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

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2018

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	**22-2816046**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
20 Firstfield Road, Gaithersburg, MD	**20878**
(Address of principal executive offices)	(Zip code)

(240) 268-2000

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 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.

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 has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided 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 number of shares outstanding of the Registrant's Common Stock, $0.01 par value, was 382,850,125 as of October 31, 2018.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

NOVAVAX, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share information)

	September 30, 2018 (unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 56,496	$ 106,307
Marketable securities	70,612	50,996
Restricted cash	17,586	28,234
Prepaid expenses and other current assets	15,847	17,774
Total current assets	160,541	203,311
Restricted cash	954	890
Property and equipment, net	29,343	35,987
Intangible assets, net	6,754	7,873
Goodwill	52,072	53,563
Other non-current assets	814	869
Total assets	$ 250,478	$ 302,493
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 6,790	$ 5,613
Accrued expenses	20,963	29,610
Accrued interest	2,031	5,078
Deferred revenue	15,365	25,625
Other current liabilities	1,566	7,749
Total current liabilities	46,715	73,675
Deferred revenue	2,500	2,500
Convertible notes payable	318,830	317,763
Other non-current liabilities	9,112	10,287
Total liabilities	377,157	404,225
Commitments and contingencies	—	—
Stockholders' deficit:		
Preferred stock, $0.01 par value, 2,000,000 shares authorized; no shares issued and outstanding as of September 30, 2018 and December 31, 2017, respectively	—	—
Common stock, $0.01 par value, 600,000,000 shares authorized at September 30, 2018 and December 31, 2017; 383,185,993 shares issued and 382,730,563 shares outstanding at September 30, 2018 and 323,684,820 shares issued and 323,229,390 shares outstanding at December 31, 2017	3,832	3,237
Additional paid-in capital	1,132,738	1,020,457
Accumulated deficit	(1,249,773)	(1,114,359)
Treasury stock, 455,430 shares, cost basis at both September 30, 2018 and December 31, 2017	(2,450)	(2,450)
Accumulated other comprehensive loss	(11,026)	(8,617)
Total stockholders' deficit	(126,679)	(101,732)
Total liabilities and stockholders' deficit	$ 250,478	$ 302,493

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

NOVAVAX, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share information)
(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenue:				
Grant and other	$ 7,735	$ 8,352	$ 28,161	$ 20,764
Total revenue	7,735	8,352	28,161	20,764
Expenses:				
Research and development	41,326	41,862	130,382	118,779
General and administrative	8,309	8,118	25,185	25,911
Total expenses	49,635	49,980	155,567	144,690
Loss from operations	(41,900)	(41,628)	(127,406)	(123,926)
Other income (expense):				
Investment income	752	531	2,090	1,528
Interest expense	(3,403)	(3,520)	(10,209)	(10,549)
Other income (expense)	(19)	10	111	20
Net loss	$ (44,570)	$ (44,607)	$ (135,414)	$ (132,927)
Basic and diluted net loss per share	$ (0.12)	$ (0.15)	$ (0.37)	$ (0.47)
Basic and diluted weighted average number of common shares outstanding	382,315	296,435	365,236	284,767

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)
(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Net loss	$ (44,570)	$ (44,607)	$ (135,414)	$ (132,927)
Other comprehensive income (loss):				
Net unrealized gains (losses) on marketable debt securities available-for-sale	(13)	—	9	(34)
Foreign currency translation adjustment	160	1,299	(2,418)	3,544
Other comprehensive income (loss)	147	1,299	(2,409)	3,510
Comprehensive loss	$ (44,423)	$ (43,308)	$ (137,823)	$ (129,417)

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

NOVAVAX, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2018	**2017**
Operating Activities:		
Net loss	$ (135,414)	$ (132,927)
Reconciliation of net loss to net cash used in operating activities:		
Depreciation and amortization	6,177	7,696
(Gain) Loss on disposal of property and equipment	(55)	294
Non-cash impact of lease termination	(4,381)	—
Amortization of debt issuance costs	1,067	1,067
Lease incentives received	—	1,485
Non-cash stock-based compensation	13,927	13,057
Other	(1,820)	2,469
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	1,693	427
Accounts payable and accrued expenses	(10,497)	364
Deferred revenue	(10,256)	4,991
Net cash used in operating activities	(139,559)	(101,077)
Investing Activities:		
Capital expenditures	(855)	(3,543)
Proceeds from maturities of marketable securities	98,305	189,817
Purchases of marketable securities	(117,172)	(167,069)
Net cash (used in) provided by investing activities	(19,722)	19,205
Financing Activities:		
Principal payments on capital lease	—	(37)
Net proceeds from sales of common stock	96,486	46,029
Proceeds from the exercise of stock options and employee stock purchases	2,462	1,133
Net cash provided by financing activities	98,948	47,125
Effect of exchange rate on cash, cash equivalents and restricted cash	(62)	180
Net decrease in cash, cash equivalents and restricted cash	(60,395)	(34,567)
Cash, cash equivalents and restricted cash at beginning of period	135,431	179,257
Cash, cash equivalents and restricted cash at end of period	$ 75,036	$ 144,690
Supplemental disclosure of non-cash activities:		
Sale of common stock under the Sales Agreement not settled at quarter-end	$ —	$ 592
Property and equipment purchases included in accounts payable and accrued expenses	$ 126	$ 81
Supplemental disclosure of cash flow information:		
Cash payments of interest	$ 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 focused on the discovery, development and commercialization of innovative vaccines to prevent serious infectious diseases. The Company's vaccine candidates, including ResVax™ and NanoFlu™, are genetically engineered, three-dimensional nanostructures of recombinant proteins critical to disease pathogenesis and that may elicit differentiated immune responses, which may be more efficacious than naturally occurring immunity or traditional vaccines. The Company's product pipeline targets a variety of infectious diseases.

Note 2 – Going Concern

The accompanying unaudited consolidated financial statements have been prepared assuming that the Company will continue as a going concern within one year after the date that the financial statements are issued. During the nine months ended September 30, 2018, the Company incurred a net loss of $135.4 million and had net cash flows used in operating activities of $139.6 million. At September 30, 2018, the Company had $145.6 million in cash and cash equivalents, marketable securities and restricted cash and had no committed source of additional funding from either debt or equity financings. Management believes that given the Company's current cash position and forecasted negative cash flows from operating activities over the next twelve months as it continues its product development activities, including its upcoming final efficacy analysis of Prepare™, a global pivotal Phase 3 clinical trial of ResVax (with top-line data expected to be announced in the first quarter of 2019), and its Phase 2 clinical trial of NanoFlu that was initiated in the third quarter of 2018 (also with top-line data expected to be announced in the first quarter of 2019), there is substantial doubt about its ability to continue as a going concern through one year from the date that these financial statements are issued, without obtaining additional financing or entering into another form of non-equity or debt arrangement.

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.

The unaudited consolidated financial statements do not include any adjustments that might be necessary if the Company is not able to continue as a going concern.

Note 3 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. The consolidated balance sheet as of September 30, 2018, the consolidated statements of operations and the consolidated statements of comprehensive loss for the three and nine months ended September 30, 2018 and 2017 and the consolidated statements of cash flows for the nine months ended September 30, 2018 and 2017 are unaudited, but include all adjustments (consisting of normal recurring adjustments) that the Company considers necessary for a fair presentation of the financial position, operating results, comprehensive loss and cash flows, respectively, for the periods presented. Although the Company believes that the disclosures in these unaudited consolidated financial statements are adequate to make the information presented not misleading, certain information and footnote information normally included in consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted as permitted under the rules and regulations of the United States Securities and Exchange Commission ("SEC").

The unaudited 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.

The accompanying unaudited 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 $11.0 million and $8.6 million at September 30, 2018 and December 31, 2017, respectively.

The accompanying unaudited consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017. Results for this or any interim period are not necessarily indicative of results for any future interim period or for the entire year. The Company operates in one business segment.

Use of Estimates

The preparation of the consolidated financial statements in conformity with 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 (in thousands):

	September 30, 2018	December 31, 2017
Cash	$ 5,216	$ 10,482
Money market funds	36,280	36,762
Asset-backed securities	15,000	16,007
Corporate debt securities	—	43,056
Cash and cash equivalents	$ 56,496	$ 106,307

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

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.

Marketable Securities

Marketable securities consist of debt securities with maturities greater than three months from the date of purchase that include 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 until market recovery, to predict whether the loss in value is other-than-temporary. If a decline in value is determined to be other-than-temporary, the value of the security is reduced and the impairment is recorded as other income (expense) in the consolidated statements of operations.

Restricted Cash

The Company's current and non-current restricted cash includes payments received under the Grant Agreement with the Bill & Melinda Gates Foundation ("BMGF") under which the Company was awarded a grant up to $89.1 million (see Note 10) 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 September 30, 2018 and December 31, 2017, the restricted cash balances (both current and non-current) consist of payments received under the Grant Agreement of $17.6 million and $27.4 million, respectively, and security deposits of $1.0 million and $1.7 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 (in thousands):

	September 30, 2018	December 31, 2017
Cash and cash equivalents	$ 56,496	$ 106,307
Restricted cash current	17,586	28,234
Restricted cash non-current	954	890
Cash, cash equivalents and restricted cash	$ 75,036	$ 135,431

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB"), issued Accounting Standards Update ("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 10). 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 this determination, 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.

Income Taxes

In December 2017, the SEC issued Staff Accounting Bulletin No. 118, *Income Tax Accounting Implications of the Tax Cuts and Jobs Act* ("SAB 118"), which provides guidance on accounting for the tax effects of the Tax Cuts and Jobs Act of 2017 (the "Act") and allows the Company to record provisional amounts during the measurement period not to extend beyond one year of the enactment date. The Company was able to reasonably estimate certain effects of the Act as of December 31, 2017 and has not changed the preliminary estimates as of September 30, 2018. The Company expects to complete its analysis within the measurement period in accordance with SAB 118, although it does not expect there to be any adjustment to the income tax expense on the Company's consolidated statement of operations during the re-measurement period.

Net Loss per Share

Net loss per share is computed using the weighted average number of shares of common stock outstanding. At September 30, 2018 and 2017, the Company had outstanding stock options and unvested restricted stock awards totaling 44,286,355 and 36,556,293, respectively. At September 30, 2018, the Company's Notes (see Note 7) would have been convertible into approximately 47,716,900 shares of the Company's common stock assuming a common stock price of $6.81 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.

Recent Accounting Pronouncements

Recently Adopted

In May 2014, the FASB issued ASU 2014-09, which supersedes nearly all existing revenue recognition guidance under Topic 605, *Revenue Recognition*. The new standard requires a company to recognize revenue when it transfers goods and services to customers in an amount that reflects the consideration that the company expects to receive for those goods or services. ASU 2014-09 defines a five-step process that includes identifying the contract with the customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract and recognizing revenue when (or as) the entity satisfies the performance obligations. The Company completed its assessment of the potential changes from adopting ASU 2014-09, primarily by reviewing its current revenue streams and deferred revenue balances. Based on the Company's assessment, there were no material changes to the timing of recognition of its revenue as the majority of its revenue continues to be recognized under the Grant Agreement with BMGF. The Company applied ASU 2014-09 on a modified retrospective basis as of January 1, 2018.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows - Restricted Cash* ("ASU 2016-18"), which requires that the change in total cash and cash equivalents at the beginning of period and end of period on the statement of cash flows include restricted cash and restricted cash equivalents. ASU 2016-18 also requires companies who report cash and cash equivalents and restricted cash separately on the balance sheet to reconcile those amounts to the statement of cash flows. The standard was adopted on its effective date of January 1, 2018, and was applied using a retrospective transition method to each period presented. Although the Company's restricted cash is now included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows, the adoption did not have a material impact on the other aspects of the Company's cash flow statements, or its consolidated financial statements as a whole, including related disclosures.

Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* that increases transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the balance sheet and disclosure of key information about leasing arrangements for both lessees and lessors. The standard will be effective January 1, 2019 for the Company, with early adoption permitted. In July 2018, the FASB provided an optional transition method of adoption, permitting entities to recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption as opposed to the beginning of the earliest period presented in the financial statements. The Company will adopt this standard on January 1, 2019 using the optional transition method and is currently evaluating the potential impact to its consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles-Goodwill and Other (Topic 350)* ("ASU 2017-04"), which will simplify the goodwill impairment calculation by eliminating Step 2 from the current goodwill impairment test. The new standard does not change how a goodwill impairment is identified. The Company will continue to perform its quantitative goodwill impairment test by comparing the fair value of its reporting unit to its carrying amount, but if the Company is required to recognize a goodwill impairment charge, under the new standard, the amount of the charge will be calculated by subtracting the reporting unit's fair value from its carrying amount. Under the current standard, if the Company is required to recognize a goodwill impairment charge, Step 2 requires it to calculate the implied value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination and the amount of the charge is calculated by subtracting the reporting unit's implied fair value of goodwill from the goodwill carrying amount. The standard will be effective January 1, 2020 for the Company, with early adoption permitted, and should be applied prospectively from the date of adoption. The Company is currently evaluating when it will adopt ASU 2017-04 and its expected impact to related disclosures.

Note 4 – Fair Value Measurements

The following table represents the Company's fair value hierarchy for its financial assets and liabilities measured at fair value (in thousands):

	Fair Value at September 30, 2018			Fair Value at December 31, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Money market funds(1)	$ 36,280	$ —	$ —	$ 36,762	$ —	$ —
Asset-backed securities(2)	—	19,989	—	—	29,750	—
Corporate debt securities(3)	—	65,623	—	—	80,309	—
Total assets	$ 36,280	$ 85,612	$ —	$ 36,762	$ 110,059	$ —
Liabilities						
Convertible notes payable	$ —	$ 197,022	$ —	$ —	$ 152,396	$ —

(1) Classified as cash and cash equivalents as of September 30, 2018 and December 31, 2017, respectively, on the consolidated balance sheets.
(2) Includes $15,000 and $16,007 classified as cash and cash equivalents as of September 30, 2018 and December 31, 2017, respectively, on the consolidated balance sheets.
(3) Includes $43,056 classified as cash and cash equivalents as of December 31, 2017 on the consolidated balance sheet.

Fixed-income investments categorized as Level 2 are valued at the custodian bank by a third-party pricing vendor's valuation models that use verifiable observable market data, e.g., interest rates and yield curves observable at commonly quoted intervals and credit spreads, bids provided by brokers or dealers or quoted prices of securities with similar characteristics. Pricing of the Company's Notes (see Note 7) has been estimated using other observable inputs, including the price of the Company's common stock, implied volatility, interest rates and credit spreads among others. Over time, the Company expects a market for the Notes to develop when there is sufficient volume of trading. At that time, the Company intends to use trade data as the principal basis for measuring fair value.

During the nine months ended September 30, 2018, the Company did not have any transfers between levels.

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

Note 5 – Marketable Securities

Marketable securities classified as available-for-sale as of September 30, 2018 and December 31, 2017 were comprised of (in thousands):

	September 30, 2018				December 31, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Asset-backed securities	$ 4,990	$ —	$ (1)	$ 4,989	$ 13,748	$ —	$ (5)	$ 13,743
Corporate debt securities	65,630	1	(8)	65,623	37,265	—	(12)	37,253
Total	$ 70,620	$ 1	$ (9)	$ 70,612	$ 51,013	$ —	$ (17)	$ 50,996

Marketable Securities – Unrealized Losses

The primary objective of the Company's investment policy is the preservation of capital; thus, the Company's investment policy limits investments to certain types of instruments with high-grade credit ratings, places restrictions on maturities and concentrations in certain industries and requires the Company to maintain a certain level of liquidity.

The Company owned 18 available-for-sale securities as of September 30, 2018. Of these 18 securities, 12 had combined unrealized losses of less than $0.1 million as of September 30, 2018. The Company did not have any investments in a loss position for greater than 12 months as of September 30, 2018. The Company has evaluated its marketable securities and has determined that none of these investments had an other-than-temporary impairment, as it has no intent to sell securities with unrealized losses and it is not likely that the Company will be required to sell any securities with material unrealized losses, given the Company's current and anticipated financial position.

Note 6 – Goodwill and Other Intangible Assets

Goodwill

The change in the carrying amounts of goodwill for the nine months ended September 30, 2018 was as follows (in thousands):

	Amount
Balance at December 31, 2017	$ 53,563
Currency translation adjustments	(1,491)
Balance at September 30, 2018	$ 52,072

Identifiable Intangible Assets

Purchased intangible assets consisted of the following as of September 30, 2018 and December 31, 2017 (in thousands):

	September 30, 2018			December 31, 2017		
	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Finite-lived intangible assets:						
Proprietary adjuvant technology	$ 8,404	$ (2,171)	$ 6,233	$ 9,086	$ (2,006)	$ 7,080
Collaboration agreements	3,795	(3,274)	521	4,103	(3,310)	793
Total identifiable intangible assets	$ 12,199	$ (5,445)	$ 6,754	$ 13,189	$ (5,316)	$ 7,873

Amortization expense for the nine months ended September 30, 2018 and 2017 was $0.5 million and $2.1 million, respectively.

Estimated amortization expense for existing intangible assets for the remainder of 2018 and for each of the five succeeding years ending December 31 will be as follows (in thousands):

Year	Amount
2018 (remainder)	$ 176
2019	704
2020	586
2021	420
2022	420
2023	420

Note 7 – Long-Term Debt

Convertible Notes

The Company incurred approximately $10.0 million of debt issuance costs during the first quarter of 2016 relating to the issuance of $325 million aggregate principal amount of convertible senior unsecured notes that will mature on February 1, 2023 (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.

Total convertible notes payable consisted of the following at (in thousands):

	September 30, 2018	December 31, 2017
Principal amount of the Notes	$ 325,000	$ 325,000
Unamortized debt issuance costs	(6,170)	(7,237)
Total convertible notes payable	$ 318,830	$ 317,763

Interest expense incurred in connection with the Notes consisted of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Coupon interest at 3.75%	$ 3,047	$ 3,047	$ 9,142	$ 9,142
Amortization of debt issuance costs	356	356	1,067	1,067
Total interest expense on the Notes	$ 3,403	$ 3,403	$ 10,209	$ 10,209

Note 8 – Stockholders' Deficit

In April 2018, the Company completed a public offering of 34,848,507 shares of its common stock, including 4,545,457 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 $1.65 per share resulting in net proceeds of approximately $54 million.

In December 2017, the Company entered into an At Market Issuance Sales Agreement ("December 2017 Sales Agreement"), which allows it to issue and sell up to $75 million in gross proceeds of its common stock. During the first quarter of 2018, the Company sold 15.7 million shares of common stock under the December 2017 Sales Agreement resulting in $32.3 million in net proceeds at a weighted average sales price of $2.09 per share. No sales were made subsequent to March 31, 2018. As of September 30, 2018, the Company has approximately $42.2 million available under the December 2017 Sales Agreement.

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. From January 1 through January 17, 2018, the Company sold 6.8 million shares of common stock resulting in $10.3 million in net proceeds at a weighted average sales price of $1.54 per share. The January 2017 Sales Agreement was fully utilized at that time.

Note 9 – 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 56,000,000 shares of common stock under equity awards granted under the plan, including an increase of 20,000,000 shares approved at the Company's 2018 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 six months to four years.

