ("EBOV") is a filovirus that produces severe, often fatal illness in humans. Within the last decade, it has produced two large outbreaks in Sub-Saharan Africa with high mortality. There are currently no licensed treatments proven to prevent EBOV, although a range of blood, immunological and drug therapies are under development.

We have developed an EBOV glycoprotein vaccine candidate ("Ebola GP Vaccine") expressed in insect cells, using our core recombinant baculovirus technology. In five separate studies, carried out in collaboration with the National Institute of Allergy and Infectious Disease, active immunization with Ebola GP Vaccine was shown to be highly immunogenic and efficacious in preventing lethal disease in non-human primates challenged with EBOV. Our 2015 Phase 1 clinical trial demonstrated that our Ebola GP Vaccine is highly immunogenic in humans, well-tolerated and, in conjunction with our proprietary Matrix-M adjuvant, demonstrated marked antigen dose-sparing and induced significant increases in neutralizing antibody titers. While we intend to advance our Ebola GP Vaccine, doing so will be dependent upon funding or a partner.

Coronavirus

Coronaviruses ("CoV"), so named for their "crown-like" appearance, are a large family of viruses that spread from animals to humans and include diseases such as Middle East Respiratory Syndrome ("MERS") and Severe Acute Respiratory Syndrome ("SARS"). Historically, we developed a vaccine candidate against MERS, a novel coronavirus first identified in 2012, as well as a vaccine candidate against SARS in 2005. In 2012, within weeks of obtaining the sequence of the circulating MERS strain, we successfully produced a vaccine candidate designed to provide protection. Our MERS candidate was based on the major surface spike protein, which we had previously identified as the antigen of choice in our work with our SARS vaccine candidate. In 2014, in collaboration with the University of Maryland, School of Medicine, we published results that showed our MERS and SARS vaccine candidates both blocked infection in laboratory studies.

Recently, a new strain of coronavirus ("COVID-19") causing pneumonia-like symptoms has emerged in China, marking the beginning of a spread of the virus across the globe. Researchers have now confirmed that the virus can spread via human-to-human transmission. There are currently no licensed treatments proven to prevent COVID-19, although a range of vaccine candidates are under development. We have successfully produced a vaccine candidate designed to provide protection against COVID-19. Using our recombinant nanoparticle technology, we have generated antigen for our initial vaccine candidate derived from the coronavirus spike (S) protein. This vaccine candidate has been engineered from the genetic sequence of COVID-19 virus and binds efficiently with the same human receptors targeted by the virus, a critical aspect

for effective vaccine protection. We intend to combine our proprietary Matrix-M adjuvant into our experimental vaccine candidate to potentially provide an additional immune response. We were recently awarded initial funding from the Coalition for Epidemic Preparedness Innovations ("CEPI") to facilitate our development of a COVID-19 vaccine in preparation for potential future clinical trials. A subsequent CEPI award may be available to cover our program expenditures through Phase 1 clinical trial results.

CPLB Joint Venture

CPL Biologicals Private Limited ("CPLB"), our joint venture between Novavax and Cadila Pharmaceuticals Limited ("Cadila"), is actively developing a number of vaccine candidates in India. CPLB is owned 20% by Novavax and 80% by Cadila.

Reverse Stock Split

On May 8, 2019, following stockholders approval at a Special Meeting earlier that day, we filed a Certificate of Amendment to our Second Amended and Restated Certificate of Incorporation with the Delaware Secretary of State to effect a reverse stock split of our issued and outstanding common stock, par value $0.01, at a ratio of 1-for-20 (the "Reverse Stock Split"), effective as of May 10, 2019. We have retroactively restated all per share and share amounts, including stock options and restricted stock awards, in this Annual Report for all periods presented to reflect the Reverse Stock Split.

Catalent Transaction

In July 2019, we closed a transaction under an asset purchase agreement (the "Purchase Agreement") with Catalent, pursuant to which we sold to Catalent certain assets related to our biomanufacturing and development activities located at the facilities situated at each of 20 Firstfield Road in Gaithersburg, MD 20878 and 9920 Belward Campus Drive in Rockville, MD 20850, for a purchase price of (i) $18.0 million, including $1.5 million to be held in escrow for one year following the closing of the transaction, plus (ii) an additional fee to purchase laboratory supplies of approximately $0.3 million, subject to certain adjustments. Pursuant to the transactions contemplated by the Purchase Agreement, approximately 100 Novavax manufacturing and quality employees transferred to Catalent, and we assigned two facility leases to Catalent. We also entered into other ancillary agreements upon the closing of the transaction, including a Non-Commercial GMP Manufacturing Services Agreement pursuant to which we are required to purchase $6.0 million in certain services from Catalent set forth therein, through July 31, 2020. The transaction was treated as an asset disposition for accounting purposes. As a result of the transactions contemplated by the Purchase Agreement and related attrition since March 1, 2019, we have reduced our headcount by more than 200 employees. In 2019, we recorded a gain on the disposition of such assets of $9.0 million.

HHS BARDA Contract Close Out

In December 2019, we amended our contract with the Department of Health and Human Services, Biomedical Advanced Research and Development Authority ("HHS BARDA") to close out the contract we were awarded by HHS BARDA in 2011. Pursuant to the amendment, HHS BARDA agreed to pay us $7.5 million for the recovery of additional costs under the contract relating to the close out of indirect rates for the remaining fiscal years 2013 through 2016. As a result of the amendment, we recorded revenue of $7.5 million in the fourth quarter of 2019. Payment was received in the first quarter of 2020.

Sales of Common Stock

In March 2020, we entered into an At Market Issuance Sales Agreement ("March 2020 Sales Agreement"), which allows us to issue and sell up to $150 million in gross proceeds of our common stock. From March 2 through March 6, 2020, we sold 1.5 million shares of common stock under the March 2020 Sales Agreement resulting in $18.6 million in net proceeds, leaving $131.1 million remaining.

In January 2020, we entered into an At Market Issuance Sales Agreement ("January 2020 Sales Agreement"), which allowed us to issue and sell up to $100 million in gross proceeds of our common stock. During the first quarter of 2020, we sold 10.5 million shares of common stock under the January 2020 Sales Agreement resulting in $98.7 million in net proceeds. The January 2020 Sales Agreement was fully utilized at that time.

In December 2018, we entered into an At Market Issuance Sales Agreement ("December 2018 Sales Agreement"), which allowed us to issue and sell up to $100 million in gross proceeds of our common stock. During 2019, we sold 10.5 million shares of common stock under the December 2018 Sales Agreement resulting in $59.5 million in net proceeds (this amount excludes $0.5 million received in the first quarter of 2020 for shares traded in late December 2019). In January 2020, we sold 7.2 million shares of common stock under the December 2018 Sales Agreement resulting in $38.5 million in net proceeds. The December 2018 Sales Agreement was fully utilized at that time.

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 generally accepted accounting principles 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 and long-lived assets 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

Our current revenue primarily consists of revenue 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 ResVax. The Grant Agreement does not provide a direct economic benefit to BMGF. Rather, we entered into an agreement with BMGF to make a certain amount of ResVax available and accessible at affordable pricing to people in certain low- and middle-income countries. Based on these circumstances, we do not consider BMGF to be a customer and concluded the Grant Agreement is outside the scope of Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("Topic" 606"). Payments received under the Grant Agreement are considered conditional contributions under the scope of ASC 958-605, *Not-for-Profit Entities — Revenue Recognition*, and are recorded as deferred revenue until the period in which such research and development activities are performed and revenue can be recognized.

We analyzed the Grant Agreement with BMGF to determine whether the payments received should be recorded as revenue or as a reduction to research and development expenses. In reaching the determination that such payments should be recorded as revenue, we considered 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. Further, we have consistently applied our policy of presenting such amounts as revenue.

For arrangements that are determined within the scope of Topic 606, we recognize revenue following the five-step model: (i) identify the contract(s) with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) we satisfy a performance obligation. We only apply the five-step model to contracts when it is probable that we will collect the consideration we are entitled to in exchange for the goods or services we transfer to our customer. At contract inception, once the contract is determined to be within the scope of Topic 606, we assess the goods or services promised within each contract and determine the performance obligations, and assesses whether each promised good or service is distinct. We then recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

We perform research and development under grant, license and clinical development agreements. Payments received in advance of work performed are recorded as deferred revenue.