Stock Options Awards

The following is a summary of option activity under the 2015 Plan and 2005 Plan for the nine months ended September 30, 2018:

	2015 Plan		2005 Plan	
	Stock Options	Weighted-Average Exercise Price	Stock Options	Weighted-Average Exercise Price
Outstanding at January 1, 2018	33,675,720	$ 3.61	12,818,929	$ 3.26
Granted	701,700	$ 1.69	—	$ —
Exercised	(244,901)	$ 1.35	(401,020)	$ 1.75
Canceled	(1,736,641)	$ 4.08	(527,432)	$ 4.01
Outstanding at September 30, 2018	32,395,878	$ 3.56	11,890,477	$ 3.28
Shares exercisable at September 30, 2018	11,974,942	$ 5.54	11,840,102	$ 3.27
Shares available for grant at September 30, 2018	23,289,221			

The fair value of stock options granted under the 2015 Plan and 2005 Plan was estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Weighted-average Black-Scholes fair value of stock options granted	$1.09	$0.83	$1.29	$1.02
Risk-free interest rate	2.68%-2.86%	1.61%-1.75%	2.26%-2.86%	1.61%-2.34%
Dividend yield	0%	0%	0%	0%
Volatility	113.64%-114.90%	111.46%-114.10%	113.64%-114.90%	88.91%-114.10%
Expected term (in years)	4.08-4.10	4.17-4.18	4.08-4.14	4.17-7.46
Expected forfeiture rate	0%	0%	0%	0%

The total aggregate intrinsic value and weighted-average remaining contractual term of stock options outstanding under the 2015 Plan and 2005 Plan as of September 30, 2018 was $11.3 million and 7.1 years, respectively. The total aggregate intrinsic value and weighted-average remaining contractual term of stock options exercisable under the 2015 Plan and 2005 Plan as of September 30, 2018 was $3.1 million and 5.8 years, respectively. The aggregate intrinsic value represents the total intrinsic value (the difference between the Company's closing stock price on the last trading day of the period and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on September 30, 2018. This amount is subject to change based on changes to the closing price of the Company's common stock. The aggregate intrinsic value of options exercised and vesting of restricted stock awards for the nine months ended September 30, 2018 and 2017 was $0.3 million and less than $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 ESPP currently authorizes an aggregate of 7,600,000 shares of common stock to be purchased, and the aggregate amount of shares will continue to increase 5% on each anniversary of its adoption up to a maximum of 8,000,000 shares. The number of authorized shares and the maximum number of shares both include an increase of 4,000,000 shares approved at the Company's 2018 annual meeting of stockholders. The ESPP allows employees to purchase shares of common stock of the Company at each purchase date through payroll deductions of up to a maximum of 15% of their compensation, at 85% of the lesser of the market price of the shares at the time of purchase or the market price on the beginning date of an option period (or, if later, the date during the option period when the employee was first eligible to participate). At September 30, 2018, there were 3,363,066 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Range of Black-Scholes fair value of ESPP shares granted	$0.36-$3.53	$0.45-$5.47	$0.36-$3.53	$0.45-$5.47
Risk-free interest rate	0.74%-2.24%	0.57%-1.13%	0.66%-2.24%	0.45%-1.13%
Dividend yield	0%	0%	0%	0%
Volatility	52.19%-203.83%	54.67%-267.85%	52.19%-203.83%	45.98%-267.85%
Expected term (in years)	0.5-2.0	0.5-2.0	0.5-2.0	0.5-2.0
Expected forfeiture rate	0%	0%	0%	0%

Restricted Stock Awards

The following is a summary of restricted stock awards activity for the nine months ended September 30, 2018:

	Number of Shares	Per Share Weighted-Average Grant-Date Fair Value
Outstanding and Unvested at January 1, 2018	18,750	$ 4.99
Restricted stock granted	—	$ —
Restricted stock vested	—	$ —
Restricted stock forfeited	(18,750)	$ 4.99
Outstanding and Unvested at September 30, 2018	—	$ —

The Company recorded all stock-based compensation expense in the consolidated statements of operations as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Research and development	$ 2,611	$ 2,395	$ 8,198	$ 7,143
General and administrative	1,820	1,936	5,729	5,914
Total stock-based compensation expense	$ 4,431	$ 4,331	$ 13,927	$ 13,057

As of September 30, 2018, there was approximately $23 million of total unrecognized compensation expense related to unvested stock options and the ESPP. This unrecognized non-cash compensation expense is expected to be recognized over a weighted-average period of 1.2 years, and will be allocated between research and development and general and administrative expenses accordingly. This estimate does not include the impact of other possible stock-based awards that may be made during future periods.

Note 10 – Grant Agreement

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 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 the three and nine months ended September 30, 2018, the Company recognized revenue from the Grant of $7.4 million and $25.4 million, respectively, and has recognized approximately $68 million in revenue since the inception of the agreement. At September 30, 2018, 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.

Note 11 – License Agreement with Wyeth Holdings LLC

In July 2018, the Company terminated a 2007 agreement to license certain rights from Wyeth Holdings LLC (formerly Wyeth Holdings Corporation), a subsidiary of Pfizer Inc. ("Wyeth"). The Wyeth license offered a non-exclusive, worldwide license to a family of patents and patent applications covering virus-like particles ("VLP") technology for use in human vaccines in certain fields, with expected patent expiration in early 2022. At present, the Company has no programs to which the Wyeth license applies, and CPL Biologicals Private Limited's ("CPLB") recombinant trivalent seasonal VLP influenza vaccine ("CadiFlu") is only licensed in India. In September 2015, due to CPLB's initiation of a Phase 3 clinical trial of CadiFlu in 2014, the Company entered into an amendment to the Wyeth license that, among other things, increased the milestone payment ("Milestone") from $3 million to as much as $4 million if not paid before December 31, 2017. The Milestone was paid in the first quarter of 2018. The Milestone was recorded as a research and development expense in 2014. Payments under the Wyeth license as of September 30, 2018 aggregated to $11.6 million.

Note 12 – Facility Leases

In January 2018, the Company's 1201 Clopper Road lease was terminated, and the Company paid a termination fee to the landlord of $5.3 million, which the Company believes is less than the potential total lease and operating expense cash obligations that could have been incurred over one year. The Company recorded total expense, which includes the termination fee and write-down of the related leasehold improvements, and is partially offset by deferred rent expense previously recorded, of $0.9 million in the first quarter of 2018 in connection with the termination of the 1201 Clopper Road lease.

Note 13 – Related Party Transactions

In July 2017, the Company entered into a consulting agreement with Dr. Sarah Frech, the spouse of Mr. Stanley C. Erck, the Company's President and Chief Executive Officer. Dr. Frech is a seasoned biotechnology executive with significant experience managing multiple clinical programs. Under the agreement, Dr. Frech provides clinical development and operations services related to the Company's Phase 3 clinical trial of ResVax and other professional services. The agreement has been extended to terminate in July 2019. For the nine months ended September 30, 2018, the Company incurred $0.2 million in consulting expenses under the agreement. The amount due and unpaid for services performed under the agreement at September 30, 2018 and December 31, 2017 was less than $0.1 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Any statements in the discussion below and elsewhere in this Quarterly Report about expectations, beliefs, plans, objectives, assumptions or future events or performance of Novavax, Inc. ("Novavax," and together with its wholly owned subsidiary Novavax AB, the "Company," "we" or "us") are not historical facts and are forward-looking statements. Such forward-looking statements include, without limitation, statements with respect to our capabilities, goals, expectations regarding future revenue and expense levels and capital raising activities, including possible proceeds from our December 2017 Sales Agreement; potential market sizes and demand for our product candidates; the efficacy, safety and intended utilization of our product candidates; the development of our clinical-stage product candidates and our recombinant vaccine and adjuvant technologies; the development of our preclinical product candidates; the conduct, timing and potential results from clinical trials and other preclinical studies; plans for and potential timing of regulatory filings; the expected timing and content of regulatory actions; payments by the Bill & Melinda Gates Foundation ("BMGF"); reimbursement by the Department of Health and Human Services, Biomedical Advanced Research and Development Authority ("HHS BARDA"); our available cash resources and the availability of financing generally, plans regarding partnering activities, business development initiatives and the adoption of stock incentive plans and amendments thereto; the effectiveness, and expected costs and savings, and the timing of such costs and savings, 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 Quarterly Report may turn out to be inaccurate or materially different than actual results.

Because the risk factors discussed in this Quarterly Report and identified in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, 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 Quarterly Report, particularly those identified in Part II, Item 1A "Risk Factors" of this Quarterly Report and in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K. 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 focused on the discovery, development and commercialization of innovative vaccines to prevent serious infectious diseases. Our vaccine candidates, including ResVax™ and NanoFlu™, are genetically engineered, three-dimensional nanostructures of recombinant proteins critical to disease pathogenesis and that may elicit differentiated immune responses, which may be more efficacious than naturally occurring immunity or traditional vaccines. Our product pipeline (see below) targets a variety of infectious diseases.

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

Product Pipeline

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

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

* Supported by $89.1 million grant from BMGF

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

Respiratory Syncytial Virus (RSV)

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

[1] NIH/NIAID. RSV webpage. Accessed July 13, 2018. https://www.niaid.nih.gov/diseases-conditions/respiratory-syncytial-virus-rsv

[2] WHO Acute Respiratory Infections September 2009 Update: http://apps.who.int/vaccine_research/diseases/ari/en/index2.html

[3] Estimated value of life lost, future health implications and lost earnings; preliminary data based on Novavax research of available epidemiology and health outcomes data

ResVax Program (Infants via Maternal Immunization)

Burden of Disease

RSV is the most common cause of lower respiratory tract infections and the leading viral cause of severe lower respiratory tract disease in infants and young children worldwide.[4] In the U.S., RSV is the leading cause of hospitalization of infants[5] and, globally, is second only to malaria as a cause of death in children under one year of age.[6]

Clinical Trial Update and Analyses

In December 2015, we initiated Prepare™, a global pivotal Phase 3 clinical trial of ResVax, our RSV F Vaccine using aluminum phosphate as an adjuvant for infants via maternal immunization, and by May 2018, we completed enrollment of the Prepare trial with 4,636 pregnant women enrollees, at least 3,000 of which received ResVax. The primary objective of the Prepare trial is to determine the efficacy of ResVax against medically significant RSV-positive lower respiratory tract infection ("LRTI") in infants through a minimum of the first 90 days of life and up through the first six months of life. We expect to report top-line results from our final efficacy analysis in the first quarter of 2019 and assuming successful results, we expect to file a Biologics License Application ("BLA") with the U.S. Food and Drug Administration ("FDA") and a Marketing Authorization Application ("MAA") with the European Medicines Agency, both by the first quarter of 2020.

In December 2017, we announced an informational analysis of the Prepare trial data related to the efficacy of ResVax in the initial 1,307 infants from the trial. This analysis allowed us to calculate an observed vaccine efficacy point estimate in the range between 45% and 100% at that time.[7]

The Prepare trial is supported by a grant of up to $89.1 million from BMGF (the "Grant") which supports development activities, product licensing efforts and World Health Organization ("WHO") prequalification of ResVax. The FDA has granted ResVax "Fast Track" designation. In addition, priority review (6-month review versus standard 10-month review) is a potential benefit that may be available to ResVax in the future.

RSV Older Adults Program

Burden of Disease

Older adults (60 years of age and older) are at increased risk for RSV disease due in part to immunosenescence, the age-related decline in the human immune system.[8] In this population, RSV is an important respiratory virus, distinct from influenza, which is frequently responsible for serious lower respiratory tract disease and may lead to hospitalization or even death.[9] Additionally, RSV infection can lead to exacerbation of underlying co-morbidities such as chronic obstructive pulmonary disease ("COPD"), asthma and congestive heart failure.[10] In the U.S., the reported incidence rate of 5.5% RSV in older adults is approximately 2.5 million infections per year.[11] We estimate that approximately 900,000 medical interventions are directly caused by RSV disease in this population each year.

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[4] Nair, H., et al. (2010) Lancet. 375:1545-1555

[5] Leader S., et al. (2003) J Pediatr. 143: S127

[6] Losano R., et al. (2012/Dec15) Lancet. 380: 2095

[7] Assumes 2:1 randomization

[8] Weinberger B. (2017) Clin Exp Immuol. 187:1-3

[9] Falsey, A.R., et al. (1995) JID.172:389-94

[10] Walsh E.E., et al. (2004) JID. 189:233-38

[11] Falsey, A.R., et al. (2005) NEJM. 352: 1749-59

Clinical Trial Update and Analyses

In July 2017, we announced positive top-line data from our Phase 2 clinical trial of our RSV F Vaccine in older adults. The objective of that trial was 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 indicated both aluminum phosphate and Matrix-M adjuvants increased the magnitude, duration and quality of the immune response relative to RSV F antigen alone. All formulations and regimens were safe and well-tolerated. While no additional clinical trials in either the older adult or COPD patient populations are currently planned, we believe these data support future testing of adjuvanted formulations of our RSV F Vaccine in older adults.

RSV Pediatrics Program

Burden of Disease

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.

Clinical Trial Update and Analyses

In September 2015, we announced positive top-line data from our Phase 1 clinical trial of our RSV F Vaccine in healthy children between two and six years of age. This trial evaluated safety and immunogenicity of our RSV F Vaccine, with one or two doses, with or without aluminum phosphate adjuvant. We expect to continue development of our RSV F Vaccine for pediatrics following receipt of regulatory approval for ResVax.

Influenza

NanoFlu Program (Older Adults)

Burden of Disease

Influenza is a world-wide infectious disease that causes illness in humans; serious illness generally occurs in susceptible populations such as pediatrics and older adults, but also occurs in the general population. Current estimates for seasonal influenza vaccine growth in the top seven markets (U.S., Japan, France, Germany, Italy, Spain and UK), show a potential increase from approximately $3.2 billion in the 2012-13 season to $5.3 billion by the 2021-22 season.[12] The Advisory Committee for Immunization Practices of the Center for Disease Control and Prevention ("CDC") estimates that in the U.S. influenza has resulted in between 9.2 million and 35.6 million illnesses, between 140,000 and 710,000 hospitalizations and between 12,000 and 56,000 deaths annually since 2010.[13] Although the CDC recommends that all persons aged six months and older be vaccinated annually against seasonal influenza, current flu vaccine effectiveness is low, particularly in the older population (65 years of age and older) where it was 20% effective overall and only 17% for the dominant A(H3N2) strain for the recent 2017-18 influenza season.[14]

[12] Influenza Vaccines Forecasts. Datamonitor (2013)

[13] CDC. Influenza Fact Sheet. (January 31, 2018). http://www.who.int/news-room/fact-sheets/detail/influenza-(seasonal)

[14] CDC. ACIP Meeting, June 20, 2018. https://www.youtube.com/watch?v=Tj7U2IVR4Jg

Our recombinant seasonal influenza vaccine is produced to display the exact sequence of hemagglutinin antigen found on circulating influenza viruses, a key advantage compared to egg-based influenza vaccines, which have been shown to have sequence mutations arising during production. Our recombinant influenza nanoparticles also display conserved antigenic regions, which have the potential to elicit broadly neutralizing antibodies that appear to protect against a range of "drifted" strains, or influenza strains in which, over time, the hemagglutinin antigen undergoes an accumulation of genetic mutations. Additionally, nanoparticles offer improved purity and manufacturability and advantages for co-formulation with other nanoparticle-based vaccines.

Clinical Trial Update and Analyses

In September 2018, we initiated a Phase 2 clinical trial in older adults with a quadrivalent formulations of our nanoparticle seasonal influenza vaccine candidate, including our proprietary Matrix-M adjuvant ("NanoFlu"). This randomized, observer-blinded, active-controlled trial will assess the safety and tolerability of different doses and formulations of NanoFlu, both adjuvanted with Matrix-M and unadjuvanted, as compared to two U.S.-licensed comparators; the trial is designed to select a dose/formulation of NanoFlu that we will bring forward into our future pivotal Phase 3 immunogenicity clinical trial. In October 2018, we completed enrollment of approximately 1,375 healthy older adults across clinical sites in the U.S. and we expect to report top-line data in the first quarter of 2019. During a pre-IND meeting in 2018, the FDA acknowledged and agreed that the accelerated approval pathway for seasonal influenza vaccines could be available for NanoFlu. We plan to discuss the Phase 2 clinical trial data and the proposed Phase 3 study design, and reach agreement on the use of accelerated approval, with the FDA during an End-of-Phase 2 meeting in the first half of 2019. If Nanoflu is granted accelerated approval, our NanoFlu BLA would include results from a well-controlled Phase 3 trial designed to meet immunogenicity endpoints, with a commitment to conduct confirmatory post-marketing trials to demonstrate clinical effectiveness.

Combination Influenza/RSV F Vaccine

Given the ongoing development of NanoFlu and our RSV F Vaccine, there is a strong rationale for a combination respiratory vaccine with the potential to protect susceptible populations against both diseases. Although testing is at an early stage, we remain confident that a combination vaccine against both influenza and RSV is achievable.

Ebola Virus

EBOV is a severe, often fatal illness in humans. There are currently no licensed treatments proven to neutralize EBOV, although a range of blood, immunological and drug therapies are under development. Our 2015 Phase 1 clinical trial demonstrated that our EBOV glycoprotein vaccine candidate ("Ebola GP Vaccine") is highly immunogenic, well-tolerated and, in conjunction with our proprietary Matrix-M adjuvant, resulted in significant antigen dose-sparing. We have no current plan to advance our Ebola GP Vaccine without funding or a partner.

CPLB Joint Venture (India)

CPL Biologicals Private Limited ("CPLB") is our joint venture company with Cadila Pharmaceuticals Limited ("Cadila") in India and is actively developing a number of vaccine candidates that were genetically engineered by us. In July 2018, we executed a revised and restated joint venture agreement with Cadila and CPLB, along with a revised and restated license agreement with CPLB, both of which were intended to conform these agreements to our current and planned interactions with CPLB. CPLB continues to be owned 20% by Novavax and 80% by Cadila.

Sales of Common Stock

In April 2018, we completed a public offering of 34,848,507 shares of our common stock, including 4,545,457 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 $1.65 per share resulting in net proceeds of approximately $54 million.

In December 2017, we entered into an At Market Issuance Sales Agreement ("December 2017 Sales Agreement"), which allows us to issue and sell up to $75 million in gross proceeds of our common stock. During the first quarter of 2018, we sold 15.7 million shares of common stock under the December 2017 Sales Agreement resulting in $32.3 million in net proceeds at a weighted average sales price of $2.09 per share. No sales were made subsequent to March 31, 2018. As of September 30, 2018, we have approximately $42.2 million available under the December 2017 Sales Agreement.

Critical Accounting Policies and Use of Estimates

There are no material changes to our critical accounting policies as described in Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as filed with the SEC, other than the adoption of the new revenue standard as described in Note 3.

Recent Accounting Pronouncements Not Yet Adopted

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

The following is a discussion of the historical financial condition and results of operations of the Company and should be read in conjunction with the unaudited consolidated financial statements and notes thereto set forth in this Quarterly Report.

Three Months Ended September 30, 2018 and 2017 (amounts in tables are presented in thousands, except per share information or as otherwise indicated)

Revenue:

	Three Months Ended September 30,		
	2018	2017	Change 2017 to 2018
Revenue:			
Total revenue	$ 7,735	$ 8,352	$ (617)

Revenue for the three months ended September 30, 2018 was $7.7 million as compared to $8.4 million for the same period in 2017, a decrease of $0.6 million, or 7%. Revenue for the three months ended September 30, 2018 and 2017 was primarily comprised of services performed under the Grant Agreement with BMGF and to a much lesser extent, revenue from Novavax AB. Revenue decreased as a result of completing enrollment of the Prepare trial in the second quarter of 2018.

We expect revenue in 2018 under the Grant Agreement to be slightly higher than in 2017 due to increased enrollment of participants in Prepare, who we continue to monitor through scheduled follow-up visits.

Expenses:

	Three Months Ended September 30,		
	2018	2017	Change 2017 to 2018
Expenses:			
Research and development	$ 41,326	$ 41,862	$ (536)
General and administrative	8,309	8,118	191
Total expenses	$ 49,635	$ 49,980	$ (345)

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 $41.3 million for the three months ended September 30, 2018 from $41.9 million for the same period in 2017, a decrease of $0.5 million, or 1%. At September 30, 2018, we had 313 employees dedicated to our research and development programs versus 298 employees as of September 30, 2017. For 2018, we expect an increase in research and development expenses from 2017 primarily due to higher anticipated costs to support product development of ResVax and 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 is spread across multiple programs and our internal manufacturing clean-room facility produces multiple vaccine candidates.

The following summarizes our research and development expenses by functional area for the three months ended September 30 (in millions):

	2018	2017
Manufacturing	$ 19.7	$ 20.1
Vaccine Discovery	1.4	1.1
Clinical and Regulatory	20.2	20.7
Total research and development expenses	$ 41.3	$ 41.9

We do not provide forward-looking estimates of costs and time to complete our research projects due to the many uncertainties associated with vaccine development. As we obtain data from preclinical studies and clinical trials, we may elect to discontinue or delay clinical trials in order to focus our resources on more promising vaccine candidates. Completion of clinical trials may take several years or more, but the length of time can vary substantially depending upon the phase, size of clinical trial, primary and secondary endpoints and the intended use of the vaccine candidate. The cost of clinical trials may vary significantly over the life of a project as a result of a variety of factors, including:

- the number of participants who participate in the clinical trials;
- the number of sites included in the clinical trials;
- if clinical trial locations are domestic, international or both;
- the time to enroll participants;
- the duration of treatment and follow-up;
- the safety and efficacy profile of the vaccine candidate; and
- the cost and timing of, and the ability to secure, regulatory approvals.