Impairments of Long-Lived Assets

We account for the impairment of long-lived assets (including property and equipment and finite-lived intangible and right-of-use 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.

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 2019 and 2018

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.

For our discussion of the year ended December 31, 2018, compared to the year ended December 31, 2017, please read Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* located in our 2018 Form 10-K.

Revenue:

	2019	2018	Change 2018 to 2019
Revenue (in thousands):			
Total revenue	$18,662	$34,288	$(15,626)

Revenue for 2019 was $18.7 million as compared to $34.3 million for 2018, a decrease of $15.6 million, or 46%. Revenue for 2019 and 2018 was primarily comprised of services performed under the Grant Agreement, the closeout of our HHS BARDA contract and, to a much lesser extent, revenue from Novavax AB. Revenue decreased under the Grant Agreement by $22.3 million as a result of completing enrollment of the Prepare trial in the second quarter of 2018, partially offset by $7.5 million in revenue for the recovery of additional costs under the HHS BARDA contract relating to the close out of indirect rates for the remaining fiscal years 2013 through 2016.

We expect revenue in 2020 to be significantly lower than in 2019 as the Prepare trial and our HHS BARDA contract have both concluded.

Expenses:

	2019	2018	Change 2018 to 2019
Expenses (in thousands):			
Research and development	$113,842	$173,797	$(59,955)
Gain on Catalent transaction	(9,016)	—	(9,016)
General and administrative	34,417	34,409	8
Total expenses	$139,243	$208,206	$(68,963)

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 $113.8 million for 2019 from $173.8 million for 2018, a decrease of $60.0 million, or 34%. This decrease was primarily due to decreased development activities, including lower clinical trial costs, of ResVax, and lower employee-related costs and other cost savings due to the Catalent transaction, partially offset by our Phase 3 clinical trial of NanoFlu. At December 31, 2019, we had 127 employees dedicated to our research and development programs versus 324 employees as of December 31, 2018. For 2020, we expect research and development expenses overall to decrease primarily due to the completion of activities related to the conclusion of the Prepare trial and lower employee-related and other costs resulting from the Catalent transaction, partially offset by our Phase 3 clinical trial and development activities of NanoFlu.

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 was spread across multiple programs and our internal manufacturing clean-room facility produced multiple vaccine candidates.

The following summarizes our research and development expenses by functional area for the years ended December 31, 2019 and 2018 (in millions).

	2019	2018
Manufacturing	$ 64.3	$ 79.7
Vaccine Discovery	6.6	6.4
Clinical and Regulatory	42.9	87.7
Total research and development expenses	$113.8	$173.8

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.

Gain on Catalent Transaction

As a result of the Catalent transaction (see discussion above), we recorded a gain of $9.0 million in 2019.

General and Administrative Expenses

General and administrative expenses were flat at $34.4 million. At December 31, 2019, we had 41 employees dedicated to general and administrative functions versus 50 employees as of December 31, 2018. For 2020, we expect general and administrative expenses to continue to be flat year-over-year.

Other Income (Expense):

	2019	2018	Change 2018 to 2019
Other Income (Expense) (in thousands):			
Investment income	$ 1,512	$ 2,674	$(1,162)
Interest expense	(13,612)	(13,612)	—
Other income (expense)	(13)	108	(121)
Total other income (expense), net	$(12,113)	$(10,830)	$(1,283)

We had total other expense, net of $12.1 million for 2019 compared to total other expense, net of $10.8 million for 2018, an increase of $1.3 million. Our investment income decreased in 2019 as compared to 2018 due to lower marketable securities balances.

Net Loss:

	2019	2018	Change 2018 to 2019
Net Loss (in thousands, except per share information):			
Net loss	$(132,694)	$(184,748)	$52,054
Net loss per share	$ (5.51)	$ (9.99)	$ 4.48
Weighted average shares outstanding	24,100	18,488	5,612

Net loss for 2019 was $132.7 million, or $5.51 per share, as compared to $184.7 million, or $9.99 per share, for 2018, a decrease of $52.1 million. The decrease in net loss was primarily due to decreased development activities, including lower clinical trial costs of ResVax, and the $9.0 million gain recorded on the Catalent transaction, partially offset by decreased revenue under the Grant Agreement.

The increase in weighted average shares outstanding for 2019 and 2018 is primarily a result of sales of our common stock in 2019 and 2018.

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 Grant Agreement with BMGF.

As of December 31, 2019, we had $82.2 million in cash and cash equivalents, marketable securities and restricted cash as compared to $103.9 million as of December 31, 2018. These amounts consisted of $78.8 million in cash and cash equivalents and $3.4 million in restricted cash as of December 31, 2019 as compared to $70.2 million in cash and cash equivalents, $22.0 million in marketable securities and $11.8 million in restricted cash as of December 31, 2018.

The following table summarizes cash flows for 2019 and 2018:

	2019	2018	Change 2018 to 2019
Summary of Cash Flows (in thousands):			
Net cash (used in) provided by:			
Operating activities	$(136,623)	$(184,825)	$ 48,202
Investing activities	38,492	28,596	9,896
Financing activities	98,384	102,805	(4,421)
Effect on exchange rate on cash, cash equivalents and restricted cash	(32)	(48)	16
Net increase (decrease) in cash, cash equivalents and restricted cash	221	(53,472)	53,693
Cash, cash equivalents and restricted cash at beginning of year	81,959	135,431	(53,472)
Cash, cash equivalents and restricted cash at end of year	$ 82,180	$ 81,959	$ 221

Net cash used in operating activities decreased to $136.6 million for 2019, as compared to $184.8 million for 2018. The decrease in cash usage is primarily due to decreased development activities, including lower clinical trial costs, of ResVax in 2019 as compared to 2018, $9.3 million of one-time payments made in 2018 that included our lease termination fee and a milestone payment to Wyeth Holdings LLC and reduced bonus payouts in the first quarter of 2019 as compared to the same period in 2018, partially offset by receipt of a $15 million payment under the Grant Agreement with BMGF in 2018.

During 2019 and 2018, our investing activities consisted primarily of purchases and maturities of marketable securities, $18.3 million in proceeds from the Catalent transaction in 2019. In 2020, we expect our capital expenditures to slightly increase due to development activities related to NanoFlu.

Our financing activities consisted primarily of sales of our common stock under our At Market Issuance Sales Agreements and, to a much lesser extent, stock option exercises and purchases under our employee stock purchase plan. In 2019, we received net proceeds of $97.4 million (this amount excludes $0.5 million received in the first quarter of 2020 for shares traded in late December 2019) from selling shares of common stock through our At Market Issuance Sales Agreements. During the first quarter of 2020, we received approximately $156 million in net proceeds from selling shares of common stock under our At Market Issuance Sales Agreements. In 2018, we completed a public offering of our common stock resulting in net proceeds of approximately $54 million and received net proceeds of $46.2 million from selling shares of common stock through our At Market Issuance Sales Agreements.

Based on our most recent cash flow forecast, we believe our current capital 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.

Our ability to fund the Company's operations is dependent upon management's plans, which include raising additional capital in the near term primarily through 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. New financings may not be available to the Company on commercially acceptable terms, or at all. Also, any collaborations, strategic alliances and marketing, distribution or licensing arrangements may require us to give up some or all of our rights to a product or technology, which in some cases may be at less than the full potential value of such rights. If we are unable to obtain additional capital, we will assess the Company's capital resources and may be required to delay, reduce the scope of or eliminate one or more of our research and development programs, and/or downsize our organization.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2019 (in thousands):

Contractual Obligations:	Total	Less than One Year	1 – 3 Years	3 – 5 Years	More than 5 Years
Operating leases	$ 17,649	$2,927	$6,054	$ 4,843	$3,825
Convertible notes payable	325,000	—	—	325,000	—
Total contractual obligations	$342,649	$2,927	$6,054	$329,843	$3,825

See Note 11 to the consolidated financial statements included in the Annual Report regarding our convertible notes payable, which will mature on February 1, 2023, and bear cash interest of 3.75%, payable February 1 and August 1 of each year.