As a result of these uncertainties, we are unable to determine with any significant degree of certainty the duration and completion costs of our research and development projects or when, and to what extent, we will generate future cash flows from our research projects.

General and Administrative Expenses

General and administrative expenses increased to $8.3 million for the three months ended September 30, 2018 from $8.1 million for the same period in 2017, an increase of $0.2 million, or 2%. At September 30, 2018, we had 49 employees dedicated to general and administrative functions versus 50 employees as of September 30, 2017. For 2018, we expect general and administrative expenses to be consistent with 2017.

Other Income (Expense):

	Three Months Ended September 30,		
	2018	2017	Change 2017 to 2018
Other Income (Expense):			
Investment income	$ 752	$ 531	$ 221
Interest expense	(3,403)	(3,520)	117
Other income (expense)	(19)	10	(29)
Total other income (expense)	$ (2,670)	$ (2,979)	$ 309

We had total other expense, net of $2.7 million for the three months ended September 30, 2018 compared to total other expense, net of $3.0 million for the same period in 2017, a decrease of $0.3 million.

Net Loss:

	Three Months Ended September 30,		
	2018	2017	Change 2017 to 2018
Net Loss:			
Net loss	$ (44,570)	$ (44,607)	$ 37
Net loss per share	$ (0.12)	$ (0.15)	$ 0.03
Weighted shares outstanding	382,315	296,435	85,880

Net loss for the three months ended September 30, 2018 was $44.6 million, or $0.12 per share, as compared to $44.6 million, or $0.15 per share, for the same period in 2017.

The increase in weighted average shares outstanding for the three months ended September 30, 2018 is primarily a result of sales of our common stock in 2018 and 2017.

Nine Months Ended September 30, 2018 and 2017 (amounts in tables are presented in thousands, except per share information or as otherwise indicated)

Revenue:

	Nine Months Ended September 30,		
	2018	2017	Change 2017 to 2018
Revenue:			
Total revenue	$ 28,161	$ 20,764	$ 7,397

Revenue for the nine months ended September 30, 2018 was $28.2 million as compared to $20.8 million for the same period in 2017, an increase of $7.4 million, or 36%. Revenue for the nine months ended September 30, 2018 and 2017 was primarily comprised of services performed under the Grant Agreement with BMGF and to a lesser extent, revenue from Novavax AB. Revenue increased $5.2 million under the Grant Agreement, as a result of increased enrollment of participants in the Prepare trial, and by an additional $2.1 million as a result of increased Novavax AB activities.

Expenses:

	Nine Months Ended September 30,		
	2018	2017	Change 2017 to 2018
Expenses:			
Research and development	$ 130,382	$ 118,779	$ 11,603
General and administrative	25,185	25,911	(726)
Total expenses	$ 155,567	$ 144,690	$ 10,877

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 increased to $130.4 million for the nine months ended September 30, 2018 from $118.8 million for the same period in 2017, an increase of $11.6 million, or 10%. The increase in research and development expenses was primarily due to increased development activities of ResVax. At September 30, 2018, we had 313 employees dedicated to our research and development programs versus 298 employees as of September 30, 2017.

Expenses by Functional Area

The following summarizes our research and development expenses by functional area for the nine months ended September 30 (in millions):

	2018	2017
Manufacturing	$ 60.5	$ 59.1
Vaccine Discovery	4.7	4.1
Clinical and Regulatory	65.2	55.6
Total research and development expenses	$ 130.4	$ 118.8

General and Administrative Expenses

General and administrative expenses decreased to $25.2 million for the nine months ended September 30, 2018 from $25.9 million for the same period in 2017, a decrease of $0.7 million, or 3%. The decrease was primarily due to lower employee-related costs. At September 30, 2018, we had 49 employees dedicated to general and administrative functions versus 50 employees as of September 30, 2017.

Other Income (Expense):

	Nine Months Ended September 30,		
	2018	2017	Change 2017 to 2018
Other Income (Expense):			
Investment income	$ 2,090	$ 1,528	$ 562
Interest expense	(10,209)	(10,549)	340
Other income (expense)	111	20	91
Total other income (expense)	$ (8,008)	$ (9,001)	$ 993

We had total other expense, net of $8.0 million for the nine months ended September 30, 2018 compared to total other expense, net of $9.0 million for the same period in 2017, a decrease of $1.0 million. Investment income increased $0.6 million in the nine months ended September 30, 2018 as compared to the same period in 2017 due to higher rates of return on our marketable securities.

Net Loss:

	Nine Months Ended September 30,		
	2018	2017	Change 2017 to 2018
Net Loss:			
Net loss	$ (135,414)	$ (132,927)	$ (2,487)
Net loss per share	$ (0.37)	$ (0.47)	$ 0.10
Weighted shares outstanding	365,236	284,767	80,469

Net loss for the nine months ended September 30, 2018 was $135.4 million, or $0.37 per share, as compared to $132.9 million, or $0.47 per share, for the same period in 2017, an increased net loss of $2.5 million. The increased net loss was primarily due to higher research and development spending, including increased development activities of ResVax, partially offset by increased revenue under the Grant Agreement with BMGF.

The increase in weighted average shares outstanding for the nine months ended September 30, 2018 is primarily a result of sales of our common stock in 2018 and 2017.

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 current Grant Agreement with BMGF and our former contract with HHS BARDA.

As of September 30, 2018, we had $145.6 million in cash and cash equivalents, marketable securities and restricted cash as compared to $186.4 million as of December 31, 2017. These amounts consisted of $56.5 million in cash and cash equivalents, $70.6 million in marketable securities and $18.5 million in restricted cash as of September 30, 2018 as compared to $106.3 million in cash and cash equivalents, $51.0 million in marketable securities and $29.1 million in restricted cash as of December 31, 2017.

The following table summarizes cash flows for the nine months ended September 30, 2018 and 2017 (in thousands):

	Nine Months Ended September 30,		
	2018	2017	Change 2017 to 2018
Summary of Cash Flows:			
Net cash (used in) provided by:			
Operating activities	$ (139,559)	$ (101,077)	$ (38,482)
Investing activities	(19,722)	19,205	(38,927)
Financing activities	98,948	47,125	51,823
Effect on exchange rate on cash, cash equivalents and restricted cash	(62)	180	(242)
Net (decrease) increase in cash, cash equivalents and restricted cash	(60,395)	(34,567)	(25,828)
Cash, cash equivalents and restricted cash at beginning of period.	135,431	179,257	(43,826)
Cash, cash equivalents and restricted cash at end of period.	$ 75,036	$ 144,690	$ (69,654)

Net cash used in operating activities increased to $139.6 million for the nine months ended September 30, 2018, as compared to $101.1 million for the same period in 2017. The increase in cash usage is primarily due to the receipt of a $15 million payment under the Grant Agreement with BMGF in the nine months ended September 30, 2018, as compared to receipt of a $25 million payment in the same period in 2017, along with increased reimbursements from restricted cash of $5.4 million in the nine months ended September 30, 2018, as compared to the same period in 2017 as a result of higher development costs of ResVax. This increase also includes $13.5 million of one-time payments that included our lease termination fee and the Milestone to Wyeth along with the Company's annual bonus that was paid in the first quarter of 2018 (partially offset by the Company's retention bonus paid in the nine months ended September 30, 2017). We adopted a new accounting standard in 2018 that requires restricted cash to be included in the beginning and ending cash balances on the statements of cash flows for all periods presented.

During the nine months ended September 30, 2018 and 2017, our investing activities consisted of purchases and maturities of marketable securities and capital expenditures. Capital expenditures for the nine months ended September 30, 2018 and 2017 were $0.9 million and $3.5 million, respectively. The decrease in capital expenditures was primarily due to reduced capital requirements based on our current operating plans. In 2018, we expect our level of capital expenditures to be lower than our 2017 spending primarily due to the timelines being extended for the commercialization of our RSV F Vaccine.

Our financing activities consisted primarily of sales of our common stock, and to a much lesser extent, stock option exercises and purchases under our employee stock purchase plan. In the nine months ended September 30, 2018, we completed a public offering of 34,848,507 shares of our common stock, including 4,545,457 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 $1.65 per share resulting in net proceeds of approximately $54 million and received net proceeds of $42.6 million from selling shares of common stock through our January 2017 and December 2017 Sales Agreements at a weighted average sales price of $1.93 per share. In the nine months ended September 30, 2017, we received net proceeds of $46.0 million from selling shares of common stock through our January 2017 Sales Agreement at a weighted average sales price of $1.25 per share.

In May 2016, we entered into a lease for a facility located in Gaithersburg, Maryland and under the terms of the lease the landlord provided us with a tenant improvement allowance of up to $9.6 million, and $1.2 million was funded through the lease termination. In January 2018, this lease was terminated and we paid a termination fee to the landlord of $5.3 million in the first quarter of 2018, which we believe is less than the potential total lease and operating expense cash obligations that could have been incurred over one year.

In July 2018, we terminated a 2007 agreement to license certain rights from Wyeth Holdings LLC (formerly Wyeth Holdings Corporation), a subsidiary of Pfizer Inc. ("Wyeth"). The Wyeth license offered a non-exclusive, worldwide license to a family of patents and patent applications covering VLP technology for use in human vaccines in certain fields, with expected patent expiration in early 2022. At present, we have no programs to which the Wyeth license applies, and CPLB's recombinant trivalent seasonal VLP influenza vaccine ("CadiFlu") is only licensed in India. In September 2015, due to CPLB's initiation of a Phase 3 clinical trial of CadiFlu in 2014, we entered into an amendment to the Wyeth license that, among other things, increased the milestone payment ("Milestone") from $3 million to as much as $4 million if not paid before December 31, 2017. The Milestone was paid in the first quarter of 2018. The Milestone was recorded as a research and development expense in 2014. Payments under the Wyeth license as of September 30, 2018 aggregated to $11.6 million.

The accompanying unaudited consolidated financial statements have been prepared assuming that the Company will continue as a going concern within one year after the date that the financial statements are issued. During the nine months ended September 30, 2018, we incurred a net loss of $135.4 million and had net cash flows used in operating activities of $139.6 million. At September 30, 2018, we had $145.6 million in cash and cash equivalents, marketable securities and restricted cash and had no committed source of additional funding from either debt or equity financings. Management believes that given the Company's current cash position and forecasted negative cash flows from operating activities over the next twelve months as we continue our product development activities, including our upcoming final efficacy analysis of Prepare, a global pivotal Phase 3 clinical trial of ResVax (with top-line data expected to be announced in the first quarter of 2019), and our Phase 2 clinical trial of NanoFlu that was initiated in the third quarter of 2018 (also with top-line data expected to be announced in the first quarter of 2019), there is substantial doubt about our ability to continue as a going concern through one year from the date that these financial statements are issued, without obtaining additional financing or entering into another form of non-equity or debt arrangement.

Our ability to fund Company 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 us 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 our 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.

Off-Balance Sheet Arrangements

We did not have any material off-balance sheet arrangements as of September 30, 2018.

Item 3. 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 September 30, 2018, we had cash and cash equivalents of $56.5 million, marketable securities of $70.6 million, all of which are short-term in nature, $18.5 million in restricted cash and working capital of $113.8 million.

Our exposure to market risk is primarily confined to our investment portfolio. As of September 30, 2018, 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 $2.7 million at September 30, 2018.

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 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the assistance of our chief executive officer and chief financial officer, has reviewed and evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of September 30, 2018. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving such control objectives. Based on the evaluation of our disclosure controls and procedures as of September 30, 2018, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

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 September 30, 2018, and has concluded that there was no change that occurred during the quarterly period ended September 30, 2018 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

Other than the additional risk factors disclosed below, there are no material changes to the Company's risk factors as described in Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Given our current cash position, there is substantial doubt about our ability to continue as a going concern through one year from the date of the financial statements included in this Quarterly Report.

We adopted ASU 2014-15, *Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern,* in 2016, under which standard our management must evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date that financial statements are issued. During the nine months ended September 30, 2018, we have incurred a net loss of $135.4 million and had net cash flows used in operating activities of $139.6 million. At September 30, 2018, we had $145.6 million in cash and cash equivalents, marketable securities and restricted cash and had no committed source of additional funding from either debt or equity financings. Our management believes that, given the Company's current cash position, there is substantial doubt about our ability to continue as a going concern through one year from the date that the financial statements included in this Quarterly Report were issued.

Our capital requirements and cash needs are significant and continuing. Over the next twelve months, we anticipate incurring additional net losses and negative cash flows from operating activities as we continue our product development activities, including our upcoming final efficacy analysis of Prepare, our global pivotal Phase 3 clinical trial of ResVax, and our Phase 2 clinical trial of NanoFlu (the results of both trials are expected to be announced in the first quarter of 2019). Our ability to fund our 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. There can be no assurances that new financings or other transactions will be available to us 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 adequate capital resources to fund our operations, we may be required to delay, reduce the scope of or eliminate some or all of our operations, which may have a material adverse effect on our business, financial condition, results of operations and ability to operate as a going concern.

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 violation of existing or future data privacy laws and regulations.

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

On December 22, 2017, President Trump signed into law new legislation that significantly revises the Internal Revenue Code of 1986, as amended. The newly enacted federal income tax law, among other things, contains significant changes to corporate taxation, including reduction of the corporate tax rate from a top marginal rate of 35 percent to a flat rate of 21 percent, limitation of the tax deduction for interest expense to 30 percent of adjusted earnings (except for certain small businesses), limitation of the deduction for net operating losses to 80 percent 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 new federal tax law 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 newly enacted federal tax law.

Item 6. Exhibits

3.1	Second Amended and Restated Certificate of Incorporation of the Company (Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, filed August 10, 2015)
3.2	Amended and Restated By-Laws of the Company (Incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012, filed March 12, 2013)
10.1* **	Second Amended and Restated Joint Venture Agreement between Novavax, Inc. and Cadila Pharmaceuticals Limited, dated as of July 17, 2018
10.2* **	Second Amended and Restated Novavax Product License Agreement between Novavax, Inc. and CPL Biologicals Private Limited, dated as of July 17, 2018
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(e) of the Securities Exchange Act
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(e) of the Securities Exchange Act
32.1*	Certification of Chief Executive Officer 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 Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets as of September 30, 2018 and December 31, 2017, (ii) the Consolidated Statements of Operations for the three- and nine-month periods ended September 30, 2018 and 2017, (iii) the Consolidated Statements of Comprehensive Loss for the three- and nine-month periods ended September 30, 2018 and 2017, (iv) the Consolidated Statements of Cash Flows for the nine-month periods ended September 30, 2018 and 2017, and (v) the Notes to Consolidated Financial Statements.

* Filed herewith.
** Confidential treatment has been requested for portions of exhibit.

SIGNATURES

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

NOVAVAX, INC.

Date: November 7, 2018	By:	/s/ Stanley C. Erck President and Chief Executive Officer and Director (Principal Executive Officer)
Date: November 7, 2018	By:	/s/ John J. Trizzino Senior Vice President, Chief Business Officer, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)

Exhibit 10.1

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Execution Version

SECOND AMENDED AND RESTATED
JOINT VENTURE AGREEMENT

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

SECOND AMENDED AND RESTATED JOINT VENTURE AGREEMENT

This SECOND AMENDED AND RESTATED JOINT VENTURE AGREEMENT (the **"Agreement"**) is made this 17th day of July, 2018, by and among :

Cadila Pharmaceuticals Limited, a company incorporated under the laws of India having its office at 'Cadila Corporate Campus', Sarkhej-Dholka Road, Bhat, Ahmedabad - 382210, Gujarat, India herein represented by Dr. Rajiv I. Modi in his capacity as Chairman & Managing Director (hereinafter referred to as **"Cadila"**) which expression shall unless repugnant to the context or meaning thereof mean and include its scuccessors and permitted assigns and;

Novavax, Inc., a company incorporated and existing under the laws of the State of Delaware, United States of America (USA), having its principal office at 20 Firstfield Road, Gaithersburg, MD 20878, USA herein represented by Stanley C. Erck, in his capacity as President and Chief Executive Officer (hereinafter referred to as **"Novavax"**) which expression shall unless repugnant to the context or meaning thereof mean and include its scuccessors and permitted assigns and;

CPL Biologicals Private Limited, a company incorporated under the laws of India having an address at Survey No. 1389, Trasad Road, Dholka- 382 225, Dist. Ahmedabad, Gujarat, India herein represented by Dr. Rajiv I. Modi in his capacity as Chairman (hereinafter referred to as " **CPLB"**) which expression shall unless repugnant to the context or meaning thereof mean and include its scuccessors and permitted assigns.

RECITALS

WHEREAS, Cadila is engaged in research, development, manufacture and commercialization of various pharmaceutical preparations in various countries, including India;

WHEREAS, Novavax is engaged in research, development and manufacture of vaccine products based on its recombinant platform technologies;

WHEREAS, Novavax and Cadila entered into a joint venture agreement, dated as of March 31, 2009 (**"Original JV Agreement"**), and an amended and restated joint venture agreement, dated as of June 29, 2009 and as amended by an addendum, dated as of March 16, 2015 (the **"Addendum,"** and with amended and restated joint venture agreement, the **"First Restated JV Agreement"**), relating to their respective investments in, and the governance and operation of, CPLB as a joint venture between Novavax and Cadila;

WHEREAS, under the Original JV Agreement and First Restated JV Agreement, CPLB was formed to develop, manufacture, and commercialize certain vaccine and biologic products licensed from the Parties for human vaccine, therapeutic and/or diagnostic (for certain products only) uses in India either directly or through partners and/or contractors and by establishing US and India cGMP compliant manufacturing facilities in India.

WHEREAS, concurrent with the First Restated JV Agreement, (i) Novavax and CPLB entered into that certain (a) Amended and Restated Seasonal/Other Vaccine License Agreement, (b) Amended and Restated Option to Obtain License Agreement (which license agreements shall collectively be referred to as the **"Novavax Original Licenses"**), (c) Amended and Restated Supply Agreement and (d) Amended and Restated Technical Services Agreement and (ii) Cadila and CPLB entered into that certain (a) Amended and Restated Cadila Product License (the **"Cadila Original License"**), (b) Amended and Restated Supply Agreement and Amended and Restated Technical Services Agreement. These agreements may hereinafter be referred to as the "Original Ancillary Agreements";

WHEREAS, although the Parties intended that CPLB independently manage its assets (financial or otherwise) and own all regulatory approvals and licenses to such products, due to operating, manufacturing and regulatory circumstances, as of the effective date of this Agreement Cadila owns certain assets, regulatory approvals/licenses, and is a party to certain agreements with third parties, that are necessary for the manufacturing and marketing of Cadila Products (as defined below), which are listed in Schedule I to this Agreement (the **"Schedule I Assets"**);

WHEREAS, although Novavax was to have transferred its virus-like particle technology with respect to seasonal influenza flu and [* * *] other products named in the Novavax Original Licenses, as of the effective date of this Agreement CPLB is only developing, manufacturing and/or commercializing vaccine products for [* * *];

WHEREAS, although Cadila agreed to finance subordinated debt notes of an aggregate of Rupees 300,000,000 (or 30 Crore) to CPLB, such ongoing financing was restructured as 1% Reddemable Preference Shares by the Addedum in view of the change of provisions of Laws;

WHEREAS, the Parties desire to restate the First Restated JV Agreement and the Original Ancillary Agreements to, amongst other things:

(i) expressly permit CPLB to develop Cadila Transferred Products (as defined in Section 1.1);

(ii) expressly permit Cadila to continue to own, manufacture and sell Cadila Royalty Products (as defined in Section 1.1);

(iii) expressly permit CPLB to develop Novavax Products (as defined in Section 1.1) including nanoparticle vaccine production, antigen specific seed development, protein expression and cloning system technology;

(iv) agree to a license by CPLB from Novavax of four (4) new vaccine candidate seeds;

(v) grant rights under Novavax' technology and intellectual property to permit CPLB to develop and commercialize [* * *] products;

(vi) clarify Novavax' rights of first negotiation with respect to any products CPLB develops and/or commercializes using Novavax' technology, and

(vii) clarify CPLB' rights of first negotiation with respect to certain products developed and/or commercialized by Novavax.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and other good and valuable considerations, the receipt of which is hereby acknowledged, the Parties hereto mutually agree to amend and restate the First Restated JV Agreement in its entirety as follows:

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Article 1.

DEFINITIONS/INTERPRETATIONS

1.1. **Definitions.** For the purposes of this Agreement, the definitions of certain capitalized terms as set forth in Exhibit A and used herein shall apply.

1.2. **Headings.** The headings in this Agreement are for ease of reference only and shall not in any way affect its construction or interpretation.

1.3. **Interpretation.** Unless expressly stated to the contrary in this Agreement words denoting the singular include the plural and vice versa, words denoting any one gender include all genders and vice versa; the words and phrases **"other"** and **"including"** shall not limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible; and references to persons include individuals, bodies corporate, unincorporated associations and partnerships.

Article 2.

NAME AND TERRITORY

2.1. **Name.** The name of CPLB shall remain **"CPL Biologicals Private Limited"** until such time as the Board determines a different name.

2.2. **Territory.** Subject to any geographic limitations described in this Agreement and the Restated Licenses, CPLB will carry on its business in the Territory. Territory may only be changed by mutual, written agreement amongst the Parties.

Article 3.

BUSINESS OF CPLB

3.1. **Description and Operation of Business.** The business of CPLB shall include researching, developing, manufacturing, marketing and selling of Products in the Territory (the **"Business"**). The Business shall be conducted in accordance with the Business Plan prepared under the guidance of the President and Chief Executive Officer and approved by the Board of Directors of CPLB pursuant to Article 7 hereof, as amended by the Board of Directors from time to time. CPLB shall use commercially reasonable efforts to obtain and maintain at its own expense all permits, approvals and licenses necessary for the operation of CPLB, including, without limitation, regulatory approvals and registration for licensing of Products in the Territory. Cadila and Novavax, pursuant and subject to the Restated Licenses, shall provide reasonable assistance to CPLB in obtaining any such regulatory approvals and registrations granted by government authorities.

3.2. **Manufacturing**. CPLB shall use its commercially reasonable efforts to establish and maintain a manufacturing facility in India that complies with current good manufacturing standards in US, EMEA, India and any other territory in which CPLB intends to develop and commercialize any Product within the time-frame set in the Business Plan. The manufacturing facility shall be consistent with the applicable equipment, processes and procedures used by Novavax and Cadila in their manufacturing facilities, based in part on technology licensed to CPLB under the Restated Licenses.

Schedule I Assets. With respect to any Schedule I Assets, Cadila shall use its commercially reasonable efforts to transfer and/or assign any interest it owns or holds in the Schedule I Assets to CPLB as soon as reasonably practicable, but in no event shall such transfer conclude any later than 60 days after getting necessary regulatory approval for such transfer from the relevant regulatory authorities. In doing so, Cadila shall transfer regulatory approvals and licenses it owns with respect to any Cadila Transferred Products to CPLB.

CPLB shall re-imburse to Cadila, any expenses incurred by Cadila for development of Cadila Transferred Products from the date of First Restated JV Agreement till the date of such transfer. Similarly, CPLB shall re-imburse to Cadila for any expenses incurred by Cadila for development of Novavax Products from the date of First Restated JV Agreement. All such expenses shall be mutually agreed by Cadila and Novavax in advance of reimbursement.

Cadila has also acquired and / or owns and may further acquire several assets including machinery, equipment, etc. for CPLB's business pertaining to the Cadila Transferred Products. Cadila shall transfer such assets at their respective cost. All such costs shall be mutually agreed by Cadila and Novavax in advance of payment.

3.3. **Arrangement for Cadila Royalty Products**. It is agreed that the Cadila Royalty products shall not be transferred to CPLB. Instead, CPL shall compensate CPLB by paying a royalty of [* * *] of Net sales of such products. For this prupose Net sales would mean sales excluding GST, and any other taxes, net-of any discounts and returns. CPL shall make the payment for such royalty based on its quarterly accounts within two months from the end of the respective quarter. The royalty payment shall be adjusted based on the audited financial statements of CPL.

3.4. **Novavax and Cadila Licenses.** Novavax shall execute and deliver the Novavax Restated License on the Effective Date and Cadila shall execute and deliver the Cadila Restated License as early as possible.

3.5. **Novavax Product Rights Outside the Novavax Product Territory.** It is the intent of Novavax and CPLB to collaborate and share related costs appropriately, on certain Novavax Products for Global Development and Commercializastion in the Territory. Subject to the Novavax Restated License Agreement, Novavax shall own and retain any and all right, title and interests in, to and under Intellectual Property Rights to Commercialize Novavax Products outside the Novavax Product Territory, and CPLB agrees to license any CPLB technology related thereto to Novavax for such purpose. Notwithstanding the previous sentence, to the extent that CPLB desires to seek to Commercialize a Novavax Product outside the Novavax Product Territory, CPLB may provide to Novavax a written proposal that shall include all data associated with such Novavax Product. Thereafter, Novavax shall, in good faith, consider such CPLB proposal, and Novavax and CPLB shall use commercially reasonable efforts to negotiate a written agreement in a timely manner, which in no event shall extend beyond one hundred and eighty (180) days from the date CPLB provided notice of such proposal. For clarity, this Section 3.5 shall not obligate either Party to enter into a definitve written agreement.

3.6. **Rights of First Negotiation.** CPLB and Novavax hereby grant rights of first negotiation (each a **"ROFN"**) to each other for certain Products as follows:

3.6.1. CPLB hereby grant to Novavax a ROFN with respect to the out-license of any Intellectual Property Rights related to a CPLB ROFN Product to develop and/or commercialize such Product in the Novavax Product Territory or any portion thereof, as applicable, as mutually agreed by CPLB and Novavax.

3.6.2. Novavax hereby grants to CPLB a ROFN with respect to the out-license of any Intellectual Property Rights related to a Novavax ROFN Product to develop and/or commercialize such Product in the Novavax Product Territory or any portion thereof, as applicable, as mutually agreed by CPLB and Novavax.

3.6.3. Prior to entering into any agreement with a third party granting a license or other right to develop or commercialize of any ROFN Product, the ROFN Grantor shall deliver all available data up to and potentially including the related Phase 2 Data Package to the ROFN Holder. The ROFN Holder shall have thirty (30) days from the receipt of such package to provide the ROFN Holder written notice that it desires to negotiate the terms and conditions of a licensing transaction with respect to the ROFN Product. Upon receipt of the first such notice hereunder by either ROFN Holder, the ROFN Parties shall have one hundred and eighty (180) days to negotiate exclusively, reasonably and in good faith the terms and conditions of such a transaction, and the negotiation period for any subsequent exercise an ROFN hereunder shall be one hundred and twenty (120) days.

3.6.4. If the ROFN Parties are unable to execute a definitive agreement by the end of the applicable period of negotiation (or if the ROFN Holder gives written notice that it does not desire to exercise its negotiation rights hereunder or fails to give notice in a timely manner), then the ROFN Grantor shall be free to enter into a license agreement with a third party with respect to such ROFN Product; provided, however, that any such transaction shall not, when taken as a whole, be materially more favorable to the third party than the terms last offered to the ROFN Holder. If the ROFN Grantor has not provided the Phase 2 Data Package to the ROFN Holder and subsequently acquires additional data related to a clinical trial or other material information (including a Phase 2 Data Package) prior to entering into a definitive transaction with such third party, the ROFN Holder shall have thirty (30) days from the receipt of such additional data to provide the ROFN Holder written notice that it desires to negotiate the terms and conditions of a licensing transaction with respect to the ROFN Product.

3.7. **No Restrictions Businesses of Initial Shareholders**. Subject to the limitations or restrictions of any Restated License and/or definitive agreement arising from a ROFN, the Initial Shareholders are not otherwise restricted in their ability to develop and commercialize biotechnology, vaccine and pharmaceutical products in the Territory alone or under partnership, joint venture or licensing arrangements with other persons and entities.

3.8. **Environmental and Health and Safety (EHS) Matters.** CPLB shall at all times comply with EHS and/or any such equivalent Laws in existence in respect of EHS matters and keep all the required EHS permits in full force and effect.

Article 4.

SHARES AND FINANCING/CAPITAL INCREASE

4.1. **Authorised Shares.** Pursuant to the Memorandum and Articles of Association, the authorised share capital of CPLB is Rupees [* * *]; the [* * *] Shares are divided into (i) [* * *] Common Shares and (ii) [* * *] 1% Redeemable Preference Shares.

Any stamp duty payable upon such issue and allotment of any Share shall be borne by CPLB.

4.2. **Issued Shares.** As of the Effective Date, the issued Shares of CPLB are (i) [* * *] Common Shares and (ii) [* * *], 1% Redeemable Preference Shares. The issued share capital has been subscribed as set forth on Schedule 4.2, as amended from time to time in accordance with the terms hereof.

4.3. **Capital Contributions.** The Initial Shareholders have made or will make the capital contributions to CPLB described below.

4.3.1. Cadila has contributed:

(i) the Cadila Original License;

(ii) the Restated Cadila License to replace the Cadila Original License;

(iii) cash Rupees One Hundred Million (Rs.100,000,000 *or* Rs.10 Crore); and

(iv) financing of up to cash Rupees Three Hundred Million (Rs.300,000,000 *or* Rs.30 crore) towards the subscription of up to [* * *].

4.3.2. Novavax has contributed:

(i) the Novavax Original Licenses; and

(ii) the Restated Novavax License to replace the Novavax Original License.

4.4. **Third Party Investment.** The Initial Shareholders shall provide reasonable assistance to CPLB in its efforts to attract third party investment into and funding of CPLB, including but not limited to, providing timely responses to due diligence and otherwise responding to other reasonable requests by a potential third party investor. Notwithstanding the previous sentence, CPLB shall not issue any new Shares to or accept any investment from any third party, without the prior written consent of both Initial Shareholders, such consent not to be unreasonably withheld. Any such third party receiving Shares shall agree in writing that it and its heirs, successors and assigns, shall be subject to and bound by the provisions of this Agreement, and CPLB shall place the legend set forth in Section 5.6 on all share certificates in respect of the Shares.

4.5. **Pre-emptive Right of Initial Shareholders.** Except with respect to Exempt Issuances (as defined in Section 4.5.5), each Initial Shareholder shall have the right to purchase or participate in any issuance of any new Shares or Additional Securities that CPLB may from time to time propose to issue or sell to maintain such Initial Shareholder's Investment Ratio.

4.5.1. CPLB shall give written notice of any proposed issuance or sale of Additional Securities to the Initial Shareholders (an **"Issuance Notice"**). The Issuance Notice shall, if applicable, be accompanied by a written offer from the Initial Shareholder seeking to purchase Additional Securities, and shall set forth the material terms and conditions of the proposed issuance or sale, including, without limitation, (i) the number and description of the Additional Securities proposed to be issued to the Initial Shareholder(s); (ii) the proposed issuance date; and (iii) the proposed purchase price.

4.5.2. CPLB shall provide written notice to Initial Shareholders if the terms set forth in the Issuance Notice are updated or changed in any material respect as the details listed in Section 4.5.1 (i), (ii) and (iii) are known.

4.5.3. For a period of fifteen (15) business days following the initial receipt of an Issuance Notice, each Initial Shareholder shall have the right to elect irrevocably to purchase or receive that number of Additional Securities to maintain the Investment Ratio on the terms set forth in the Issuance Notice by delivering a written notice to CPLB setting forth the number of such Additional Securities it intends to purchase or receive. If both Initial Shareholders submit a timely notice of participation, each Initial Shareholder may only purchase that number of Additional Securities sufficient to maintain the Investment Ratio. If CPLB provides a material update or change, the period for exercise shall be extended five (5) additional business days. The closing of any purchase by or issuance to an Initial Shareholder shall be consummated concurrently with the consummation of the issuance or sale described in the Issuance Notice; provided, however that, the closing of any purchase by or issuance an Initial Shareholder may be extended beyond the closing of the transaction described in the Issuance Notice to the extent necessary to obtain required government approvals and other required third party approvals or consents (and CPLB shall use its reasonable best efforts to obtain such approvals and consents). An Initial Shareholder may purchase Additional Securities under this Section 4.5 indirectly through a member of such Shareholder's Group that is a wholly owned subsidiary.

4.5.4. **"Exempt Issuances"** means issuances in which Additional Securities are issued by CPLB:

(i) as consideration for a merger, consolidation or purchase of assets; and

(ii) in connection with any strategic partnership or joint venture (the primary purpose of which is not to raise equity capital).

4.6. **Spending Authorizations.** Subject to the express terms and conditions of this Agreement, the Chief Executive Officer and/or other senior officials of CPLB, may be authorized by the Board to make decisions on any expenses, purchases or commitments on behalf of CPLB and will have the freedom to sign cheques up to the limit that may be approved by the Board as per the Standard Operating Procedures (SOPs) of CPLB in the said context. However, if any transactions or commitments are above the aforesaid limit, specific approval of the Board will be required. The Board may also decide sub-limits of financial authorities for such other key officials of CPLB who may be authorized to operate bank accounts of CPLB.

4.7. **Banking.** A separate bank account in the name of CPLB will be maintained in one or more banks and the Board shall authorize the President and Chief Executive Officer or any Director or other official of CPLB to operate the same with prescribed limits.

Article 5.

TRANSFER OF SHARES

5.1. **Restrictions on Share Transfers.** Cadila shall not Transfer any 1% Redeemable Preference Share or interest therein unless expressly permitted under this Agreement. No Shareholder shall Transfer any Common Share or interest in any Common Share unless (i) it is expressly permitted under this Agreement or (ii) the Shareholder(s) holding a majority of the Common Shares held by all non-transferring Shareholders give its or their prior written consent; provided, however, a Shareholder may Transfer Common Shares or interest in any Common Share to a person in its Group without compliance with the provisions of this Section 5.1.

5.2. **Right of First Refusal.** If any Shareholder wishes to Transfer **("Selling Shareholder")** some or all of its Common Shares (the **"Offered Shares")** pursuant to a bona fide written offer (the **"Third Party Offer"**) from an unaffiliated third party (the **"Proposed Transferee"),** it shall first offer such Common Shares to the other Shareholder(s) (each an **"Offeree"**) on a pro-rata basis (the **"Pro-Rata Shares",** as further defined below) by notice in writing **("Transfer Notice")** at a price per Common Share and on terms and conditions not less favourable to the Offeree(s) than that set forth in the Third Party Offer (the **"Right of First Refusal"**).

5.2.1. On or before expiry of thirty (30) days from the date of receipt of the Transfer Notice (**"Option Period"),** each Offeree shall notify the Selling Shareholder, CPLB and the other Offerees in writing of its intentions to accept or reject the purchase of its Pro-Rata Shares (**"Acceptance Notice").** Allocation of Pro-Rata Shares for each Offeree shall be based on the number of Common Shares owned by such Offeree on a fully diluted basis in relation to the total number of Common Shares held by all Offerees on a fully diluted basis (the **"Allocation Formula"**). A buying Offeree shall be entitled to an additional period of ninety (90) days or such other extended period from the date of the Acceptance Notice (**"Completion Period**") to obtain the approval of the relevant government authority(ies) and to complete the purchase of its Pro-Rata Shares from the Selling Shareholder.

5.2.2. If any Offeree does not exercise its option to purchase all of its Pro-Rata Shares, each participating Offeree shall then have the option to purchase its pro rata portion of such Shares that will not be purchased (based on the Allocation Formula as applied only to the Shares held by participating Offerees). Such option shall be exercisable by notice in writing to CPLB, the Selling Shareholder and the other Offerees within five (5) days after the receipt of the applicable Acceptance Notice or the expiration of the Option Period, whichever is earlier.

5.2.3. In the event the Offerees do not purchase all of the Offered Shares within the Completion Period, the Selling Shareholder may Transfer any remaining Offered Shares to the Proposed Transferee, provided that the price of the remaining Offered Shares and other terms and conditions are not more favourable to the Proposed Transferee than those set forth in the applicable Transfer Notice; and provided further, the Proposed Transferee agrees in writing that it and its heirs, successors and assigns, shall be subject to and bound by the provisions of this Agreement. If the Selling Shareholder fails to dispose of all Offered Shares within one hundred twenty (120) days after the Completion Period (or one hundred twenty (120) days after the date on which all applicable options described in this Section 5.2 have expired), the Selling Shareholder shall not offer to Transfer such Offered Shares except pursuant to this Section 5.2.

5.3. **Transfers to Group**. Notwithstanding Section 5.1 and 5.2, a Shareholder may Transfer all of its Common Shares to a person in its Group with the prior written consent of the Shareholder(s) holding a majority of the remaining Common Shares, which consent shall not be unreasonably withheld, provided that, at the time of the Transfer and in relation to the Common Shares being transferred:

5.3.1. such transferee agrees in writing that it and its heirs, successors and assigns, shall be subject to and bound by the provisions of this Agreement; and

5.3.2. the transferring Shareholder guarantees and indemnifies the other Parties in respect of all the obligations and any liability of such transferee under this Agreement.

5.3.3. If such transferee at any time ceases to be a part of the Group of the transferring Shareholder, that transferee shall Transfer all its Common Shares back to the transferring Shareholder.

5.4. **Tag-Along Right.** If any Offered Shares are available for sale to the Proposed Transferee upon compliance with Section 5.2 above, the Offerees shall have the right to offer and sell a proportionate number of Common Shares on a fully diluted basis to the Proposed Transferee at the same price and on the same terms and conditions contained in the Transfer Notice (the **"Tag-Along Right"**) in accordance with the following procedure:

5.4.1. The Selling Shareholder shall, prior to sale and after compliance with the provisions of Section 5.2, give notice (the **"Tag-Along Notice"**) to the other Shareholders of their Tag-Along Right.

5.4.2. Each Offeree shall have Sixty (60) business days after receipt of such notice to determine if it desires to offer Common Shares to the Proposed Transferee.

5.4.3. The Selling Shareholder shall cause the Proposed Transferee to offer in writing to each Offeree that has elected to participate in the sale of the Offered Shares (a **"Tag-Along Offeror"**) to purchase at the offer price indicated in the Transfer Notice, all or any part of that number of the Tag-Along Offeror's Shares equal to the product obtained by multiplying (i) the aggregate number of Offered Shares available upon compliance with Section 5.2 above by (ii) a fraction, the numerator of which is the number of Common Shares owned by such Offeree on a fully diluted basis immediately before the time of the sale and the denominator of which is the sum of (x) the number of the Common Shares then owned by all of the Tag-Along Offerors on a fully diluted basis and (y) the number of Common Shares owned by the Selling Shareholder on a fully diluted basis. The Shares to be transferred by the Selling Shareholder shall be correspondingly reduced by the aggregate sum of each such product for each Tag-Along Offeror.

5.4.4. Any such Tag-Along Offeror shall effect its participation in the sale by promptly delivering to the Selling Shareholder for transfer to the Proposed Transferee one or more share certificates, properly endorsed for transfer, which represent the type and number of Shares that such participant elects to sell. Such share certificate(s) shall be transferred to the Proposed Transferee in consummation of the sale of the Offered pursuant to the terms and conditions specified in the Transfer Notice, and the Selling Shareholder shall concurrently remit to any such Tag-Along Offeror that portion of the sale proceeds to which the Participating Selling Shareholder is entitled under this Section 5.4.