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, 2019, we had cash and cash equivalents of $78.8 million, $3.4 million in restricted cash and working capital of $71.5 million.

Our exposure to market risk is primarily confined to our investment portfolio. As of December 31, 2019, 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 $2.4 million at December 31, 2019.

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-26.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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 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 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 generally accepted accounting principles 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, 2019. 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. Based on its assessment, our management has determined that, as of December 31, 2019, 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 chief financial officer, has evaluated any changes in our internal control over financial reporting that occurred during the quarterly period ended December 31, 2019, and has concluded that there was no change that occurred during the quarterly period ended December 31, 2019 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 2020 Annual Meeting of Stockholders scheduled to be held in June 2020 (the "2020 Proxy Statement"). We expect to file the 2020 Proxy Statement within 120 days after the close of the fiscal year ended December 31, 2019.

Item 11. EXECUTIVE COMPENSATION

We incorporate herein by reference the information required by this item concerning executive compensation to be contained in the 2020 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 2020 Proxy Statement.

The following table provides our equity compensation plan information as of December 31, 2019. 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 13 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)]	4,992,792	$39.32	520,054
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. The weighted-average exercise price in column (b) excludes restricted stock units, which are not subject to an exercise price.

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 16 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 2020 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 2020 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 (**).

Confidential information contained in exhibits marked with a caret (^) has been omitted because it (i) is not material and/or (ii) would be competitively harmful if publically disclosed.

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 (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 (File No. 000-26770))
3.2	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on May 9, 2019 (File No. 000-26770))
3.3	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 (File No. 000-26770))
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 S-3, filed on December 31, 2019 (File No. 333-235761))

Exhibit Number	Description
4.2	Indenture (including form of Notes) with respect to Novavax, Inc.'s 3.75% Convertible Senior Notes due 2023, dated as of January 29, 2016, between Novavax, Inc. 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 (File No. 000-26770))
4.3*	Description of Registrant's Securities
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 (File No. 000-26770))
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 (File No. 000-26770))
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 (File No. 000-26770))
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 (File No. 000-26770))
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 May 16, 2019 in connection with the Annual Meeting held on June 28, 2019 (File No. 000-26770))
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 May 16, 2019 in connection with the Annual Meeting held on June 28, 2019 (File No. 000-26770))
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 (File No. 000-26770))
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 (File No. 000-26770))
10.9††	Form of Incentive Stock Option Award Agreement granted under the Novavax, Inc. Amended and Restated 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 (File No. 000-26770))
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 (File No. 000-26770))
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 (File No. 000-26770))
10.12††	Form of Restricted Stock Unit Agreement granted under the Novavax, Inc. Amended and Restated 2015 Stock Incentive Plan (Incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2019, filed on March 18, 2019 (File No. 000-26770))

Exhibit Number	Description
10.13††	Form of Stock Appreciation Right Award Agreement granted under the Novavax, Inc. Amended and Restated 2015 Stock Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, filed on November 7, 2019 (File No. 000-26770))
10.14††	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 (File No. 000-26770))
10.15††	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 (File No. 000-26770))
10.16††	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 (File No. 000-26770))
10.17††	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 (File No. 000-26770))
10.18††	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 (File No. 000-26770))
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 (File No. 000-26770))
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 (File No. 000-26770))
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 (File No. 000-26770))
10.22	First 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 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 (File No. 000-26770))
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 (File No. 000-26770))
10.24	Third Amendment to Lease Agreement for space at 9920 Belward Campus Drive between BMR-9920 Belward Campus Drive, 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 (File No. 000-26770))
10.25	Fourth Amendment to Lease Agreement for space at 9920 Belward Campus Drive between BMR-9920 Belward Campus Drive, 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 (File No. 000-26770))

Exhibit Number	Description
10.26	Fifth Amendment to Lease Agreement for space at 9920 Belward Campus Drive between ARE-MARYLAND NO. 46, LLC and Novavax, Inc., dated January 16, 2019 (Incorporated by reference to Exhibit 10.25 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2019, filed on March 18, 2019 (File No. 000-26770))
10.27	Acknowledgment of Exercise of Second Extension Term Option and Second Extension Term Commencement Date for space at 9920 Belward Campus Drive between ARE-MARYLAND NO. 46, LLC and Novavax, Inc., dated April 26, 2019 (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on May 2, 2019 (File No. 000-26770))
10.28	Lease Agreement for space at 20 Firstfield Road 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 (File No. 000-26770))
10.29	Lease Agreement for space at 22 Firstfield Road 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 (File No. 000-26770))
10.30	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 (File No. 000-26770))
10.31	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 (File No. 000-26770))
10.32	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 (File No. 000-26770))
10.33	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 (File No. 000-26770))
10.34	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 (File No. 000-26770))
10.35**	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 (File No. 000-26770))
10.36**	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 (File No. 000-26770))
10.37**	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 (File No. 000-26770))

Exhibit Number	Description
10.38**	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 (File No. 000-26770))
10.39**	Second Amended and Restated Joint Venture Agreement between Novavax, Inc. and Cadila Pharmaceuticals Limited, dated as of July 17, 2018 (Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, filed on November 7, 2018 (File No. 000-26770))
10.40**	Second Amended and Restated Novavax Product License Agreement between Novavax, Inc. and CPL Biologicals Private Limited, dated as of July 17, 2018 (Incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, filed on November 7, 2018 (File No. 000-26770))
10.41**	Grant Agreement between Bill & 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 (File No. 000-26770))
10.42**	Global Access Commitments Agreement between Bill & 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 (File No. 000-26770))
10.43^	Asset Purchase Agreement between Novavax, Inc. and Paragon Bioservices, Inc., dated June 26, 2019 (Incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, filed on August 7, 2019 (File No. 000-26770))
10.44	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 (File No. 000-26770))
10.45	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 (File No. 000-26770))
10.46	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 (File No. 000-26770))
10.47	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 (File No. 000-26770))
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 (File No. 000-26770))
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

Exhibit Number	Description
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from our Annual Report on Form 10-K for the year ended December 31, 2019, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets as of December 31, 2019 and 2018, (ii) the Consolidated Statements of Operations for the three years in the period ended December 31, 2019, (iii) the Consolidated Statements of Comprehensive Loss for the three years in the period ended December 31, 2019, (iv) the Consolidated Statements of Changes in Stockholders' Deficit for the three years in the period ended December 31, 2019, (v) the Consolidated Statements of Cash Flows for the three years in the period ended December 31, 2019, 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
Stanley C. Erck
President and Chief Executive Officer

Date: March 11, 2020

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 and Director (Principal Executive Officer)	March 11, 2020
/s/ John J. Trizzino John J. Trizzino	Senior Vice President, Chief Business Officer, Chief Financial Officer and Treasurer (Principal Financial and Principal Accounting Officer)	March 11, 2020
/s/ James F. Young James F. Young	Chairman of the Board of Directors	March 11, 2020
/s/ Richard H. Douglas Richard H. Douglas	Director	March 11, 2020
/s/ Gary C. Evans Gary C. Evans	Director	March 11, 2020
/s/ Rachel K. King Rachel K. King	Director	March 11, 2020
/s/ Michael A. McManus Michael A. McManus	Director	March 11, 2020
/s/ Rajiv I. Modi Rajiv I. Modi	Director	March 11, 2020

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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, 2019 and 2018, the related consolidated statements of operations, comprehensive loss, changes in stockholders' deficit, and cash flows for each of the three years in the period ended December 31, 2019, 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, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, 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, 2019, 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 11, 2020 expressed an unqualified opinion thereon.

Adoption of ASU 2016-02

As discussed in Note 3 to the consolidated financial statements, the Company changed its method of accounting for leases in 2019 due to the adoption of ASU 2016-02, *Leases* (Topic 842).

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.

Tysons, Virginia
March 11, 2020

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, 2019, 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, 2019, 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, 2019 and 2018, the related consolidated statements of operations, comprehensive loss, changes in stockholders' deficit, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and our report dated March 11, 2020 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

Tysons, Virginia
March 11, 2020

NOVAVAX, INC.