5.4.5. In order to be entitled to exercise its Tag-Along Right pursuant to Section 5.4, a Tag-Along Offeror must agree to make to the Proposed Transferee, to the extent applicable, the same representations, warranties, indemnities, covenants and assurances (**"Representations and Covenants"**) as the Selling Shareholder agrees to make in connection with the Transfer and agree to the same conditions to the Transfer as the Selling Shareholder; provided, however, that (a) the Tag-Along Offeror shall not be required to make any non-competition, non-solicitation or similar restrictive covenants that would exceed the scope of the covenants set forth in Article 16, and (b) a Tag-Along Offeror, who is also an Initial Shareholder, shall not be required to make any Representations and Covenants with respect to the rights it licensed to the other Initial Shareholder Selling Shareholder under the Restated Licenses that would exceed the scope of the corresponding Representations and Covenants in the Restated Licenses. All such Representations and Covenants shall be made by the Selling Shareholder and a Tag-Along Offeror severally and not jointly. Except with respect to individual Representations and Covenants of the Tag-Along Offeror relating to (i) the unencumbered title to its Shares and (ii) the power, authority and legal right to transfer its Shares, the aggregate liability of the Tag-Along Offeror shall not exceed the Tag-Along Offeror's pro rata share of any such liability to be determined in accordance with the Tag-Along Offeror's portion of the total number of Shares included in such transfer; provided that, in any event, the aggregate liability of the Tag-Along Offeror in connection with any such sale shall not exceed the proceeds the Tag-Along Offeror received in connection with the transfer.

5.4.6. If, for any reason whatsoever, the Proposed Transferee is unable to acquire the Tag Along Shares at a price stated in the Transfer Notice (in accordance with this Article 5), the Proposed Transferee shall not acquire any of the Offered Shares, and if any such Transfer is not consummated before all of the ending of all of the expiration dates set forth in Sections 5.2 and 5.4, then such Transfer shall not be made without first repeating and re-extending to the Offeree the rights set out in this Article 5.

5.5. **Stock Legend.** CPLB shall place a legend on all share certificates in respect of the Common Shares, stating as follows:

"THIS CERTIFICATE AND THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT IN ALL RESPECTS TO THE RESTRICTIONS CONTAINED IN THE SECOND AMENDED AND RESTATED JOINT VENTURE AGREEMENT DATED NOVEMBER 30, 2017 BY AND AMONG CADILA PHARMACEUTICALS LIMITED, NOVAVAX, INC. AND CPL BIOLOGICALS PRIVATE LIMITED AND SHALL BE VALID DURING THE SUBSISTENCE OF THE SAID AGREEMENT."

5.6. **Dematerialization.** If any of the Common Shares are to be dematerialized, then prior to any such dematerialization, the Shareholders shall enter into appropriate undertakings and documents with the Depository and the Depository Participant to the effect that all such Common Shares (to be dematerialized) are subject in all respects to the restrictions contained in this Agreement and shall be valid during the subsistence of this Agreement.

5.7. **Surviving Obligations of Selling Shareholder.** Upon the sale of all Common Shares held by a Shareholder, in accordance with the provisions of this Article 5, the rights and obligations of such Selling Shareholder under this Agreement shall terminate; provided, however, that the Selling Shareholder shall remain liable for the following obligations and liabilities: (i) any liabilities and obligations of the Selling Shareholder accrued as of the date of such sale; (ii) any obligations of the Selling Shareholder under Article 14; (iii) any obligations of the Selling Shareholder under Article 16 for a period of one (1) year after the date of such sale; and (iv) liability for breach of any representations and warranties of the Selling Shareholder under this Agreement; and provided, further, that such termination shall not affect the Restated Licenses or other agreements, except to the extent expressly stated otherwise therein.

Article 6.

GENERAL MEETINGS AND RESOLUTIONS

General meetings of the Shareholders shall be held in Ahmedabad, India and shall be convened by the Chairman of the Board or a majority of the Directors or as set out in the Articles of Association of CPLB. The Chairman of the Board shall notify the Shareholders of the meeting at least twenty-one days (21) days in advance by facsimile and letter to their address on the records of CPLB.

Article 7.

BOARD OF DIRECTORS

7.1. **Number, Nomination and Removal**. The Board of Directors of CPLB (the **"Board"**) consists of seven (7) members (**"Directors"**).

7.1.1. Cadila has nominated three (3) of the Directors, including the Chairman of the Board (the **"Cadila Directors"**), and Novavax has nominated two (2) Directors (the **"Novavax Directors"**). In the event a Director is unable to attend a duly called meeting of the Board, the applicable Party shall have the right to appoint an alternate director to attend such meeting by providing prior written notice to the other Parties.

7.1.2. Each Initial Shareholder may nominate a Director, and may seek removal of a Director whom it nominated, by giving notice to CPLB and the other Party(ies). The appointment or removal of Directors under this subsection 7.1.2 takes effect on the date on which such Director is appointed or his resignation is accepted at the meeting of the Board of Directors.

7.1.3. The Initial Shareholder seeking removal of a Director pursuant to this Section 7.1 shall indemnify and keep indemnified CPLB against any claim connected with the Director's removal from office.

7.2. **Meetings.** The Board shall meet at least four (4) times in Ahmedabad, India, or at such other place as the Board may determine. Meeting dates shall be determined by the Board. Thirty (30) days prior written notice of the time, date, place and agenda of each meeting of the Board (the **"Board Meeting Notice"**) shall be given by CPLB to each Director at his/her address as supplied to CPLB. A meeting of the Board may be convened on notice shorter than thirty (30) days but at least seven (7) days in advance in cases where all Directors so agree in writing. Board Meeting Notices shall be sent by facsimile or email and confirmed by letter except that in the case of Directors not residing in India, Board Meeting Notices shall be given by courier or registered letter against receipt.

7.2.1. The required quorum for any meeting of the Board shall be a minimum of one (1) Cadila Director and a minimum of one (1) Novavax Director. No business of CPLB shall be conducted at any Board meeting unless a quorum is present at the beginning of the meeting and at the time when there is to be voting on any business. In case a Board meeting could not be held due to a lack of quorum, the meeting shall automatically stand adjourned to the thirtieth (30^{th}) day (or an earlier date as mutually agreed by all Shareholder Parties) following the date of adjournment at the same time and place, or if that day is a national holiday, till the next succeeding day, which is not a national holiday, at the same time and place.

7.2.2. A meeting of the Board may also be adjourned to another time or date at the request of the majority of the Directors present at the meeting. No more than one such adjournment may be made in respect of a meeting.

7.2.3. The Directors shall be permitted to invite to attend a meeting of the Board any person who is not a Director, but is required to attend to fully brief the Directors on the operational and financial status of or other matters of significance to CPLB.

7.2.4. Minutes of each Board meeting shall be dispatched by CPLB to all Directors within Three (3) weeks after the meeting.

7.3. **Board Approval.** On any matter requiring Board approval, each Director shall have one vote. In the event that the Board does not reach a unanimous decision with respect to a matter, the matter shall be referred to the Chief Executive Officers of Cadila and Novavax. The Chief Executive Officers, each acting in their sole discretion, shall seek to resolve the issue. If the Chief Executive Officers are unable to resolve the issue within five (5) business days after the matter is referred to them, then a majority of the Board, including the Chairman of the Board, shall determine the matter, except for the matters specified in Schedule 7.3, which shall require unanimous approval of the Shareholders and the Directors.

7.4. **Written Consent.** Subject to the limitations provided in The Companies Act, the Board shall be entitled to adopt resolutions without convening a meeting, and such resolutions shall in all respects have the same effect as resolutions adopted in a convened meeting, provided that all Directors were notified of the proposed resolution(s) in writing and approved such resolution(s) in writing. Such resolution(s) shall be produced and recorded at the next duly convened meeting of the Board.

Article 8.

STEERING COMMITTEE

8.1. **Steering Committee.** Within thirty (30) days after the Effective Date, the Initial Shareholders and CPLB shall form the **"Steering Committee"** to have oversight and review responsibility for CPLB's research, development and commercialization of Products. The Steering Committee shall report to the Board and shall consist of two (2) representatives of each Initial Shareholder and of CPLB. It is the intent that such representatives will be relevant function heads or senior management in the respective organizations. A Party may change its representatives from time to time upon written notice to the other Parties. The operation and authority of the Steering Committee shall be as follows:

8.1.1. Subject to the Restated Licenses, CPLB shall prepare a plan for the research, Development and/or Commercialization of each Product based on criteria to be determined by the Steering Committee, which plan(s), and amendments thereto, are subject to the approval of the Steering Committee. The Steering Committee shall periodically review such plan(s) from a strategic and operational perspective to monitor CPLB's progress under such plan(s) and to determine whether the Parties are meeting their commitments, if any, of both human and financial support for the research, Development and Commercialization of Products.

8.1.2. The Steering Committee shall meet at least once in each calendar quarter at a time and place to be determined by the Steering Committee. CPLB shall give thirty days' prior written notice containing the agenda, time and place of each meeting to the Initial Shareholders. Non-voting participants may attend meetings of the Steering Committee as mutually agreed by the Initial Shareholders and CPLB. CPLB will bear all expenses associated with attendance of its employees at any in-person meetings. Any conference call meeting will be held by means of telephone conference or similar communications equipment through which all participants can hear each other. CPLB shall prepare minutes of each meeting, which CPLB shall distribute to the Initial Shareholders for review and approval within thirty (30) days following such meeting.

8.1.3. Decisions of the Steering Committee shall be made by unanimous vote, with the representatives of each Initial Shareholder and CPLB having one collective vote. If the Steering Committee is unable to reach a unanimous vote on any issue, then the issue shall be referred to the Board, whose decision shall control the matter in accordance with the terms of this Agreement.

Article 9.

OFFICERS AND EMPLOYEES

9.1. **Executive Officers.** The Board shall appoint the senior management of CPLB, including its President and Chief Executive Officer, Chief Financial Officer and Company Secretary (the **"Executive Officers")**. The President and Chief Executive Officer shall be responsible for the day-to-day business of CPLB. Each Executive Officer shall perform the functions set forth under The Companies Act and shall represent CPLB in accordance with the management policies as may be decided and approved by the Board of Directors. The Executive Officers will be based in Ahmedabad, India and shall report to the Board of Directors. Each Executive Officer's terms of appointment, remunerations, powers, duties, obligations, restrictions and authorities will be pursuant to the written agreement between CPLB and such officer.

9.2. **Employees and Benefits.** CPLB shall employ its own staff and shall be responsible for the salaries, wages or bonuses paid to, employee benefits made available to, and business expenses incurred by, its employees and for the actions or omissions of such employees in their capacity as employees of CPLB. CPLB shall fully indemnify and keep indemnified the Shareholders against all losses, damages, actions, proceedings, costs, claims, demands, awards, fines, orders, expenses and liabilities whatsoever (including but not limited to salaries, wages, bonuses and other emoluments, all statutory contributions and all income tax and national insurance contributions) in relation to the employees arising directly or indirectly out of or in connection with their employment by CPLB.

Article 10.

RELATED PARTY TRANSACTIONS

10.1. No **"related party"** (as such term is defined The Companies Act), Initial Shareholder or other Shareholder holding more than ten percent (10%) or subsidiary, associate, holding or other Affiliate of such Shareholder, or any person acting on behalf of any of the foregoing (each a **"Related Party"**) may directly or indirectly engage in any transaction (including without limitation the purchase, sale, lease, license, or exchange of any property, lending of funds, rendering of any service, establishment of any salary, other compensation or other terms of employment, purchase of any stock or security, or any business combination) with CPLB (a **"Related Party Transaction"**); provided, however, notwithstanding that it may constitute a conflict of interest, a Related Party Transaction may be consummated if (i) the Board has approved the transaction in accordance with the Article 7; (ii) the Related Party Transaction is not expressly prohibited by this Agreement; (ii) the Related Party Transaction is on terms that are on an arm's length basis; and all non-interested Shareholders have given prior written consent.

Article 11.

BOOKKEEPING, ACCOUNTING AND REPORTING

11.1. **Records.** The books and records of CPLB shall at all times be accurately, completely and consistently maintained in English in accordance with Institute of Chartered Accountants of India (ICAI). Each Shareholder or its duly authorized representative(s) shall have the right, to review and examine the books and records of CPLB for any legitimate purpose related to the Business or this Agreement at any time during normal business hours in a manner not disruptive to CPLB. In addition, CPLB shall submit to the Initial Shareholders, on a quarterly basis (within 45 (Forty Five) days after the end of each Financial Year quarter) or upon request, copies of all of Board and Shareholder meeting minutes, resolutions and other consent documents.

11.2. **Quarterly Reports.** CPLB shall provide to each Initial Shareholder, on a quarterly basis (within 45 (forty five) days after the end of each Financial Year quarter) or upon request, reports on the financial status of CPLB including balance sheet, profit and loss statement and cash flow statements (the **"Financial Statements"**). Upon request of Novavax, CPLB will provide the Financial Statements based on Indian Accounting Standards (Ind AS).

11.3. **Auditor(s).** Unless otherwise agreed by the Initial Shareholders, CPLB shall have one (1) or more statutory auditor/s. The statutory auditor shall have the powers and duties specified under Laws. The Initial Shareholders agree to vote their Common Shares to cause the appointment of auditor or auditors mutually agreed to by such Shareholders.

Article 12.

DIVIDENDS

The dividend on shares shall only be declared or paid by CPLB for any Financial Year out of the profits of CPLB for that Financial Year, arrived at after providing for depreciation as required under The Companies Act or out of the undistributed profits of CPLB for previous Financial Years, arrived at after providing for depreciation as required under The Companies Act. The Board will (i) normally follow prudent corporate practice of distribution of about [* * *] of the distributable profits for the year after providing for depreciation as a dividend and (ii) consider the Business Plan and the needs of the Business before recommending any dividends.

Article 13.

TAXES

All income taxes payable under the Laws required to be paid by a Party arising out of or in connection with this Agreement shall be for the account of that Party. Any sum required under Laws to be withheld by CPLB for the account of the relevant Party from payments due to that Party hereunder shall be withheld and promptly paid by such CPLB to the competent tax authorities.

Article 14.

CONFIDENTIALITY

14.1. **Definition.** For purposes of this Agreement and the License Agreements, and subject to the exclusions set forth below, **"Confidential Information"** means any information (including, but not limited to, Know-How) disclosed by any Party under this Agreement, the Restated Licenses, First Restated JV Agreement and the Original Ancillary Agreements (collectively, the **"Collective Agreements"**) to the extent (A) marked or identified in writing as Confidential Information by the disclosing Party (upon or within thirty (30) days of initial disclosure) or is of a type, and is disclosed under circumstances, for which the recipient would reasonably be expected to know such information is confidential in nature, and (B) relating to the Business or disclosed for the purpose of entering into the Business, forming CPLB or conducting the Business. The provisions of the Collective Agreements shall be considered Confidential Information of each Party. Confidential Information shall in any event exclude any such information which (i) is or becomes publicly available through no fault of the receiving Party; (ii) is lawfully obtained from third parties who received such information or from a person or entity that was not bound by an obligation not to disclose such information; or (iii) is or becomes known or developed by the receiving party independently of (and without use of or reference to) the Confidential Information of the disclosing party.

14.2. Protection of Confidential Information. Each Party agrees that it shall at no time, either during or after the term of this Agreement and the Restated License Agreements, use, publish or disclose to any third party any Confidential Information of any other Party, except as and to the extent expressly authorized under this Agreement. The receiving Party agrees to use the same degree of care to protect the confidentiality of the disclosing Party's Confidential Information which the receiving Party uses to protect its own confidential or proprietary information of a similar nature, but in no event shall the receiving Party use less than reasonable care. Disclosures of Confidential Information amongst the Parties shall be restricted to only such Party(ies) having a need or right to know.

14.3. Permitted Use and Disclosure. Each Party shall have the right to use any Confidential Information disclosed to it hereunder for purposes of exercising any rights or licenses granted to under the Collective Agreements and for purposes of performing any of its obligations thereunder (which, for CPLB, shall include the right of CPLB to use such Confidential information for the Business). Furthermore, the receiving Party shall have the right to disclose the disclosing Party's Confidential Information (i) to applicable patent offices solely for the purpose of filing, prosecuting and maintaining Patents, (ii) to applicable regulatory authorities for the purpose of filing and pursuing regulatory approvals, (iii) as necessary to the extent to prosecute or defend litigation, (iv) to employees, directors, consultants, contractors, agents, permitted sublicensees, licensees, professional advisors and commercial partners who are bound by obligations of confidentiality and non-use at least as protective as those contained herein and solely for purposes of the Business (or otherwise to exercise rights or licenses or to perform obligations under the Collective Agreements).

14.4. Disclosure Required by Laws. This Article 14 shall not restrict or limit the use or disclosure of Confidential Information to the extent required by Laws, including the rules and regulations of a stock exchange or stock market; provided, however, that, to the extent practicable, the receiving Party required to make such disclosure shall promptly notify the applicable disclosing Party prior to making any such disclosure and shall provide reasonable cooperation to the disclosing Party of such information, at the disclosing Party's expense, to assist the disclosing Party in seeking a protective order or other appropriate remedy; and provided, further, that if such protective order or other remedy is not obtained in a timely manner, the Party required to make such disclosure shall disclose only that portion of the information which it is legally required to disclose as advised by legal counsel, and shall exercise its reasonable best efforts, in consultation with the disclosing Party of such information, to obtain assurance that confidential treatment will be accorded such information to the extent permitted by Laws. In addition, the Parties recognize that Novavax is a publicly traded company and, as such, is subject to requirements under the U.S. federal securities laws and regulations to make periodic filings with the U.S. Securities and Exchange Commission which may include information about this Agreement, the Novavax Restated License and CPLB's activities.

Article 15.

TERM, TERMINATION AND EVENTS OF DEFAULT

15.1. **Term.** This Agreement will terminate upon the liquidation, dissolution or winding up of CPLB unless terminated earlier in accordance with this Article 15.

15.2. **Events of Default by Shareholder.** A Shareholder shall be deemed to have delivered a Transfer Notice with respect to all of its Common Shares to the other Shareholder(s), and the other Shareholder(s) shall have the right to purchase such Common Shares in accordance with the procedures set forth in Section 5.2, upon happening of any of the following events of default:

15.2.1. It commits a material breach of any obligation under this Agreement and fails to remedy such breach within sixty (60) business days of notice to remedy the breach delivered by any other Party, which notice shall set forth in reasonable detail the nature of such breach;

15.2.2. A Bankruptcy event has been established with respect to such Shareholder;

15.2.3. Such Shareholder entering into liquidation or dissolution (or such other similar thing in any other jurisdiction) (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction); or

15.2.4. Unless otherwise agreed by all the Shareholders, any Change in Control of any Shareholder. For the purposes of this paragraph, a **"Change in Control"** means (a) the sale of all or substantially all of the assets or business of the Shareholder, or (b) any merger, consolidation, recapitalization, or business combination of the Shareholder, or (c) the sale of capital stock or other equity securities of the Shareholder, or (d) any other transaction or series of transactions; provided that for each of (b) through (d), the result of which is that the stockholders of the Shareholder prior to such transaction do not, immediately following any such transaction(s), directly or indirectly hold voting securities of the surviving or purchasing entity sufficient to elect a majority of the board of directors of such surviving or purchasing entity.

15.3. **Deemed Transfer Notice.** The deemed Transfer Notice has the same effect as a Transfer Notice, except that:

15.3.1. The valuation of the shares held by the defaulting Shareholder, and the price to paid by any Shareholder exercising its right to buy such Common Shares, shall be determined in accordance with Section 15.4;

15.3.2. The defaulting Shareholder does not have a right of withdrawal following a valuation;

and

15.3.3. On the completion of any sale in accordance with this Article 15, any other Shareholder is not required to procure the discharge of any security given by the defaulting Shareholder or to procure the release of any debts of CPLB to it.

15.4. Valuation of Common Shares to be Transferred. The valuation of shares to be transferred under this Article 15 to the other Shareholders shall be determined as follows:

15.4.1. The transferring Shareholder shall select an investment bank of international reputation and the other Shareholder(s) shall together select another investment bank of international reputation, and each investment bank shall determine the fair market value of the Common Shares in accordance with Section 15.5 below and deliver its written valuation to the Shareholders within thirty (30) days after the date of the deemed delivery of the Transfer Notice under Section 15.2.

15.4.2. In the event the two investment banks do not agree on a fair market value, the fair market value shall be the average of the two valuations, except that if the two valuations differ by an amount greater than ten percent (10%), the two investment banks shall select a third investment bank of international reputation. The third investment bank shall not have performed services for any Party within the three (3) years preceding its appointment. Such third investment bank shall independently determine the fair market value of the Common Shares in accordance with Section 15.5 below and without knowledge of the valuation of the other two investment banks within thirty (30) days of appointment. The fair market value of the Common Shares shall then be the average of the two valuations that are closest to each other and the other valuation shall be disregarded.

15.4.3. Each Shareholder shall pay the fees and expenses incurred in connection with the valuation by the investment bank selected by it. The Shareholder(s) who appointed the investment bank whose valuation was disregarded shall pay the fees and expenses incurred in connection with the valuation by the third investment bank, unless the valuation of the third investment bank was disregarded, in which case the transferring Shareholder and the other Shareholder(s) shall each pay its pro rata portion of all fees and expenses incurred in connection with the valuation by the third investment bank. Such pro rata portion shall be based on each Shareholders percentage ownership in all of the Common Shares held by all Shareholders.

15.5. Valuation Methodology. Each investment bank shall base its valuation on the assumption the (i) the sale is between a willing seller and a willing buyer; (ii) the Common Shares are sold free of all restrictions, liens, charges and other encumbrances; and (iii) the sale is taking place on the date on which the valuation of the Common Shares is determined.

15.6. Termination by Initial Shareholders. Either Initial Shareholder may terminate this Agreement if:

15.6.1. Bankruptcy Event has been established with respect to the other Initial Shareholder or CPLB;

15.6.2. CPLB entering into liquidation or dissolution (or such other similar thing in any other jurisdiction) (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent, amalgamate or reconstruction); or

15.6.3. CPLB commits a material breach of an obligation under this Agreement or the applicable Restated License that directly and adversely affects such Initial Shareholder and fails to remedy such breach within sixty (60) business days of notice to remedy the breach delivered by such Initial Shareholder, which notice shall set forth in reasonable detail the nature of such breach.

Article 16.

RESTRICTIONS ON THE PARTIES

16.1. **Non-Interference.** Each Party hereby further agrees and undertakes that during the term of this Agreement it shall not, and shall procure that its Affiliates shall not, whether directly or indirectly, by themselves or in association with or through any person, in any manner whatsoever do or undertake or attempt to do or undertake any of the following activities:

16.1.1. Tender for, canvass, solicit, entice away from CPLB and/or any of its Affiliates, any person who is or was an employee of CPLB and/or such Affiliate during the twelve (12) month period preceding the termination of this Agreement, whether or not such employee would commit a breach of contract by reason of such act; or

16.1.2. Induce, procure or endeavour to induce any person who was an employee of CPLB and/or any of its Affiliates to leave the service of, or cease to provide service to, CPLB or such Affiliate; or

16.1.3. Provide or offer positions of employment/consultancy or any managerial, financial participation to any then current employee of CPLB and/or any of its Affiliates; or

16.1.4. Otherwise interfere in any manner with the contractual, employment or other relationship of any employee of CPLB and/or any of its Affiliates on the one hand and CPLB and/or any of its Affiliates on the other hand; or

16.1.5. Solicit or entice away from dealing with CPLB, any person who is or was at any time a customer or supplier of CPLB.

16.2. **Enforceability.** Each of the covenants in this Article 16 is considered fair and reasonable by the Parties, but if any such restriction shall be found to be unenforceable but would be valid if any part of it were deleted or the period or area of application reduced, the restriction shall apply with such modifications as may be necessary to make it valid and effective.

16.3. **Applicability to Group.** Each Party shall, to the extent that it is able to do so, exercise all voting rights and other powers in relation to persons in its Group to procure that such persons comply with the terms of this Article 16.

16.4. **Former Employees.** Except as expressly set forth herein, the provisions of this Article 16 shall not apply to a Party with respect to any former employee of such Party.

Article 17.

REPRESENTATIONS AND WARRANTIES

17.1. **Representations by All Parties.** Each Party hereby represents and warrants to the other Parties that, as of the Effective Date:

17.1.1. It is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization and has the corporate power to enter into this Agreement and to perform its obligations hereunder;

17.1.2. It has obtained all corporate authorisations and approvals necessary to execute and to deliver this Agreement and to perform its obligations thereunder and hereunder; and

17.1.3. The execution, delivery and performance of this Agreement and any other agreement that is contemplated by this Agreement by it does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, nor violate any Laws of any governmental authority having jurisdiction over it.

17.2. Representations by CPLB. CPLB hereby represents and warrants that, as of the Effective Date:

17.2.1. It is duly qualified to do business in the jurisdiction(s) where it operates and has the corporate power to own its property, conduct the Business and enter into the Restated Licenses (and any other agreements between CPLB and one or more of the Parties contemplated by this Agreement) and perform the obligations thereunder;

17.2.2. It has obtained all material licenses, permissions, authorisations and consents required for carrying on the Business effectively in the places and in the manner in which such Business is carried on prior to the Effective Date. Such licenses, permissions, authorisations and consents are in full force and effect, are not limited in duration or subject to any unusual or onerous conditions and have been complied with in all respects. There are no circumstances which indicate that any such licenses, permissions, authorisations or consents will or are likely to be revoked or not renewed, in whole or in part, in the ordinary course of events (whether as a result of the Agreement or otherwise);

17.2.3. It is not, nor will it be, engaged in any activity in which foreign investment by a non-resident is prohibited;

17.2.4. Other than CPL Biologicals US, LLC., it does not have any subsidiaries within the meaning of Section 2 (87) of The Companies Act nor own any direct or indirect shareholding interest in any other entity or body corprate;

17.2.5. Its statutory books, minute books, register of members and other registers, as required under any Laws, have been properly and accurately maintained in all material respects and contain full and accurate records of all matters required to be entered under Laws, including all issuances and transfers of its shares or other securities and, as regards minutes books, all resolutions passed by the Directors and its Shareholders;

17.2.6. The only Shareholders of CPLB are Cadila and Novavax;

17.2.7. There are no options, agreements or understandings (exercisable now or in the future and contingent or otherwise) which entitle or may entitle any person to create or require to be created any encumbrance over any of the Common Shares once issued by CPLB. Other than as contemplated by this Agreement, there is no agreement, arrangement, scheme or obligation requiring the creation, allotment, issue, transfer, redemption or repayment of, or the grant to a person of the right (conditional or not) to require the allotment, issue, transfer, redemption or repayment of, any Common Shares in the share capital of CPLB (including an option or right of pre-emption); and

17.2.8. All of the issued and paid-up Common Shares are, or when issued, sold and delivered in accordance with the terms of this Agreement will be, duly authorized, validly issued, and free of pre-emptive rights (except as expressly set forth herein).

17.3. Indemnification. Each Party will indemnify, defend and hold harmless the other Parties from and against any and all liability, loss, damage or expense (including without limitation reasonable attorneys' fees) they may suffer as the result of any third party claims, demands and actions (collectively, **"Losses"**) to the extent such Losses result from the breach of any of the representations or warranties set forth in this Article 17.

17.4. No Other Warranties. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, NO PARTY MAKES (AND EACH PARTY HEREBY EXPRESSLY DISCLAIMS) ANY OTHER REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, NONINFRINGEMENT, OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY WARRANTIES THAT MAY ARISE FROM COURSE OF PERFORMANCE, COURSE OF DEALING, OR USAGE OF TRADE.

Article 18.

DISPUTE RESOLUTION

18.1. Arbitration. Any dispute arising amongst the Parties out of or in connection with the implementation or interpretation of this Agreement shall, if not settled amicably within ninety (90) days from the date that the dispute arose, be finally settled by three (3) arbitrators. The claiming Party and responding Party shall each appoint one (1) and the two (2) so appointed shall appoint the third arbitrator in accordance with the Indian Arbitration and Conciliation Act, 1996 as at present in force. If there are more than one claiming Party and/or responding Party, such parties shall jointly appoint their one (1) allotted arbitrator. The language of the arbitration proceedings shall be English and its place shall be Singapore. The arbitral award or determination shall be final and subject to no appeal and shall deal with the question of costs of arbitration and all matters related thereto.

18.2. Injunctive Relief. The Parties agree that it would be impossible or inadequate to measure and calculate their damages from any breach of the Agreement though great and irreparable. Accordingly, each Party agrees that if the any other Party breaches this Agreement, each non-breaching Party will have available, in addition to any other right or remedy available, the right to obtain an injunction from a court of competent jurisdiction restraining such breach or threatened breach and specific performance of any provision of this Agreement.

Article 19.

MISCELLANEOUS

19.1. **Governing Law.** This Agreement shall be governed by and construed in accordance with the Laws of India.

19.2. **Compliance with Laws.** Each Party shall comply with all Laws in the performance of this Agreement and the Restated Licenses.

19.3. **Force Majeure.** No Party shall be in default of this Agreement by reason of its failure or delay in complying with its obligations under this Agreement if such failure or delay is caused by matters out of its reasonable control, including but not limited to acts of God, changes in Laws, strikes, lock-outs, fire, riots, or civil war or civil commotion; provided that such Party gives the other Parties prompt written notice of the failure or delay in performance and the reason therefor and uses its reasonable efforts to limit the resulting failure or delay in its performance.

19.4. **Limitation of Liability.** In no event shall any Party be liable under any theory of liability (whether in contract, tort, statute or otherwise) for any indirect, special, exemplary, punitive, incidental or consequential damages of any kind, or for any loss of profits, loss of revenue, loss resulting from interruption of business or loss of use or data, arising out of or relating to this Agreement or the subject matter hereof, however caused, even if the other Parties has been advised of or should have known of the possibility of such damages.

19.5. **Notice.** Any notice, request, demand, waiver, consent, approval or other communication permitted or required under this Agreement (**"Notice"**) will be in writing, will refer specifically to this Agreement and will be deemed given only if sent by facsimile transmission (with transmission confirmed) or by an internationally recognized delivery service that maintains records of delivery, addressed to the Parties at their respective addresses specified on the signature page hereto or to such other address as the Party to whom notice is to be given may have provided to the other Party in accordance with this Section 19.5. Such Notice will be deemed to have been given on the second Business Day (at the place of delivery) after deposit with an internationally recognized delivery service. This Section 19.5 is not intended to govern the day-to-day business communications necessary between the Parties in performing their obligations under the terms of this Agreement.

19.6. **Waiver.** No amendment or waiver of any provision of this Agreement, and no consent to any departure therefrom, shall be effective unless the same shall be in writing and signed by an authorized representative of each Party, and such waiver or consent shall be effective only for the specific purpose for which it is given. No failure on the part of a Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies provided for in this Agreement are cumulative and are not exclusive of any remedies provided for by Laws.

19.7. **Severability.** If any of the provisions of this Agreement are found to be inconsistent with, or void under, Laws, the validity of the remaining provisions shall not thereby be affected. In such a case the Parties shall re-negotiate the ineffective provision in good faith in order to replace it with a provision affording the same rights, obligations and economic benefits to the Parties as the ineffective provision.

19.8. **Entire Agreement.** This Agreement and the documents executed and delivered on the date of the Original Joint Venture Agreement and the First Restated JV Agreement pursuant thereto or in connection therewith, contain the entire agreement among the Parties with respect to the matters addressed herein and therein and supersede all prior representations, inducements, promises or agreements, oral or otherwise, which are not embodied herein or therein.

19.9. **No Assignment.** Except in connection with a Transfer of Common Shares expressly permitted hereunder, this Agreement and all rights and obligations hereunder may not be transferred or assigned by any Party to any person without the prior written consent of the other Parties. Any transfer or assignment without such consent shall be null and void.

19.10. **Amendment.** The Parties will have the right to amend, modify and change the terms and conditions of this Agreement by way of a separate agreement which will be made part of this Agreement; provided, however, that this Agreement may be amended from time to time without such separate agreement as necessary to reflect (i) the admission to CPLB of one or more new Shareholders in accordance with this Agreement, or any other adjustments in the ownership interests of the Shareholders in connection with capital contributions or as otherwise appropriate in accordance with the terms and conditions of this Agreement or (ii) any decrease or increase in the authorized share capital in accordance with Article 4.

19.11. **No Employment Agreement.** Nothing in this Agreement shall confer upon any person any right to be employed or to continue employment by CPLB or any person in its Group or to interfere in any manner in any right of CPLB or any person in its Group to terminate such employment at any time.

19.12. **Further Assurances.** Each Party agrees to execute, deliver and file or cause to be executed, delivered and filed such further documents and instruments, and to obtain such consents, authorizations and approvals from governmental authorities and other third parties, as may be reasonably required to effectuate the terms and conditions of this Agreement.

19.13. Any acts, deeds or any thing which is not covered under this agreement pertaining to CPLB, and its technical, commercial or any other acitvities shall be discussed by the parties separately at the relevant point of time and shall be reduced to writing and signed by way of separate agreement, wherein such agreement shall form part of this agreement.

19.14. The shareholders hereby agree and undertake to ensure that their, their representatives, proxies, and agents representing them at meetings of shareholders shall at all times exercise their votes in respect of shares in such manner so as to comply with, and to fully and effectually implement, the provisions of this Agreement.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day, month and year first above written.

Novavax, Inc.

By : /s/ Stanley C. Erck
Stanley C. Erck
President & CEO

Cadila Pharmaceuticals Limited

By : /s/ Dr. Rajiv I Modi
Dr. Rajiv I Modi
Chairman & Managing Director

CPL Biologicals Private Limited

By : /s/ Dr. Rajiv I Modi
Dr. Rajiv I Modi
Chairman

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT A

DEFINITIONS

1. **"1% Redeemable Preference Shares"** means those authorized Shares (up to [* * *] par value of rupees ten (R 10) which number may be increased and issued by resolution of the Board, and which shall have a 1% dividend, redeemable no sooner than [* * *]. It is understood that 1% Redeemable Preference Shares do not have voting rights and may only be converted to Common Shares by a unanimous vote of the Board. As of the Effective Date, CPLB has issued and may continue to issue 1% Redeemable Preference Shares to Cadila pursuant to Cadila's subscription and contribution of finacing to CPLB of up to cash Rupees 300,000,000 (or 30 Crore) as described in the Addendum.

2. **"Acceptance Notice"** shall have the meaning described in Section 5.2.1.

3. **"Addendum"** means that certain Addendum to the First Restated JV Agreement dated as of March 16, 2015.

4. **"Additional Vaccine Candidates"** means vaccine candidates against the four (4) target organisms described on Schedule A-4 attached hereto, as amended by mutual agreement of Novavax and Cadila, to be constructed by a collaboration of Novavax and CPLB for CPLB's Development and Commercialization under the Novavax Restated License, which shall not, in any event, include any vaccine product against respiratory syncytial virus (RSV), and which CPLB may Develop and Commercialize in the Novavax Product Territory. Novavax may collaborate with CPLB to develop other Additional Vaccine Candidates for CPLB on terms and conditions to be mutually agreed by Novavax and CPLB, which shall thereafter be included in an amended Schedule I to the Novavax Restated License.

5. **"Additional Securities"** means any options, rights, warrants or other instruments to purchase Shares, or securities convertible into or exchangeable directly or indirectly for Shares (including any newly created class or series).

6. **"Affiliate"** means any corporation or other business entity controlled by, controlling, or under common control with a Party, with "control" (for purposes of this Section 1.1.1 only) meaning (a) direct or indirect beneficial ownership of fifty percent (50%) or more of the voting stock (or, in the case of a non-corporate entity, of the equity interests with the power to direct the management and policies) of such corporation or other business entity, or (b) possession, directly or indirectly, of the power to direct, or cause the direction of, the management and policies of such corporation or other business entity, whether through the ownership of voting securities, by contract, or otherwise; provided that for purposes of this Agreement, neither Novavax nor Cadila shall be deemed to be an Affiliate of CPLB.

7. **"Bankruptcy Event"** means, with respect to a Party, (i) the filing by such Party in any court or agency, pursuant to any statute or regulation of any state or country, a petition in bankruptcy or insolvency or for reorganization or for an the appointment of a receiver or trustee of such other Party or of its assets, (ii) the filing against such Party of an involuntary petition for any bankruptcy or insolvency proceeding which petition is not dismissed within sixty (60) days after filing, (iii) the making by such Party of an assignment for the benefit of its creditors, (iv) the taking of possession of a substantial part of the assets of such Party by a lien holder or other encumbrancer, or (v) the levy or enforcement of any distress, execution or other process upon or against a substantial part of the assets of such Party.

8. **"Board"** shall mean the Board of Directors of CPLB.

9. **"Board Meeting Notice"** shall have the meaning described in Section 7.2.

10. **"Business"** has the meaning provided in Article 3.

11. **"Business Plan"** means at any given time, business plan and budget at an industry-appropriate level of detail, that includes a plan and budget for strategy, sales, expenses, profit and loss, capital expenditure and cash flows of CPLB for the Financial Year to which it relates and the subsequent two (2) Financial Years and any other matters or factors that are determined by the Board of Directors to be relevant and pertinent. It is expected that the Business Plan will include a management report detailing objectives for the Financial Year and evaluating performance and variations. A Business Plan shall be prepared under the guidance of the President and Chief Executive Officer of CPLB and shall be considered official when approved by the Board of Directors.

12. **"Cadila Original License"** has the meaning assigned to such term in the Recitals.

13. **"Cadila Product Territory"** means the Territory.

14. **"Cadila Products"** means Cadila Transferred Products and Cadila Royalty Products

15. **"Cadila Transferred Product"** means the following Products licensed to CPLB under the Cadila Restated License Agreement for Development and Commercialization in the Cadila Product Territory: (i) Cadila's vaccine product known as Cadi-05 for all uses and indications claimed by Patents Controlled by Cadila during the term of this Agreement, and (ii) Cadila's adjuvant known as Mycobacterium W immuvac for use with therapeutic vaccines against cancer and for all other uses and indications claimed by Patents Controlled by Cadila during the term of this Agreement.

16. **"Cadila Royalty Product"** means the following products (i) Cadila's erythropoietin G-CSF product, hyaluronic acid product, goat lung surfactant extract product, and streptokinase product that are generic versions of approved biologic pharmaceutical products (excluding in any event any small molecule products, generic or otherwise), (ii) the following Cadila biological diagnostic products: the Typhigen Kit, the ELIK HIV kit, the ELIK HCV kit, the CADISPOT1&2 HIV kit and the NEVA HIV kit; and (iii) any other biological product claimed by Patents Controlled by Cadila during the term of this Agreement.

17. **"Cadila Restated License"** means the restated Amended and Restated Cadila Product License of even date hereof between CPLB and Cadila.

18. **"Change in Control"** means (a) the sale of all or substantially all of the assets or business of an entity, or (b) any merger, consolidation, recapitalization, or business combination of an entity, or (c) the sale of capital stock or other equity securities of an entity, or (d) any other transaction or series of transactions; provided that for each of (b) through (d), the result of which is that the stockholders of an entity prior to such transaction do not, immediately following any such transaction(s), directly or indirectly hold voting securities of the surviving or purchasing entity sufficient to elect a majority of the board of directors of such surviving or purchasing entity.

19. **"Collective Agreements"** shall have the meaning described in Section 14.1.

20. **"Commercialize"** o r **"Commercialization"** means all activities undertaken before and after Regulatory Approval (including pricing and reimbursement approvals) for a particular Product that relate to the commercial marketing and sale of such Product including but not limited to advertising, sales, marketing, promotion, distribution, and Phase 4 (post-licensure) clinical trials.

21. **"Common Share"** means means those Shares, par value of rupees ten (Rs.10) representing the equity of CPLB.

22. **"Completion Period"** shall have the meaning described in Section 5.2.1.

23. **"Confidential Information"** shall have the meaning described in Section 14.1.

24. **"Control"** or **"Controlled"** means with respect to any intellectual property rights, possession a party, as applicable, of the right, whether directly or indirectly, and whether by ownership, license or otherwise, to assign, grant the right to use, or grant a license, sublicense or other right to or under such intellectual property right without violating the terms of any agreement or other arrangement with any third party.

25. **"CPLB Discovered Candidates"** means vaccine candidates, other than Existing Vaccine Products and Additional Vaccines Candidates, developed by CPLB, its Affiliate or its sublicensees through the indirect or direct use of any Novavax Technologies for Development and Commercialization in the Novavax Product Territory; provided that in no event shall such definition include any vaccine product against RSV.

26. **"CPLB ROFN Products"** the (i) Novavax Products and (ii) any other Product that can be used as a vaccine however, under no circumstances shall the influenza VLP and Rabies three dose vaccine products be deemed CPLB ROFN products.