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2019	2018
	(in thousands, except share and per share information)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 78,823	$ 70,154
Marketable securities	—	21,980
Restricted cash	2,947	10,847
Accounts receivable	7,500	—
Prepaid expenses and other current assets	7,977	16,295
Total current assets	97,247	119,276
Restricted cash	410	958
Property and equipment, net	11,445	28,426
Intangible assets, net	5,581	6,541
Goodwill	51,154	51,967
Other non-current assets	7,120	810
Total assets	$ 172,957	$ 207,978
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 2,910	$ 9,301
Accrued expenses	14,867	19,550
Accrued interest	5,078	5,078
Deferred revenue	1,678	10,010
Other current liabilities	1,262	1,600
Total current liabilities	25,795	45,539
Deferred revenue	2,500	2,500
Convertible notes payable	320,611	319,187
Other non-current liabilities	10,068	8,687
Total liabilities	358,974	375,913
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, $0.01 par value, 2,000,000 shares authorized; no shares issued and outstanding at December 31, 2019 and 2018	—	—
Common stock, $0.01 par value, 600,000,000 shares authorized at December 31, 2019 and 2018; and 32,399,352 shares issued and 32,352,416 shares outstanding at December 31, 2019 and 19,245,302 shares issued and 19,222,410 shares outstanding at December 31, 2018	324	192
Additional paid-in capital	1,260,551	1,144,621
Accumulated deficit	(1,431,801)	(1,299,107)
Treasury stock, 46,936 shares, cost basis at December 31, 2019 and 22,892 shares, cost basis at December 31, 2018	(2,583)	(2,450)
Accumulated other comprehensive loss	(12,508)	(11,191)
Total stockholders' deficit	(186,017)	(167,935)
Total liabilities and stockholders' deficit	$ 172,957	$ 207,978

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

NOVAVAX, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2019	2018	2017
	(in thousands, except per share information)		
Revenue:			
Government contract	$ 7,500	$ —	$ —
Grant and other	11,162	34,288	31,176
Total revenue	18,662	34,288	31,176
Expenses:			
Research and development	113,842	173,797	168,435
Gain on Catalent transaction	(9,016)	—	—
General and administrative	34,417	34,409	34,451
Total expenses	139,243	208,206	202,886
Loss from operations	(120,581)	(173,918)	(171,710)
Other income (expense):			
Investment income	1,512	2,674	1,946
Interest expense	(13,612)	(13,612)	(14,072)
Other income (expense)	(13)	108	67
Net loss	$(132,694)	$(184,748)	$(183,769)
Basic and diluted net loss per share	$ (5.51)	$ (9.99)	$ (12.56)
Basic and diluted weighted average number of common shares outstanding	24,100	18,488	14,633

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Year Ended December 31,		
	2019	2018	2017
		(in thousands)	
Net loss	$(132,694)	$(184,748)	$(183,769)
Other comprehensive income (loss):			
Net unrealized gains (losses) on marketable securities available-for-sale	5	12	(50)
Foreign currency translation adjustment	(1,322)	(2,586)	3,247
Other comprehensive income (loss)	(1,317)	(2,574)	3,197
Comprehensive loss	$(134,011)	$(187,322)	$(180,572)

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

NOVAVAX, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
Year Ended December 31, 2019, 2018 and 2017

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Income(Loss)	Total Stockholders' Deficit
	Shares	Amount					
	(in thousands, except share information)						
Balance at December 31, 2016	**13,585,070**	**$136**	**$ 938,578**	**$ (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	54,676	1	1,151	—	—	—	1,152
Issuance of common stock, net of issuance costs of $1,065	2,544,495	25	63,400	—	—	—	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	**16,184,241**	**162**	**1,023,532**	**(1,114,359)**	**(2,450)**	**(8,617)**	**(101,732)**
Non-cash compensation cost for stock options, ESPP and restricted stock	—	—	18,314	—	—	—	18,314
Exercise of stock options/Purchases under ESPP	120,561	1	2,744	—	—	—	2,745
Restricted stock cancelled	(938)	—	—	—	—	—	—
Issuance of common stock, net of issuance costs of $4,265	2,941,438	29	100,031	—	—	—	100,060
Unrealized gain on marketable securities	—	—	—	—	—	12	12
Foreign currency translation adjustment	—	—	—	—	—	(2,586)	(2,586)
Net loss	—	—	—	(184,748)	—	—	(184,748)
Balance at December 31, 2018	**19,245,302**	**192**	**1,144,621**	**(1,299,107)**	**(2,450)**	**(11,191)**	**(167,935)**
Non-cash compensation cost for stock options, RSUs, SARs and ESPP	—	—	17,048	—	—	—	17,048
Exercise of stock options/Vesting of RSUs/ Purchases under ESPP	173,873	2	1,122	—	(132)	—	992
Fractional shares purchased in stock split	—	—	—	—	(1)	—	(1)
Issuance of common stock, net of issuance costs of $1,655	12,980,177	130	97,760	—	—	—	97,890
Unrealized gain on marketable securities	—	—	—	—	—	5	5
Foreign currency translation adjustment	—	—	—	—	—	(1,322)	(1,322)
Net loss	—	—	—	(132,694)	—	—	(132,694)
Balance at December 31, 2019	**32,399,352**	**$324**	**$1,260,551**	**$(1,431,801)**	**$(2,583)**	**$(12,508)**	**$(186,017)**

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

NOVAVAX, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2019	2018	2017
		(in thousands)	
Operating Activities:			
Net loss	$(132,694)	$(184,748)	$(183,769)
Reconciliation of net loss to net cash used in operating activities:			
Depreciation and amortization	5,676	8,159	9,817
Loss (Gain) on disposal of property and equipment	88	(55)	269
Gain on Catalent transaction	(9,016)	—	—
Non-cash impact of lease termination	—	(4,381)	—
Amortization of debt issuance costs	1,424	1,424	1,424
Lease incentives received	—	—	1,933
Non-cash stock-based compensation	17,048	18,314	19,809
Other	4,869	(2,396)	2,715
Changes in operating assets and liabilities:			
Prepaid expenses and other assets	(4,202)	1,212	2,590
Accounts payable and accrued expenses	(11,485)	(6,744)	5,192
Deferred revenue	(8,331)	(15,610)	(4,456)
Net cash used in operating activities	(136,623)	(184,825)	(144,476)
Investing Activities:			
Capital expenditures	(1,857)	(1,372)	(4,189)
Proceeds from Catalent transaction	18,333	—	—
Purchases of marketable securities	(17,484)	(120,150)	(218,045)
Proceeds from maturities of marketable securities	39,500	150,118	258,202
Net cash provided by investing activities	38,492	28,596	35,968
Financing Activities:			
Principal payments of capital leases	—	—	(37)
Net proceeds from sales of common stock	97,392	100,060	63,425
Proceeds from the exercise of stock options and employee stock purchases	992	2,745	1,152
Net cash provided by financing activities	98,384	102,805	64,540
Effect of exchange rate on cash, cash equivalents and restricted cash	(32)	(48)	142
Net increase (decrease) in cash, cash equivalents and restricted cash	221	(53,472)	(43,826)
Cash, cash equivalents and restricted cash at beginning of year	81,959	135,431	179,257
Cash, cash equivalents and restricted cash at end of year	$ 82,180	$ 81,959	$ 135,431
Supplemental disclosure of non-cash activities:			
Sale of common stock under the Sales Agreement not settled at year-end	$ 497	$ —	$ —
Capital expenditures included in accounts payable and accrued expenses	$ 49	$ 519	$ 15
Supplemental disclosure of cash flow information:			
Cash interest payments	$ 12,188	$ 12,188	$ 12,188

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 late-stage biotechnology company that promotes improved global health through the discovery, development and commercialization of innovative vaccines to prevent serious infectious diseases. The Company's vaccine candidates, including its lead candidates, NanoFlu™ and ResVax™, are genetically engineered, three-dimensional nanostructures of recombinant proteins critical to disease pathogenesis and may elicit differentiated immune responses, which may be more efficacious than naturally occurring immunity or traditional vaccines. The Company's technology targets a variety of infectious diseases.

Note 2 — Liquidity

Based on the Company's most recent cash flow forecast, the Company believes its current capital, which includes approximately $156 million in net proceeds from sales of common stock under the At Market Issuance Sales Agreements during the first quarter of 2020, is sufficient to fund its 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 its vaccine candidates through clinical development, manufacturing and commercialization.

The Company's ability to fund its operations is dependent upon management's plans, which include raising additional capital in the near term primarily through 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. New financings may not be available to the Company on commercially acceptable terms, or at all. Also, any collaborations, strategic alliances and marketing, distribution or licensing arrangements may require the Company to give up some or all of its rights to a product or technology, which in some cases may be at less than the full potential value of such rights. If the Company is unable to 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 research and development programs, and/or downsize its organization.

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 generally accepted accounting principles in the United States ("U.S. GAAP") 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):

	2019	2018
Cash	$15,863	$ 6,750
Money market funds	42,960	39,168
Asset-backed securities	20,000	15,000
Corporate debt securities	—	9,236
Cash and cash equivalents	$78,823	$70,154

Cash equivalents are recorded at cost, which approximate fair value due to their short-term nature.

Marketable Securities

Marketable securities consist of debt securities with maturities greater than three months from the date of purchase that have historically included 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 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, including whether the Company will be required to sell a security prior to recovery of its amortized cost basis, the investment issuer's financial condition and business outlook 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 (as defined in Note 8) with the Bill & Melinda Gates Foundation ("BMGF") under which the Company was awarded a grant of up to $89.1 million, escrow funds received in connection with the Catalent transaction (see Note 9) and cash collateral accounts under letters of credit that serve as security deposits for certain facility leases. The Company will utilize the Grant Agreement funds as it incurs expenses for services performed under the agreement. At December 31, 2019 and 2018, the restricted cash balances (both current and non-current) consist of payments received under the Grant Agreement of $1.4 million and $10.8 million, respectively, $1.5 million held in escrow received in connection with the Catalent transaction at December 31, 2019 and security deposits of $0.4 million and $1.0 million, respectively.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the statement of cash flows at December 31 (in thousands):

	2019	2018
Cash and cash equivalents	$78,823	$70,154
Restricted cash current	2,947	10,847
Restricted cash non-current	410	958
Cash, cash equivalents and restricted cash	$82,180	$81,959

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.

Leases

The Company adopted the new leasing standard, Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842) on January 1, 2019 under the optional transition method (see Note 3 under the caption "*Recent Accounting Pronouncements*"). Under the new standard, the Company determines if an arrangement is a lease or contains a lease at the inception of the contract. For all leases, the Company determines the classification as either operating or financing.

Lease liabilities, which represent the Company's obligation to make lease payments arising from the lease, and corresponding right-of-use assets, which represent the right to use an underlying asset for the lease term, are recognized at the commencement date of the lease based on the present value of the fixed future payments over the lease term. The Company calculates the present value of future payments using the discount rate implicit in the lease, if available, or the Company's incremental borrowing rate.

For operating leases, lease expense relating to fixed payments is recognized on a straight-line basis over the lease term and lease expense relating to variable payments is recognized as incurred. For finance leases, the amortization of the asset is recognized over the shorter of the lease term or useful life of the underlying asset.

Other Intangible Assets

The Company's intangible assets include proprietary adjuvant technology and collaboration agreements, which were measured at the 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 for seven to 20 years.

Impairment of Long-Lived Assets

Long-lived assets, including property and equipment and finite-lived intangible and right-of-use 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.* The Company calculates the estimated fair value of a long-lived asset (group) using the income approach. 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 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 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 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, 2019 and 2018, 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, 2019 and 2018.

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 8). 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

In May 2014, the Financial Accounting Standards Board ("FASB"), issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09" or "Topic 606"), and subsequently issued amendments to ASU 2014-09, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The new revenue standard became effective for the Company on January 1, 2018 and was adopted using the modified retrospective method. The adoption of the new revenue standard as of January 1, 2018 did not materially change the Company's timing of revenue recognition as the majority of its revenue continues to be recognized under its Grant Agreement with BMGF (see discussion below). Since the Company did not identify any accounting changes that impact its revenue recognition timing, no adjustment to accumulated deficit was required upon adoption.

Under the new revenue standard for arrangements that are determined within the scope of Topic 606, the Company recognizes revenue following the five-step model: (i) identify the contract(s) with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of Topic 606, the Company assesses the goods or services promised within each contract and determines the performance obligations, and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The Company performs research and development under grant, license and clinical development agreements. Payments received in advance of work performed are recorded as deferred revenue.

The Company's current revenue primarily consists of revenue under its Grant Agreement with BMGF (see Note 8). 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 for infants via maternal immunization ("ResVax™"). The Company's Grant Agreement does not provide a direct economic benefit to BMGF. Rather, the Company entered into an agreement with BMGF to make a certain amount of ResVax available and accessible at affordable pricing to people in certain low- and middle-income countries. Based on these circumstances, the Company does not consider BMGF to be a customer and concluded the Grant Agreement is outside the scope of Topic 606. Payments received under the Grant Agreement are considered conditional contributions under the scope of ASC 958-605, *Not-for-Profit Entities — Revenue Recognition*, and are recorded as deferred revenue until the period in which such research and development activities are performed and revenue can be recognized.

The Company analyzed the Grant Agreement with BMGF to determine whether the payments received should be recorded as revenue or as a reduction to research and development expenses. In reaching the determination that such payments should be recorded as revenue, management considered 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. Further, management has consistently applied its policy of presenting such amounts as revenue.

As discussed in Note 8, the Company recorded revenue of $7.5 million as a result of the amendment the Company entered into with The Department of Health and Human Services, Biomedical Advanced Research and Development Authority ("HHS BARDA") in the fourth quarter of 2019 to close out the HHS BARDA contract.

Stock-Based Compensation

The Company accounts for stock-based compensation related to grants of stock options, stock appreciation rights, restricted stock awards and purchases under the Company's Employee Stock Purchase Plan, as amended and restated (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.

The expected term of stock options and stock appreciation rights granted is 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 is based on the purchase periods included in the offering. The expected volatility is determined using historical volatilities based on stock prices over a look-back period corresponding to the expected term. The risk-free interest rate is 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 are 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.

See Note 13 for a further discussion on stock-based compensation.

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 clinical development 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, 2019 and 2018, the Company had no accruals for interest or penalties related to income tax matters.

Net Loss per Share

Net loss per share is computed using the weighted average number of shares of common stock outstanding. At December 31, 2019, 2018 and 2017, the Company had outstanding stock options and unvested restricted stock awards totaling 4,992,792, 2,975,481 and 2,325,670 underlying shares of the Company's common stock, respectively. At December 31, 2019 and 2018, the Company's Notes (as defined in Note 11) would have been convertible into approximately 2,385,800 shares of the Company's common stock assuming a common stock price of $136.20 or higher. These and any shares due to the Company upon settlement of its capped call transactions 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 $12.5 million and $11.2 million at December 31, 2019 and 2018, 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 February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842), subsequently amended in 2018 by ASU 2018-01, ASU 2018-10, ASU 2018-11 and ASU 2018-20 (collectively, "Topic 842"), that increases transparency

and comparability among organizations by requiring the recognition of right-of-use assets and lease liabilities on the balance sheet and disclosure of key information about leasing arrangements for both lessees and lessors. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. In connection with the adoption of Topic 842, the Company conducted reviews of its facility and equipment operating leases and assessed contracts that may contain a right-of-use asset or embedded leasing arrangement.

The Company adopted Topic 842 on January 1, 2019 under the optional transition method, which does not require restatement of prior periods. The Company elected the package of practical expedients permitted under the transition guidance, which allowed the Company to carryforward its historical lease classification, its assessment of whether a contract is or contains a lease and its initial direct costs for any leases that existed prior to adoption of the standard. The Company also elected to combine lease and non-lease components for its facility leases and to exclude leases with an initial term of 12 months or less from its consolidated balance sheet and recognize the associated lease payments in its consolidated statements of operations on a straight-line basis over the lease term. The Company's equipment leases had a remaining term of 12 months or less at the adoption date.