27. **"Develop"** or **"Development"** means the performance of all non-clinical, pre-clinical and clinical development, manufacturing and regulatory activities for a Product that are required to obtain Regulatory Approval of a Product in the Territory.

28. **"Director"** shall mean a member of the Board of Directors of CPLB.

29. **"Effective Date"** means November 30, 2017.

30. **"Executive Officers"** means the President and Chief Executive Officer, Chief Financial Officer and Company Secretary of CPLB.

31. **"Exempt Issuances"** shall have the meaning described in Section 4.5.5.

32. **"Existing Vaccine Products"** means the following Products licensed to CPLB under the Novavax Restated License Agreement for Development and Commercialization in the Novavax Product Territory: (i) seasonal influenza virus-like particle vaccine (Cadiflu-S), (ii) monovalent seasonal influenza virus-like particle vaccine (Cadiflu), (iii) three-dose rabies nanoparticle vaccine (NanoRab), [* * *].

33. **"Financial Year"** means a financial accounting period of twelve (12) months beginning on April 1.

34. **"First Restated JV Agreement"** has the meaning assigned to such term in the Recitals above.

35. **"Group"** in relation to a person or entity means any direct or indirect wholly owned subsidiary of such person or entity. The term "Group" shall also include Affiliates of Cadila consisting of the family member of the promoters, their Hindu undivided families (HUFs), family trust and closely held companies owned by the family members and trusts either singly or jointly.

36. **"Initial Shareholder"** means when used in the singular either Cadila or Novavax, and wherever used in the plural means Cadila and Novavax. Reference to an Initial Shareholder shall include its successors in title and permitted assigns.

37. **"Intellectual Property Rights"** means Know-How, Patents and any and all other intellectual property.

38. **"Investment Ratio"** means the Initial Shareholders' ratio of Shares held on a fully diluted basis (excluding the 1% Redeemable Preference Shares) vis-à-vis each other of [* * *] (Cadila) to [* * *] (Novavax) ([* * *]) as adjusted in accordance with Section 4.5.4.

39. **"Issuance Notice"** shall have the meaning described in Section 4.5.1.

40. **"Know-How"** means all tangible and intangible (a) techniques, technology, practices, trade secrets, inventions (whether patentable or not), methods, protocols, processes, formulas, knowledge, know-how, skill, experience, records, documents, data and results (including pharmacological, toxicological, non-clinical and clinical test data and results), analytical and quality control data, results or descriptions, software and algorithms and (b) compositions of matter, cells, cell lines, assays, animal models and physical, biological or chemical material. Know-How shall in any event exclude any Patents.

41. **"Laws"** means all applicable laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of any federal, national, multinational, state, provincial, or other political subdivision, domestic or foreign, including, without limitation, all applicable export control, anti-corruption and anti-bribery laws (e.g., U.S. Foreign Corrupt Practices Act (15 U.S.C. Section 78dd-1, et. seq.), as amended).

42. **"Novavax Licenses"** means the Novavax Original Licenses and the Novavax Restated License.

43. **"Novavax Original Licenses"** has the meaning assigned to such term in the Recitals above.

44. **"Novavax Product Territory"** means the teriritory in which CPLB may Develop and Commercialize Novavax Products and which includes any and all countries and territories set forth in Schedule A- 43.

45. **"Novavax Products"** (i) Existing Vaccine Products, (ii) Additional Vaccine Candidates, and (iii) CPLB Discovered Candidates. Novavax Products shall include (a) any minor modifications to the products listed the preceding sentence including, by way of example but not limitation, changes to any excipient, changes arising from a change in manufacturing process, or change in dosage, or, in the case of (i), (ii) and (ii) above, substitution of one or more seasonal influenza HAs and/or NAs designated by the CDC or by the corresponding authority in any other country (e.g., the WHO in India) and (b) any such product used in combination with another active ingredient, antigen or adjuvant.

46. **"Novavax Restated License"** means the Amended and Restated Novavax Product License Agreement of even date hereof between CPLB and Novavax.

47. **"Novavax ROFN Products"** means any vaccine product with Intellectual Property Rights Controlled by Novavax (other than Novavax Products, as defined); provided, however, under no circumstances shall any respiratory syncytial virus (RSV) vaccine product be deemed a Novavax ROFN Product.

48. **"Novavax Technologies"** means Novavax' proprietary baculovirus insect cell expression, recombinant nanoparticle vaccine production, antigen specific, protein expression and cloning system technologies and improvements thereto, but does not include the Novavax' Matrix-M technology which shall be licensed to CPLB under a license agreement separate from the Novavax Restated License.

49. **"Offered Shares"** shall have the meaning described in Section 5.2.

50. **"Offeree"** shall have the meaning described in Section 5.2.

51. **"Original Ancillary Agreements"** has the meaning assigned to such term in the Recitals above.

52. **"Original JV Agreement"** has the meaning assigned to such term in the Recitals above.

53. **"Original Licenses"** means the Cadila Original License and the Novavax Original Licenses.

54. **"Party"** and **"Parties"** means when used in the singular either CPLB, Cadila, Novavax, any new Shareholder as may be applicable and wherever used in the plural means CPLB, Cadila, Novavax and all new Shareholders (if any). Reference to a Party to this Agreement shall include its successors in title and permitted assigns.

55. **"Patents"** means any and all (a) issued patents and inventors' certificates and re-examinations, reissues, renewals, extensions, registrations, substitutions, supplementary protection certificates and term restorations with respect to any of the foregoing, and (b) pending applications for patents and inventors' certificates, including, without limitation, provisional applications, continuations, continuations-in-part, divisional and substitute applications with respect to any of the foregoing.

56. **"Phase 2 Data Package"** shall mean with respect to a ROFN Product, subject to the proviso at the end of this paragraph, (i) a summary of all the relevant clinical data with respect to the ROFN Product, including any clinical trial results and resultant data analyses, (ii) any regulatory submissions made to the FDA or any other corresponding authority with respect to such ROFN Product, (iii) protocols for any ongoing clinical studies and proposed designs for any anticipated clinical studies with respect to such ROFN Product, and (iv) such other material information and data relating to such ROFN Product that were relied on by the ROFN Grantor's senior management in determining to proceed with the current phase of development of such ROFN Product; provided that any such Phase 2 Data Package is not suitable for submission to an ROFN Holder in accordance with Section 3.6 unless the clinical trial data contained in such package results from a Phase 2 clinical trial (and shall include data from any subsequent clinical trial) and the ROFN Grantor reasonably believes that such data is sufficient to support, as applicable, either (i) the progression of such ROFN Product to a pivotal clinical trial (i.e., a clinical trial that, if successful, would lead to a BLA submission) or (ii) the submission of a Biologics License Application (as defined in 21 C.F.R. 600 et. seq.) or a substantially similar application or submission for marketing approval.

57. **"Products"** means the Cadila Products, Novavax Products, and any other products developed, purchased or in-licensed by CPLB including, without limitation, any vaccine, adjuvant, biosimilar, diagnostic, and biological product.

58. **Proposed Transferee"** shall have the meaning described in Section 5.2.

59. **"Pro-Rata Shares"** shall have the meaning described in Section 5.2.1.

60. **"Regulatory Approval"** means any and all approvals (including supplements, amendments, pre- and post-approvals, pricing and reimbursement approvals), licenses, registrations or authorizations of any national, supra-national, regional, state or local regulatory agency, department, bureau, commission, council or other governmental entity, that are necessary for the manufacture, distribution, use or widespread sale of a Product in a regulatory jurisdiction in the Territory.

61. **"Representations and Covenants "** shall mean representations, warranties, indemnities, covenants and assurances.

62. **"Restated Licenses"** means the Cadila Restated License and the Novavax Restated License.

63. **"ROFN Grantor"** means the Party who controls a particular ROFN Product, either CPLB or Novavax, as applicable.

64. **"ROFN Holder"** means the Party that is the beneficiary of a ROFN, either CPLB or Novavax, as applicable.

65. **"ROFN Products"** means CPLB ROFN Products and the Novavax ROFN Products.

66. **"Schedule I Assets**" has the meaning assigned to such term in the Recitals.

67. **"Selling Shareholder"** shall have the meaning described in Section 5.2.

68. **"Shareholder**" means a holder of Shares of CPLB.

69. **"Shares"** means the equity shares of the CPLB and includes the Common Shares the 1% Redeemable Preference Shares, and any other securities (including, without limitation, options, warrants and other rights to acquire capital stock) of CPLB.

70. **"Steering Committee"** shall have the meaning described in Section 8.1.

71. **"Tag-Along Offeror"** shall have the meaning described in Section 5.4.3.

72. **"Territory"** means the entire world.

73. **"The Companies Act"** shall mean the Companies Act, 2013, as amended by the Companies (Amendment) Act, 2015, and any successor legislation and any additional amendments thereto.

74. **"Transfer"** means to transfer, grant any security interest over, or otherwise dispose of, voluntarily or involuntarily, by operation of law or otherwise, or grant any person any rights in or over.

75. **"Transfer Notice"** shall have the meaning described in Section 5.2.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

SCHEDULE I - A
APPROVALS, LICENSES AND THIRD PARTY AGREEMENTS TO BE TRANSFERRED/ASSIGNED TO CPLB BY CADILA

[* * *]

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

SCHEDULE A-4
ADDITIONAL VACCINE CANDIDATES

[* * *]

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

SCHEDULE A-43
NOVAVAX PRODUCT TERRITORY

[* * *]

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

SCHEDULE 4.2
SHAREHOLDERS, NUMBER OF COMMON SHARES AND PERCENTAGE INTERESTS

Shareholder	Number of Common Shares	Percentage Interest in CPLB
Cadila Pharmaceuticals Limited	[* * *]	80%
Novavax, Inc.	[* * *]	20%
Total	**[* * *]**	**100%**

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

SCHEDULE 7.3

MATTERS REQUIRING APPROVAL OF ALL OF THE SHAREHOLDERS AND THE BOARD OF THE DIRECTORS OF CPLB

1. The sale, transfer, lease, assignment or disposal of all or substantially all of the property or assets of CPLB, whether by way of a single transaction or a series of related transactions.

2. A Change in Control of CPLB. For the purposes of this paragraph, a **"Change in Control"** means (a) the sale of all or substantially all of the assets or business of CPLB, or (b) any merger, consolidation, recapitalization, or business combination of CPLB, or (c) the sale of capital stock or other equity securities of CPLB, or (d) any other transaction or series of transactions; provided that for each of (b) through (d), the result of which is that the Shareholders of CPLB prior to such transaction do not, immediately following any such transaction(s), directly or indirectly hold voting securities of the surviving or purchasing entity sufficient to elect a majority of the board of directors of such surviving or purchasing entity.

3. The liquidation, dissolution or winding-up of CPLB.

4. Any incurrence of indebtedness of CPLB that would result in CPLB having a debt-to-equity ratio of 3-to-1 or greater.

5. Other than as set forth in Section 19.10, the amendment or waiver of any provision of this Agreement or the Articles of Association.

6. Any change to or deviation from the Dividend Policy set forth in Article 12.

Exhibit 10.2

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Execution Version

SECOND AMENDED AND RESTATED
NOVAVAX PRODUCT LICENSE AGREEMENT

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

SECOND AMENDED AND RESTATED NOVAVAX PRODUCT LICENSE AGREEMENT

This SECOND AMENDED AND RESTATED NOVAVAX PRODUCT LICENSE AGREEMENT (the **"Agreement")** is effective as of the 17th day of July, 2018 (the **"Effective Date"),** by and between

Novavax, Inc., a Delaware corporation having an address at 20 Firstfield Road, Gaithersburg, MD 20878, United States of America (**"Novavax"** which expression shall unless repugnant to the context or meaning thereof mean and include its scuccessors and permitted assigns**),** and

CPL Biologicals Private Limited, a limited company incorporated under the laws of India having an address at "Cadila Corporate Campus", Sarkhej-Dholka Road, Bhat, Ahmedabad - 382210, Gujarat, India (**"CPLB"** which expression shall unless repugnant to the context or meaning thereof mean and include its scuccessors and permitted assigns).

Novavax and CPLB are referred to herein each individually as a **"Party"** and collectively as the **"Parties"**.

RECITALS

WHEREAS, Novavax and CPLB had entered into that certain Amended and Restated License Agreement, dated June 29, 2009 (the **"First Restated License Agreement"**), concurrently with the Amended and Restated Joint Venture Agreement, dated June 29, 2009, between Novavax and Cadila Pharmaceuticals Limited (**"Cadila"**), which relates to the formation, governance and operation of CPLB as a joint venture between Novavax and Cadila (the "**First Restated JV Agreement**").

WHEREAS, concurrent with this Agreement, Novavax, Cadila and CPLB have entered into the Second Amendment and Restatement Joint Venture Agreement (the **"Second Restated JV Agreement"**) of the even date herewith.

WHEREAS, the Parties desire to amend and restate the First Restated License Agreement to, among other things:

(i) expressly permit CPLB to develop certain vaccine products using Novavax' recombinant nanoparticle vaccine production technology, antigen specific seed development technology, protein expression and cloning system technology, in addition to Novavax' virus-like particle technology;
(ii) agree to the initial development by Novavax on behalf of CPLB of four (4) vaccine candidate seeds; and
(iii) grant rights under Novavax' technology and intellectual property to permit CPLB to develop and commercialize [* * *] products.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants set forth below, and for other good and valuable consideration, the receipt of which is hereby acknowledged, Novavax and CPLB hereby agree as follows :

Article 1.

DEFINITIONS

Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them, respectively, in the Second Restated JV Agreement. In addition, as used herein, the following initially capitalized terms will have the following meanings:

1.1 **"Arising Know-How"** Any and all Know-How developed, conceived or reduced to practice solely by or on behalf of one Party or jointly by both Parties during the Development, manufacture or Commercialization of a Licensed Product during the term of this Agreement by either Party, including, but not limited, to Novavax Technologies Arising Know-How.

1.2 **"Commercialization Plan"** means the plan developed by CPLB for each Licensed Product for Steering Committee's review and approval as described in Section 4.2. Each "Commercialization Plan" shall specify a multi-year marketing and public relations strategy, operational plans to implement such strategies and any other significant Commercialization activities with respect to the applicable Licensed Product.

1.3 **"CPLB Licensed Rights"** means (i) any Know-How owned or Controlled by CPLB that was developed, conceived or reduced to practice in connection with the performance of the First Restated License Agreement and any Patents that have issued or will issue therefrom and (ii) Arising Know-How owned or Controlled by CPLB and any Patents that issue therefrom.

1.4 **"Development Plan"** means the plan developed by CPLB for each Licensed Product for the purpose of Steering Committee review and approval as described in Section 4.2. Each "Development Plan" shall specify preclinical studies (including a toxicology program and other preclinical testing), human clinical trials, manufacturing scale up, Regulatory Approval strategy and any other significant Development activities, that CPLB plans to perform to obtain Regulatory Approval of the applicable Licensed Product in the Field in the Territory.

1.5 **"Effective Date"** means November 30, 2017.

1.6 **"Field"** shall mean the prevention or treatment of illness in humans and animals.

1.7 **"First Restated License Agreement"** has the meaning assigned to it in the recitals above.

1.8 **"IND"** means an Investigational New Drug Application, as defined in the US Federal Food, Drug, and Cosmetic Act, as amended from time to time (21 U.S.C. Section 301 et seq.), together with any rules and regulations promulgated thereunder, or its foreign equivalent.

1.9 **"Know-How"** means all tangible and intangible (a) techniques, technology, practices, trade secrets, inventions (whether patentable or not), methods, protocols, processes, formulas, knowledge, know-how, skill, experience, records, documents, data and results (including pharmacological, toxicological, non-clinical and clinical test data and results), analytical and quality control data, results or descriptions, software and algorithms and (b) compositions of matter, cells, cell lines, assays, animal models and physical, biological or chemical material. Know-How shall in any event exclude any Patents.

1.10 **"Licensed Product"** means the (i) Existing Vaccine Products, (ii) Additional Vaccine Candidates, and (iii) CPLB Discovered Candidates. Licensed Products shall include (a) any minor modifications to the products listed the preceding sentence including, by way of example but not limitation, changes to any excipient, changes arising from a change in manufacturing process, or change in dosage, or, in the case of (i), (ii) and (ii) above, substitution of one or more seasonal influenza HAs and/or NAs designated by the CDC or by the corresponding authority in any other country (e.g., the WHO in India) and (b) any such product used in combination with another active ingredient, antigen or adjuvant.

1.11 **"Losses"** has the meaning assigned to it in Section 9.1.

1.12 **"Materials"** has the meaning assigned to it in Section 3.6.

1.13 **"Matrix-M Technology"** means Novavax' proprietary saponin-based adjuvant and any technology related thereto.

1.14 **"Novavax Licensed Rights"** means the Novavax Patents and Novavax Know-How.

1.15 **"Novavax Know-How"** means and any and all Know-How, including Arising Know-How, owned or Controlled by Novavax at any time during the term of this Agreement which is used or embodied in, or necessary for developing or manufacturing, any Licensed Products, including, without limitation, Novavax Technologies Arising Know-How.

1.16 **"Novavax Patents"** means those Patents in the Territory owned or Controlled by Novavax at any time during the term of this Agreement covering or claiming a Licensed Product and/or the manufacture or use thereof as specifically listed and identified on Schedule II, which schedule shall be updated from time to time.

1.17 **"Novavax Technologies"** means Novavax' proprietary baculovirus insect cell expression, recombinant nanoparticle vaccine production, antigen specific, protein expression and cloning system technologies and improvements thereto, but does not include the Matrix-M Technology which shall be licensed to CPLB under a separate license agreement between the Parties.

1.18 **"Novavax Technologies Arising "Know-How"** has the meaning assigned to it in Section 6.2.1.

1.19 **"Patent"** means any and all (a) issued patents and inventors' certificates and re-examinations, reissues, renewals, extensions, registrations, substitutions, supplementary protection certificates and term restorations with respect to any of the foregoing, and (b) pending applications for patents and inventors' certificates and patents that issue therefrom, including, without limitation, provisional applications, continuations, continuations-in-part, divisional and substitute applications with respect to any of the foregoing.

1.20 **"Program Data"** means (a) research, preclinical, clinical, manufacturing and similar data, information, material and results, (b) Regulatory Approvals and Regulatory Documentation, and (c) sales and marketing information.

1.21 **"Regulatory Authority"** means any applicable court, agency, department or other instrumentality of any foreign, federal, state, county, city or other political subdivision with responsibility for granting any licenses or approvals necessary for the marketing and sale of pharmaceutical products in the Territory.

1.22 **"Regulatory Documentation"** means, with respect to a Licensed Product, all filing and supporting documents created, submitted to a Regulatory Authority, and all data contained therein, including, without limitation, any IND, BLA, foreign counterparts thereof, investigator's brochures, drug master files, correspondence to and from a Regulatory Authority, minutes from teleconferences with Regulatory Authorities, registrations and licenses, regulatory drug lists, advertising and promotion documents shared with Regulatory Authorities, adverse event files, complaint files and manufacturing records**.**

1.23 **"Representatives"** has the meaning assigned to it in Section 6.2.

1.24 **"Research Plan"** means, on an Additional Vaccine Candidate-by-Additional Vaccine Candidate basis, a description of the Parties' respective activities, timelines and objectives with respect to the identification and selection of an Additional Vaccine Candidate for Development and Commercialization under this Agreement.

1.25 **"Second Restated JV Agreement"** has the meaning assigned to it in the recitals above.

1.26 **"Services"** has the meaning assigned to it in Section 5.1.

1.27 **"Term"** shall mean the term of this Agreement.

1.28 **"Third Party"** means a person or entity other than Novavax, CPLB, or any of their respective Affiliate(s).

Article 2.

ADDITIONAL VACCINE CANDIDATE

Novavax and CPLB have identified the Additional Vaccine Candidates. The same are listed in Schedule I. In case any vaccine candidate cannot be developed, Novavax and CPLB shall mutually agree upon the replacemet vaccine candidate.

Article 3.