The Company recorded approximately $12 million in total right-of-use assets, net of the deferred rent liability, and approximately $22 million in total lease liabilities on its consolidated balance sheet as of January 1, 2019. Adoption of the standard did not materially impact its consolidated statements of cash flows or results of operations. Subsequent to its adoption and as a result of the Catalent transaction (see Note 9), the Company wrote-off right-of-use assets of $8.2 million and the associated lease liabilities of $12.7 million.

Not Yet Adopted

In January 2017, the FASB issued ASU 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 and will be applied prospectively from the date of adoption. The adoption of ASU 2017-04 will not have a material impact on the historical consolidated financial statements.

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, 2019			Fair Value at December 31, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Money market funds[1]	$42,960	$ —	$ —	$39,168	$ —	$ —
Asset-backed securities[2]	—	20,000	—	—	19,997	—
Corporate debt securities[3]	—	—	—	—	26,219	—
Total cash equivalents and marketable securities	$42,960	$ 20,000	$ —	$39,168	$ 46,216	$ —
Liabilities						
Convertible notes payable	$ —	$125,811	$ —	$ —	$197,935	$ —

(1) Classified as cash and cash equivalents as of December 31, 2019 and 2018, respectively (see Note 3).

(2) Includes $20,000 and $15,000 classified as cash and cash equivalents as of December 31, 2019 and 2018, respectively, on the consolidated balance sheets.

(3) Includes $9,236 classified as cash and cash equivalents as of December 31, 2018 on the consolidated balance sheets.

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 (as defined in Note 11) 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.

During the years ended December 31, 2019 and 2018, the Company did not have any transfers between Levels.

The amount in the Company's consolidated balance sheets for accounts payable and accrued expenses approximates its fair value due to its short-term nature.

Note 5 — Marketable Securities

Marketable securities classified as available-for-sale as of December 31, 2019 and 2018 were comprised of (in thousands):

	December 31, 2019				December 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Asset-backed securities	$ —	$ —	$ —	$ —	$ 4,999	$ —	$(2)	$ 4,997
Corporate debt securities	—	—	—	—	16,986	—	(3)	16,983
Total	$ —	$ —	$ —	$ —	$21,985	$ —	$(5)	$21,980

Note 6 — Goodwill and Other Intangible Assets

Goodwill

The changes in the carrying amounts of goodwill for the years ended December 31, 2019 and 2018 were as follows (in thousands):

	Year Ended December 31,	
	2019	2018
Beginning balance	$51,967	$53,563
Currency translation adjustments	(813)	(1,596)
Ending balance	$51,154	$51,967

Identifiable Intangible Assets

Purchased intangible assets consisted of the following as of December 31, 2019 and 2018 (in thousands):

	December 31, 2019			December 31, 2018		
	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Finite-lived intangible assets:						
Proprietary adjuvant technology	$ 7,985	$(2,562)	$5,423	$ 8,357	$(2,263)	$6,094
Collaboration agreements	3,606	(3,448)	158	3,773	(3,326)	447
Total identifiable intangible assets	$11,591	$(6,010)	$5,581	$12,130	$(5,589)	$6,541

Amortization expense for the years ended December 2019, 2018 and 2017 was $0.7 million, $0.7 million and $2.2 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
2020	$557
2021	399
2022	399
2023	399
2024	399

Note 7 — Leases

The Company has operating leases for its research and development and manufacturing facilities, corporate headquarters and offices and certain equipment. At December 31, 2019, the facility leases have expirations that range from approximately 4 year to 7 years, some of which include options to extend the leases or terminate the leases early. Options to extend the leases or terminate the leases early are only included in the lease term when it is reasonably certain that the option will be exercised. The facility leases contain provisions for future rent increases, and obligate the Company to pay building operating costs. Upon closing of the Catalent transaction in July 2019, the Company assigned two of its manufacturing facility leases to Catalent (see Note 9). As a result, the Company wrote-off the corresponding right-of-use ("ROU") assets of $8.2 million and the associated lease liabilities of $12.7 million.

Supplemental balance sheet information related to leases as of December 31, 2019 was as follows (in thousands, except weighted-average remaining lease term and discount rate):

Lease Assets and Liabilities	Classification	Amount
Assets:		
Operating lease ROU assets	Other non-current assets	$ 6,454
Liabilities:		
Current operating lease liabilities	Other current liabilities	$ 1,262
Non-current operating lease liabilities	Other non-current liabilities	10,004
Total operating lease liabilities		$11,266
Weighted-average remaining lease term (years)		5.99
Weighted-average discount rate		15.58%

Lease expense for the operating and short-term leases for the year ended December 31 was as follows (in thousands):

	2019
Operating lease expense	$3,952
Short-term lease expense	434
Total lease expense	$4,386

Total facility rent expense was approximately $5.0 million and $8.4 million for the years ended December 31, 2018 and 2017, respectively.

Supplemental cash flow information related to leases for the year ended December 31, 2019 was as follows (in thousands):

	Amount
Cash paid for amounts included in the measurement of operating lease liabilities	$ 5,060
ROU assets obtained in exchange for operating lease obligations	16,534

As of December 31, 2019, maturities of lease liabilities were as follows (in thousands):

Year	Amount
2020	$ 2,927
2021	2,993
2022	3,061
2023	2,921
2024	1,922
Thereafter	3,825
Total operating lease payments	17,649
Less: imputed interest	(6,383)
Total operating lease liabilities	$11,266

Note 8 — Grants, U.S. Government Contract and Joint Venture

Bill & Melinda Gates Foundation Grant Agreement

In support of the Company's development of ResVax, in September 2015, the Company entered into the grant agreement with BMGF (the "Grant Agreement"), 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 WHO prequalification of ResVax. 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 ResVax 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 Agreement are restricted as to their use until expenditures contemplated in the Grant Agreement are incurred. In 2019, the Company recognized revenue from the Grant of $8.4 million, and has recognized approximately $81 million in revenue since the inception of the agreement. At December 31, 2019, 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.

Coalition for Epidemic Preparedness Innovations Award

In March 2020, the Company was awarded initial funding of $4 million from the Coalition for Epidemic Preparedness Innovations ("CEPI") to facilitate its development of a new strain of the coronavirus vaccine ("COVID-19") in preparation for potential future clinical trials. A subsequent CEPI award may be available to cover the Company's program expenditures through Phase 1 clinical trial results.

HHS BARDA Contract for Recombinant Influenza Vaccines

HHS BARDA awarded the Company a contract in 2011 for the development of both the Company's quadrivalent seasonal and pandemic influenza virus-like particle ("VLP") vaccine candidates. The HHS BARDA contract was a cost-plus-fixed-fee contract, under which the Company was reimbursed for allowable direct and indirect contract costs and a fixed-fee. The HHS BARDA contract expired in accordance with its terms in September 2016. Billings under the contract were provisional, subject to adjustment after audit by the government, and were based on approved provisional indirect billing rates, including fringe benefits, overhead and general and administrative expenses. These indirect rates were subject to audit by HHS BARDA on an annual basis.

In December 2019, the Company amended its contract with HHS BARDA to close out the contract. Pursuant to the amendment, HHS BARDA agreed to pay the Company $7.5 million for the recovery of additional costs under the contract relating to the close out of indirect rates for the remaining fiscal years 2013 through 2016. As a result of the amendment, the Company recorded revenue of $7.5 million in the fourth quarter of 2019. Payment was received in the first quarter of 2020.

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 losses related to this investment. In July 2018, the Company amended and restated its joint venture and license agreements with respect to CPLB to align them with its current and planned interactions with CPLB. CPLB continues to be owned 20% by the Company and 80% by Cadila.

Note 9 — Catalent Transaction

In June 2019, the Company entered into an asset purchase agreement (the "Purchase Agreement") with Catalent Maryland, Inc. (formerly Paragon Bioservices, Inc.), a unit of Catalent Biologics ("Catalent"), pursuant to which the Company agreed to sell to Catalent certain assets related to its biomanufacturing and development activities located at the facilities situated at each of 20 Firstfield Road in Gaithersburg, MD 20878 and 9920 Belward Campus Drive in Rockville, MD 20850, for a purchase price of (i) $18.0 million, including $1.5 million to be held in escrow for one year following the closing of the transaction, plus (ii) an additional fee to purchase laboratory supplies of $0.3 million, subject to certain adjustments. The transaction closed in July 2019. Pursuant to the transactions contemplated by the Purchase Agreement, approximately 100 Novavax manufacturing and quality employees transferred to Catalent, and the Company assigned two facility leases to Catalent. The Company also entered into other ancillary agreements upon the closing of the transaction, including a Non-Commercial GMP Manufacturing Services Agreement pursuant to which the Company is required to purchase $6.0 million in certain services from Catalent set forth therein, through July 31, 2020. The transaction was treated as an asset disposition for accounting purposes. In 2019, the Company recorded a gain on the disposition of such assets of $9.0 million.

Note 10 — Other Financial Information

Prepaid Expenses and Other Current Assets

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

	2019	2018
Laboratory supplies	$4,376	$11,974
Other prepaid expenses and other current assets	3,601	4,321
Prepaid expenses and other current assets	$7,977	$16,295

Property and Equipment, net

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

	2019	2018
Machinery and equipment	$ 9,946	$ 35,723
Leasehold improvements	9,088	22,276
Computer hardware	4,987	4,763
Construction in progress	448	1,347
	24,469	64,109
Less – accumulated depreciation	(13,024)	(35,683)
Property and equipment, net	$ 11,445	$ 28,426

Depreciation expense was approximately $5.1 million, $7.4 million and $7.6 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Accrued Expenses

Accrued expenses consist of the following at December 31 (in thousands):

	2019	2018
Employee benefits and compensation	$ 7,504	$ 9,632
Research and development accruals	6,175	8,476
Other accrued expenses	1,188	1,442
Accrued expenses	$14,867	$19,550

Note 11 — 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. As a result of the Company's one-for-twenty reverse stock split (see Note 12) and pursuant to Section 14.04(a) of the Indenture, the Notes are initially convertible into approximately 2,385,800 shares of the Company's common stock based on the initial conversion rate of 7.3411 shares of the Company's common stock per $1,000 principal amount of the Notes. This represents an initial conversion price of approximately $136.20 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 $111.20 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 8.9928 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 $194.60 per share, which represented a premium of approximately 75% based on the last reported sale price of the Company's common stock of $111.20 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 sheet. 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 on a straight-line basis, which approximates 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, 2019	December 31, 2018
Principal amount of Notes	$325,000	$325,000
Unamortized debt issuance costs	(4,389)	(5,813)
Total convertible notes payable	$320,611	$319,187

Interest expense incurred in connection with the Notes consisted of the following for the years ended December 31 (in thousands):

	2019	2018	2017
Coupon interest at 3.75%	$12,188	$12,188	$12,188
Amortization of debt issuance costs	1,424	1,424	1,424
Total interest expense on Notes	$13,612	$13,612	$13,612

Note 12 — Stockholders' Equity

On May 8, 2019, the Company's stockholders of record as of March 25, 2019 approved a one-for-twenty reverse stock split of the Company's outstanding common stock, which was effected on May 10, 2019. The number of authorized shares of common stock and preferred stock of the Company was not affected and remains at 600,000,000 and 2,000,000, respectively, but the number of shares of common stock outstanding as of May 10, 2019 was reduced from 469,453,883 to 23,472,574. The aggregate par value of the issued common stock was reduced by reclassifying a portion of the par value amount of the outstanding common shares from Common stock to Additional paid-in-capital for all periods presented. In addition, all per share and share amounts, including stock options and restricted stock awards, have been retroactively restated in the accompanying consolidated financial statements and notes thereto for all periods presented to reflect the reverse stock split.

In March 2020, the Company entered into an At Market Issuance Sales Agreement ("March 2020 Sales Agreement"), which allows it to issue and sell up to $150 million in gross proceeds of its common stock. From March 2 through March 6, 2020, the Company sold 1.5 million shares of common stock under the March 2020 Sales Agreement resulting in $18.6 million in net proceeds, leaving $131.1 million remaining.

In January 2020, the Company entered into an At Market Issuance Sales Agreement ("January 2020 Sales Agreement"), which allowed it to issue and sell up to $100 million in gross proceeds of its common stock. During the first quarter of 2020, the Company sold 10.5 million shares of common stock under the January 2020 Sales Agreement resulting in $98.7 million in net proceeds. The January 2020 Sales Agreement was fully utilized at that time.

In December 2018, the Company entered into an At Market Issuance Sales Agreement ("December 2018 Sales Agreement"), which allowed it to issue and sell up to $100 million in gross proceeds of its common stock. During 2019, the Company sold 10.5 million shares of common stock under the December 2018 Sales Agreement resulting in $59.5 million in net proceeds (this amount excludes $0.5 million received in the first quarter of 2020 for shares traded in late December 2019). During the first quarter of 2020, the Company sold 7.2 million shares of common stock resulting in $38.5 million in net proceeds. The December 2018 Sales Agreement was fully utilized at that time.

In April 2018, the Company completed a public offering of 1.7 million shares of its common stock, including 0.2 million 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 $33.00 per share resulting in net proceeds, net of offering costs of $3.6 million, of approximately $54 million.

In December 2017, the Company entered into an At Market Issuance Sales Agreement ("December 2017 Sales Agreement"), which allowed it to issue and sell up to $75 million in gross proceeds of its common stock. During 2018, the Company sold 0.9 million shares of common stock under the December 2017 Sales Agreement resulting in $35.9 million in net proceeds. During the first quarter of 2019, the Company sold 2.5 million shares of common stock resulting in $37.9 million in net proceeds. The December 2017 Sales Agreement was fully utilized at that time.

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 2.5 million shares of common stock under the January 2017 Sales Agreement resulting in $63.4 million in net proceeds. During the first quarter of 2018, the Company sold 0.3 million shares of common stock resulting in $10.3 million in net proceeds. The January 2017 Sales Agreement was fully utilized at that time.

Note 13 — 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 3,800,000 shares of common stock under equity awards granted under the 2015 Plan, which includes an increase of 1,000,000 shares approved for issuance under the 2015 Plan at the Company's 2019 annual meeting of stockholders. 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 one to four years.

Stock Options and Stock Appreciation Rights

The following is a summary of stock options and stock appreciation rights activity under the 2015 Plan and the 2005 Plan for the year ended December 31, 2019:

	2015 Plan		2005 Plan	
	Stock Options	Weighted-Average Exercise Price	Stock Options	Weighted-Average Exercise Price
Outstanding at January 1, 2019	2,392,567	$62.41	582,616	$65.72
Granted	1,620,721	$ 5.98	—	$ —
Exercised	(1,514)	$27.42	(1,500)	$11.20
Canceled	(623,073)	$61.29	(79,336)	$76.42
Outstanding at December 31, 2019	3,388,701	$35.64	501,780	$64.19
Shares exercisable at December 31, 2019	1,017,774	$80.55	501,780	$64.19
Shares available for grant at December 31, 2019	228,335			

In the third quarter of 2019, the Company granted 192,400 stock appreciation rights with a weighted-average exercise price of $5.95 under the 2015 Plan. In addition, due to the limitations on the equity awards currently available under the 2015 Plan, the Company granted 1,014,200 stock options to certain employees with a weighted-average exercise price of $5.95 under the 2015 Plan that are subject to approval at the Company's annual meeting of stockholders in June 2020. As these stock options have not yet been approved by the Company's stockholders, the Company will not record any stock-based compensation expense for these awards until such time these awards are approved by the stockholders and a measurement date occurs.

The fair value of stock options and stock appreciation rights (not including awards that are subject to approval at the Company's annual meeting of stockholders in June 2020) granted under the 2015 Plan was estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	2019	2018	2017
Weighted average Black-Scholes fair value of stock options and SARs granted	$4.98	$34.80	$21.20
Risk-free interest rate	1.5% – 2.6%	2.3% – 3.1%	1.6% – 2.3%
Dividend yield	0%	0%	0%
Volatility	105.4% – 134.1%	93.3% – 115.6%	88.9% – 114.1%
Expected term (in years)	3.9 – 7.5	4.1 – 7.5	4.1 – 7.5
Expected forfeiture rate	N/A	N/A	N/A

The Company used the Monte Carlo simulation model to determine the fair value of its 0.1 million 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 $14.80 to $18.40 per share, 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 and stock appreciation rights outstanding under the 2015 Plan and 2005 Plan as of December 31, 2019 was $0 million and 7.9 years, respectively. The total aggregate intrinsic value and weighted-average remaining contractual term of stock options and stock appreciation rights exercisable under the 2015 Plan and 2005 Plan as of December 31, 2019 was $0 million and 5.6 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 stock options and stock appreciation rights) that would have been received by the holders had all stock option and stock appreciation rights holders exercised their stock options and stock appreciation rights on December 31, 2019. This amount is subject to change based on changes to the closing price of the Company's common stock. The aggregate intrinsic value of stock options exercised and vesting of restricted stock awards for 2019, 2018 and 2017 was $0.5 million, $0.4 million and $0.1 million, respectively.

Employee Stock Purchase Plan

The Employee Stock Purchase Plan, as amended (the "ESPP"), was approved at the Company's annual meeting of stockholders in June 2013. The amount of shares authorized for issuance under the ESPP was increased by 200,000 shares at the Company's 2019 annual meeting of stockholders. The ESPP currently authorizes an aggregate of 597,500 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 600,000 shares. 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, 2019, there were 291,719 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:

	2019	2018	2017
Range of Black-Scholes fair values of ESPP shares granted	$2.57 – $35.00	$7.20 – $70.64	$9.00 – $109.40
Risk-free interest rate	1.2% – 2.6%	0.7% – 2.2%	0.4% – 1.1%
Dividend yield	0%	0%	0%
Volatility	52.2% – 171.6%	52.2% – 203.8%	46.0% – 267.8%
Expected term (in years)	0.5 – 2.0	0.5 – 2.0	0.5 – 2.0
Expected forfeiture rate	N/A	N/A	N/A

Restricted Stock Units

The following is a summary of restricted stock units activity for the year ended December 31, 2019:

	Number of Shares	Per Share Weighted-Average Fair Value
Outstanding and Unvested at January 1, 2019	—	$ —
Restricted stock units granted	1,251,609	$ 6.43
Restricted stock units vested	(72,637)	$10.40
Restricted stock units forfeited	(76,661)	$ 9.61
Outstanding and Unvested at December 31, 2019	1,102,311	$ 5.95

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,		
	2019	2018	2017
Research and development	$ 8,436	$10,575	$11,750
General and administrative	8,612	7,739	8,059
Total stock-based compensation expense	$17,048	$18,314	$19,809

As of December 31, 2019, there was approximately $26 million of total unrecognized compensation expense related to unvested stock options, stock appreciation rights, restricted stock units and the ESPP. 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 and awards that require approval by the stockholders.

Note 14 — 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. Under its 401(k) plan, the Company has recorded expense of $1.0 million, $1.2 million and $1.5 million in 2019, 2018 and 2017, 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 $0.7 million, $0.8 million and $0.5 million in 2019, 2018 and 2017, respectively.

Note 15 — 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):

	2019	2018	2017
Domestic	$(124,189)	$(176,290)	$(173,749)
Foreign	(8,505)	(8,458)	(10,020)
Total net loss	$(132,694)	$(184,748)	$(183,769)

As a result of current and historical losses, there is no income tax provision for the years ended December 31, 2019, 2018 and 2017.

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

	2019	2018
Deferred tax assets:		
Federal and State net operating loss carryforward	$ 293,736	$ 270,177
Foreign net operating loss carryforward	13,520	12,321
Research tax credits	37,066	33,633
Non-cash stock-based compensation	13,679	10,888
Original discount interest	4,326	5,687
Other	5,957	7,987
Total deferred tax assets	368,284	340,693
Valuation allowance	(365,772)	(337,515)
Net deferred tax assets	$ 2,512	$ 3,178
Deferred tax liabilities:		
Intangibles	(1,279)	(1,492)
Other	(1,233)	(1,686)
Total deferred tax liabilities	(2,512)	(3,178)
Net deferred tax assets	$ —	$ —

The valuation allowance increased by $28.3 million and $37.7 million for the years ended December 31, 2019 and 2018, respectively, due to increases in deferred tax assets. 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, 2019 and 2018 as management believes it is more likely than not that the assets will not be realizable.

The differences between the U.S. federal statutory tax rate and the Company's effective tax rate are as follows:

	2019	2018	2017
Statutory federal tax rate	(21)%	(21)%	(34)%
State income taxes, net of federal benefit	(2)%	(3)%	(3)%
Research and development and other tax credits	(3)%	(3)%	(2)%
Other	1%	1%	(1)%
Change in tax rate	3%	5%	70%
Change in valuation allowance	22%	21%	(30)%
Income tax provision	0%	0%	0%

The change in the state tax rate from 2018 to 2019 is primarily related to changes in applicable state apportionment factors; whereas the change in the federal tax rate in 2017 resulted from the enactment of the Tax Cuts and Jobs Act of 2017.

As of December 31, 2019, 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	$965,284
Federal and State net operating losses (no expiration)	284,084
Foreign net operating losses (no expiration)	36,972
Research tax credits expiring through the year 2039	61,455

Utilization of the net operating loss carryforwards and credits may be subject to an annual limitation due to 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, 2019 and 2018, 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 2000 through 2019. The tax returns of the Company may be subject to examination for a number of years beyond the year in which the losses were generated for tax purposes as a portion of these carryforwards may be utilized in the future. The returns in Sweden are subject to examination from 2014 through 2019.

The Company's policy is to recognize interest and penalties related to income tax matters in income tax expense. As of December 31, 2019 and 2018, the Company had no accruals for interest or penalties related to income tax matters.

Note 16 — Related Party Transaction

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 provided clinical development and operations services related to the Company's Phase 3 clinical trial of ResVax and other professional services. The agreement terminated in July 2019. In 2019, 2018

and 2017, the Company incurred $0.1 million, $0.3 million and $0.2 million, respectively, in consulting expenses under the agreement. No amount was due and unpaid for services performed under the agreement at December 31, 2019.

Note 17 — Quarterly Financial Information (Unaudited)

The Company's unaudited quarterly information for the years ended December 31, 2019 and 2018 is as follows:

	Quarter Ended			
	March 31	June 30	September 30	December 31
	(in thousands, except per share data)			
2019:				
Revenue[1]	$ 3,982	$ 3,357	$ 2,507	$ 8,816
Net loss	$(43,218)	$(39,603)	$(18,043)	$(31,830)
Net loss per share	$ (2.11)	$ (1.69)	$ (0.74)	$ (1.13)

(1) Quarter ended December 31, 2019 includes $7.5 million relating to HHS BARDA (see Note 8).

	Quarter Ended			
	March 31	June 30	September 30	December 31
	(in thousands, except per share data)			
2018:				
Revenue	$ 9,653	$ 10,773	$ 7,735	$ 6,127
Net loss	$(46,352)	$(44,492)	$(44,570)	$(49,334)
Net loss per share	$ (2.75)	$ (2.37)	$ (2.33)	$ (2.57)

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.

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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 H. Douglas, Ph.D.
Director

Gary C. Evans
Director

Rachel K. King
Director

Michael A. McManus, Jr.
Director

Rajiv I. Modi, Ph.D.
Director

Management Team

Stanley C. Erck
President and Chief Executive Officer

Gregory M. Glenn, M.D.
President, Research & Development

Sven A. Andreasson
Senior Vice President, Corporate Development

Timothy J. Hahn, Ph.D.
Senior Vice President, Process Technology

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

Jill Hoyt
Senior Vice President, Human Resources

Jody M. Lichaa
Senior Vice President, Quality Assurance

Brian M. Rosen
Senior Vice President, Commercial Strategy

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

June 25, 2020 at 8:30 a.m. EDT
Live virtual webcast link:
www.viewproxy.com/Novavax/2020/VM

Independent Registered Public Accounting Firm

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Novavax Corporate Headquarters

Novavax, Inc.
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Market Information

Novavax is traded on the NASDAQ Global Select Market under "NVAX."

NOVAVAX
Creating Tomorrow's Vaccines Today

NOVAVAX

Creating Tomorrow's Vaccines Today

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NASDAQ:NVAX