LICENSES

3.1 License Grants to CPLB.

3.1.1. **Existing Vaccine Product and Additional Vaccine Candidate License.** Novavax hereby grants to CPLB an exclusive, fully paid-up, royalty-free, non-transferable, right and license, with a right to grant sublicenses through multiple tiers (subject to Section 3.3), under the Novavax Licensed Rights during the term of this Agreement to research, develop, make, have made, use, sell, have sold, offer to sell and import Existing Vaccine Products and Additional Vaccine Candidates for use in the Field in the Territory. The foregoing license shall be exclusive for Licensed Products in the Territory, even as to Novavax, provided that Novavax retains the right to perform its obligations under this Agreement and any other agreement between CPLB and Novavax. CPLB's rights to sell, have sold, offer to sell and import Existing Vaccine Products and Additional Vaccince Candidate shall be subject to the restriction to the Novavax Product Territory.

3.1.2. CPLB Discovered Candidate License. Novavax hereby grants to CPLB a non-exclusive, fully paid-up, royalty-free, non-transferable, right and license, with a right to grant sublicenses through multiple tiers (subject to Section 3.3), under the Novavax Licensed Rights during the term of this Agreement to research, develop, make, have made, use, sell, have sold, offer to sell and import CPLB Discovered Candidates for use in the Field in the Territory. CPLB's rights to sell, have sold, offer to sell and import CPLB Discovered Candidate shall be subject to the restriction to the Novavax Product Territory.

3.1.3. Trademark License. Novavax hereby grants to CPLB a non-exclusive license to use its trademark, "Novavax" solely upon Licensed Products (and materials relating thereto) to indicate that CPLB is a joint venture between Cadila and Novavax. Subject to Section 3.3, the license granted under this Section 3.1.3 shall include the right to grant sublicenses solely in connection with the grant of a sublicense pursuant to Sections 3.1.1 and 3.1.2 to commercialize a Licensed Product, and any attempt to otherwise grant or authorize any sublicense shall be null and void. All uses of this trademark by CPLB shall comply with all applicable laws and regulations (including, without limitation, those laws and regulations particularly applying to the proper use and designation of trademarks in the applicable countries). The ownership and all goodwill accruing to this trademark arising directly from its use by CPLB shall vest in and inure to the benefit of Novavax. CPLB hereby acknowledges Novavax' ownership rights in this trademark in the form existing as of the Effective Date, and accordingly, agrees that at no time during the Term or thereafter to challenge, or assist others to challenge, such corporate logo owned in the form existing as of the Effective Date or the registration thereof, or attempt to register any trademarks, marks or trade names confusingly similar to such corporate logo owned in the form existing as of the Effective Date or thereafter.

3.2 License Grant to Novavax. CPLB hereby grants to Novavax a fully paid-up, royalty-free non-exclusive right and license, with a right to grant sublicenses through multiple tiers, under the CPLB Licensed Rights, to research, develop, make, have made, use, sell, have sold, offer to sell and import any products that are not Existing Vaccine Products, Additional Vaccine Candidates and CPLB Discovered Candidates in the Territory.

3.3 Sublicenses. CPLB may sublicense to others under this Agreement. As a condition to its validity and enforceability, each sublicense agreement shall: (a) incorporate by reference the terms and conditions of this Agreement, (b) be consistent with the terms, conditions and limitations of this Agreement, (c) prohibit sublicensee's further sublicense of the rights delivered hereunder in any manner that is inconsistent with the terms, conditions and limitations of this Agreement and (d) name Novavax as an intended third party beneficiary of the obligations under such sublicense agreement without imposition of obligation or liability on the part of Novavax to the sublicensee. To the extent that any terms, conditions or limitations of any sublicense agreement are inconsistent with this Agreement, those terms, conditions and limitations are null and void against Novavax, unless Novavax has approved the sublicense in writing**.**

3.4 **No Implied Rights or Licenses.** No right or license, other than those expressly set forth in this Agreement are granted to either Party, and no additional rights will be deemed granted to either Party by implication, estoppel or otherwise. All rights not expressly granted by either Party to the other hereunder are reserved.

3.5 **Program Data and Right of Reference.** CPLB shall keep complete and accurate notes, accounts and records of all Program Data with respect to Licensed Products, including the manufacture thereof. Novavax shall have the right to access, use and reference Program Data related to Licensed Products in the possession or control of CPLB for the Development and Commercialization of Novavax' products. CPLB shall provide such cooperation and assistance as reasonably requested by Novavax from time to time to effectuate the foregoing, including, without limitation by providing access to and disclosure of Program Data to Novavax and by providing such authorization and consents required for reference to regulatory filings and approvals.

3.5.1. CPLB shall have the right to access, use and reference Program Data related to Licensed Products in the possession or control of Novavax for the Development and Commercialization of Licensed Products. Novavax shall provide such cooperation and assistance as reasonably requested by CPLB from time to time to effectuate the foregoing, including, without limitation by providing access to and disclosure of Program Data to CPLB and by providing such authorization and consents required for reference to regulatory filings and approvals.

3.6 **Materials.** In order to facilitate the Development activities contemplated by this Agreement, either Party may provide to the other Party certain biological materials Controlled by the supplying Party (collectively, **"Materials"**) for use by the other Party in furtherance of such development activities. Except as otherwise provided for under this Agreement, all such Materials delivered to the other Party, will be used only in furtherance of the Development activities conducted in accordance with this Agreement, will not be used or delivered to or for the benefit of any Third Party, without the prior written consent of the supplying Party, and will be used in compliance with all Laws. The Materials supplied under this Agreement must be used with prudence and appropriate caution in any experimental work because not all of their characteristics may be known. Except as expressly set forth in this Agreement, THE MATERIALS ARE PROVIDED "AS IS" AND WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE OR ANY WARRANTY THAT THE USE OF THE MATERIALS WILL NOT INFRINGE OR VIOLATE ANY PATENT OR OTHER PROPRIETARY RIGHTS OF ANY THIRD PARTY.

Article 4.

LICENSED PRODUCT DEVELOPMENT AND COMMERCIALIZATION

4.1 **Responsibility.** CPLB will have sole responsibility, at its sole expense, for all Development and Commercialization of Licensed Products in the Field and Territory in accordance with the terms of this Agreement; provided, however, the Parties acknowledge and agree that the rights granted to CPLB hereunder with respect to CPLB Discovered Candidates are non-exclusive and Novavax and or its other licensees may Develop or Commercialize the same or similar products.

4.2 **Development and Commercialization Plans.** Within [* * *] of the Effective Date with respect to Existing Vaccine Products and prior to beginning any Development or Commercialization activities with respect to an Additional Vaccine Candidate or CPLB Discovered Candidate, CPLB shall present to the Steering Committee for its written approval a Development Plan or Commercialization Plan, as applicable, for each such Licensed Product. The Steering Committee may reasonably request adjustments to activities described in such Development Plan or Commercialization Plan as a condition to granting its approval. In no event shall CPLB materially alter a Development Plan or Commercialization Plan without the Steering Committee's prior written consent. CPLB shall conduct Development or Commercialization of each Licensed Product in a manner that is materially consistent with the applicable Development Plan or Commercialization Plan. All clinical trial protocols for Licensed Products conducted shall require the prior written approval of Novavax.

4.3 **Regulatory Affairs.** CPLB will be responsible for preparing and submitting Regulatory Documentation, seeking Regulatory Approvals, and maintaining Regulatory Approvals for Licensed Products in the Field and Territory. As set forth in Article 5, Novavax will cooperate with CPLB in preparing and filing all such reports.

4.4 **Manufacture and Supply.** CPLB will be responsible for the manufacture of Licensed Product in the Territory and for all costs associated therewith. In accordance with Article 5, Novavax shall provide technical services for the purposes of enabling CPLB's manufacturing facility(ies) to comply with good manufacturing practices and all other applicable standards promulgated by any applicable Regulatory Authority, including, without limitation, the World Health Organization, U.S. Food and Drug Administration and European Medicines Agency.

4.5 **Adverse Event Reporting.** CPLB will maintain a record of all non-medical and medical Licensed Product-related complaints and reports of Adverse Events in the Territory with respect to any Licensed Product Developed or Commercialized by CPLB. At the request of either Party, Novavax and CPLB shall enter into reasonable and customary pharmacovigilance agreement with respect to sharing of adverse event data and information for Licensed Products as required to comply with applicable laws and regulations.

4.6 **Development and Commercial Reporting.** During the Term of this Agreement, CPLB will provide annual written progress report to the Steering Committee summarizing the Development and Commercialization of Licensed Product(s) during the past year. Each such progress report will be provided to the Steering Committee by CPLB no later than December 31 of each year beginning in 2018.

Article 5.

NOVAVAX SERVICES

5.1 **Technology Transfer Services.** [* * *], Novavax shall disclose and provide to CPLB the Novavax Know-How set forth on Schedule II. As reasonably requested by the CPLB, Novavax shall disclose and provide to the CPLB any improvements to the such Know-How made by Novavax during the term of this Agreement. To effectuate the transfer and implementation of such Novavax Know-How, Novavax shall provide the Development and Manufacturing Services set forth on Schedule III (the **"Services"**). As soon as practicable after the Effective Date, the Parties shall mutually develop and agree to a reasonable timetable pursuant to which the Services will be provided.

5.2 **Impracticability.** Novavax shall not be obligated to provide any Service to the extent the performance of such Service becomes commercially impracticable as a result of events or circumstances outside of the control of Novavax, including, to the extent the performance of such Services would require Novavax to breach any Laws or could reasonably be expected to result in the breach of any applicable contract, license, or other agreement; provided however, that Novavax represents and warrants to CPLB that, as of the date of this Agreement, Novavax has no knowledge of any event or circumstance that would cause the performance of Services to violate any Laws or could reasonably be expected to result in the breach of any applicable contract, license or other agreement. Novavax shall provide CPLB with reasonable notice of the occurrence of any event which would cause Novavax to curtail or cease any Service pursuant to this Section 5.2.

5.3 **Expenses.** CPLB shall reimburse Novavax for its reasonable out-of-pocket expenses incurred in connection with the performance of the Services hereunder, including travel. By the tenth business day of each month, Novavax shall submit to CPLB an invoice report showing a list of all out-of-pocket expenses incurred in performance of the Services during the preceding month. CPLB shall pay all invoices within thirty (30) days of receipt. Late payments shall bear interest at the lesser of [* * *] or the maximum rate allowed by Laws. All payments due under this Agreement will be made in U.S. dollars by wire transfer to a bank account designated by Novavax.

Article 6.

INTELLECTUAL PROPERTY

6.1 **Disclosure.** During the Term, the Parties will promptly disclose in writing to one another, and shall cause its Affiliates, licensees and sublicensees to so disclose, all Arising Know-How. Novavax shall also disclose to CPLB any Know-How within the Novavax Licensed Rights obtained, licensed or generated after the Effective Date which is not included within the Arising Know-How.

6.2 **Ownership.** Novavax shall own all Arising Know-How and any other intellectual property that is conceived and reduced to practice solely by the employees, contractors or agents (collectively, the **"Representatives"**) of Novavax or its Affiliates. Subject to Section 6.2.1, CPLB shall own all Arising Know-How and any other intellectual property that is conceived and reduced to practice solely by the Representatives of CPLB or its Affiliates. Subject to Section 6.2.1, Novavax and CPLB shall jointly own all Arising Know-How and any other intellectual property that is jointly conceived or reduced to practice by the Representatives of Novavax or its Affiliates and the Representatives of CPLB or its Affiliates. Inventorship shall be determined in accordance with applicable U.S. Laws.

6.2.1. Notwithstanding the ownership provisions set forth in Section 6.2 above, Novavax shall own all Arising Know-How related to the Novavax Technologies regardless of inventorship (the **"Novavax Technologies Arising Know-How"**). Subject to the terms and conditions of this Agreement, CPLB assigns, transfers and conveys, and agrees to cause its Representatives, its Affiliates, its Affiliates' Representatives, its sublicensees and its sublicensees' Representatives to hereby assign, transfer and convey, to Novavax all of the right, title and interest of such persons and/or entities, to and under all of the Novavax Technologies Arising Know-How.

6.3 **Prosecution and Maintenance of Patents.** Novavax shall have the sole and exclusive right and authority to control the filing, prosecution, maintenance, and renewal of all Novavax Patents and any Patents that result from (a) Arising Know-How which is owned by Novavax or jointly owned as provided in Section 6.2 or (b) Novavax Technologies Arising Know-How, at its own expense. CPLB shall have the sole and exclusive right and authority to control the filing, prosecution, maintenance and renewal of any Patents that result from Arising Know-How owned by CPLB as provided in Section 6.2. The prosecuting Party shall (i) provide the other Party with copies of all material filings, documentation and correspondence from, sent to or filed with any patent office in the Territory, and (ii) provide the other Party with a reasonable opportunity to comment upon all filings and actions with such patent office in advance of submissions to such patent office. For purposes of this Section 6.3, "filing, prosecution and maintenance" of patents shall be deemed to include, without limitation, appeals to administrative or judicial entities having jurisdiction over patentability, the conduct of interferences or oppositions, and/or requests for re-examinations, reissues or extensions of patent terms. CPLB shall, and shall cause its Representatives, its Affiliates, its Affiliates' Representatives, its sublicensees and its sublicensees' Representatives, as applicable, to assist and cooperate with Novavax in filing, prosecuting and maintaining (a) the Patents that result from Arising Know-How jointly owned by both Parties, for which the reasonable costs and expenses of such assistance and cooperation shall be equally shared by the Parties and (b) the Patents that result from the Novavax Technologies Arising Know-How, for which the reasonable costs and expenses of such assistance and cooperation shall be solely borne by Novavax.

6.4 **Abandoned Patents.** In the event the prosecuting Party determines not to initiate patent prosecution for any particular patentable Arising Know-How invention or to cease prosecution or maintenance of, or otherwise abandon, any Patents that are the subject of Section 6.3 in the Territory (which the prosecuting Party may do in its sole discretion), the prosecuting Party shall provide reasonable prior written notice to the other Party sufficient for the other Party to timely initiate or take over the prosecution and maintenance of such Patent and timely file any required documents and responses with the relevant government patent office in such country, and the other Party may elect (in its sole discretion) to prosecute and maintain such Patent, at such Party's sole expense; provided, however, in the event Novavax decides not to file, prosecute or maintain a Patent with respect to a Novavax Technologies Arising Know-How, CPLB shall obtain Novavax' prior written consent before it may file, prosecute or maintain any such Patent. In such event, upon the request of and, at the expense of the other Party, the prosecuting Party shall assign to the other Party all of its right, title and interest in, to and under such Patent which the prosecuting Party has decided to abandon and provide reasonable cooperation to the other Party with respect thereto (including, without limitation, providing necessary information and executing relevant documents).

6.5 Enforcement of Patents.

6.5.1 Infringement by Third Parties. In the event that Novavax or CPLB becomes aware of or has reasonable suspicions of Third Party activities in the Territory that could constitute infringement or misappropriation of the Novavax Licensed Rights and/or CPLB Licensed Rights, then such Party shall promptly notify the other Party of such Third Party activities, including identification of such Third Party and delineation of the facts relating to such Third Party activities. Novavax shall have the right (but shall not be obligated) to enforce the Novavax Licensed Rights and/or CPLB Licensed Rights against any actual or alleged infringement or misappropriation thereof in the Territory by a Third Party (by bringing a suit, action or proceeding against such Third Party), at Novavax' sole expense. If Novavax does not enforce such Novavax Licensed Rights and/or CPLB Licensed Rights by (i) one hundred (100) days following the notice of alleged infringement or (ii) thirty (30) days before the time limit, if any, set forth in the appropriate laws and regulations for the filing of such an action, whichever comes first, then CPLB shall have the right (but not the obligation) to enforce such Novavax Licensed Rights and/or CPLB Licensed Rights against any actual or alleged infringement or misappropriation thereof in the Territory by a Party (by bringing a suit, action or proceeding against such party), at CPLB's sole expense; provided, however, in the event Novavax does not enforce such Novavax Licensed Rights, CPLB shall obtain Novavax' prior written consent before it may enforce such Novavax Licensed Rights. The non-prosecuting Party shall reasonably cooperate with the prosecuting Party in such enforcement activities, at the prosecuting Party's expense, including by agreeing to be named as a party to (or bringing in its own name) such suit, action or proceeding for the benefit of the non-prosecuting Party if required for such enforcement action to proceed. The prosecuting Party shall keep the non-prosecuting Party reasonably informed regarding any such enforcement action and shall consider in good faith the reasonable comments and suggestions of the non-prosecuting Party related to such suit, action or proceeding. All recoveries received by the prosecuting Party from any such enforcement action shall be retained by the prosecuting Party.

6.5.2 Challenge by Third Parties. Novavax and CPLB will each notify the other Party in writing within ten (10) business days of learning of any alleged or threatened opposition, reexamination request, action for declaratory judgment, nullity action, interference or other attack upon the validity, title or enforceability of a Patent under the Novavax Licensed Rights or CPLB Licensed Rights. Owner of the subject Patent will have the right (but not the obligation) to defend any such challenge in the Territory. If the owner of the subject Patent commences a defense against the alleged or threatened challenge (i) within sixty (60) days following the detection of the alleged challenge, or (ii) ten (10) business days before the time limit, if any, set forth in appropriate Laws and regulations for making a filing in defense of such a challenge, whichever comes first, then the owner of the subject Patent will so notify the other Party promptly. Notwithstanding the foregoing, if any such action for declaratory judgment, nullity action, or other attack upon the validity, title or enforceability of the Novavax Licensed Rights or CPLB Licensed Rights includes or will include counterclaims of infringement of the Novavax Licensed Rights or CPLB Licensed Rights by the Third Party, control of such action or other attack shall be governed by Section 6.5.1.

Article 7.

CONFIDENTIALITY; PUBLICATION

7.1 Confidentiality. Party will provide its confidential and/or proprietary information to the to the other Party and that the use and disclosure of such information shall be governed by Article 14 of the Second Restated JV Agreement which is hereby incorporated by reference.

7.2 Publication.

7.2.1 Subject to this Section 7.2, each Party shall have the right to publish the data and results related to Licensed Products. Prior to public disclosure or submission for publication of a proposed publication describing the results of any scientific or clinical activity relating to a Licensed Product, the Party proposing such publication shall send the other Party by expedited delivery a copy of the proposed publication to be submitted and shall allow the other Party a reasonable time period (but not more than sixty (60) days from the date of confirmed receipt) in which to determine:

(i) whether the proposed publication contains subject matter for which patent or other protection should be sought (prior to publication of such proposed publication) for the purpose of protecting an invention or

(ii) whether the proposed publication contains the Confidential Information of such other Party, or

(iii) whether the proposed publication contains information that is reasonably likely to have a material adverse impact on the development or commercialization of Licensed Products or any of Novavax' other products.

Following the expiration of applicable time period for review, the Party proposing such publication shall be free to submit such proposed publication for publication and publish or otherwise disclose to the public such scientific or clinical results, subject to the procedures set forth in Section 7.2.2.

7.2.2 If the reviewing Party reviewing believes that the proposed publication contains any information described in clauses (i) through (iii) in Section 7.2.1 above, then prior to the expiration of the applicable time period for review, such Party shall notify the publishing Party in writing of such belief. On receipt of written notice from the reviewing Party that such proposed publication contains:

(i) its Confidential Information, the publishing Party shall remove such Confidential Information from such proposed publication prior to any publication thereof, unless the other Party agrees otherwise in writing; or

(ii) the publishing Party shall delay public disclosure of such information or submission of the proposed publication for an additional period of thirty (30) days to permit preparation and filing of a patent application on such invention; or

(iii) the Parties shall mutually agree on how to proceed with the publication of such information in compliance with all applicable laws and regulations.

Article 8.

REPRESENTATIONS AND WARRANTIES

8.1 **Mutual Representation and Warranties.** Each of Novavax and CPLB hereby represents, warrants and covenants to the other as of the Effective Date that:

8.1.1 It is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization and has the corporate power to enter into this Agreement and to perform its obligations hereunder;

8.1.2 the execution, delivery and performance of this Agreement by it does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, nor violate any Laws of any governmental authority having jurisdiction over it;

8.1.3 it shall perform any activities in connection with this Agreement in compliance with Law.

8.1.4 it has not granted, and during the Term it will not grant, any right to any Third Party that would conflict with the rights granted to the other Party hereunder; and

8.1.5 it has (or will have at the time performance is due) maintained and will maintain and keep in full force and effect all agreements necessary to perform its obligations hereunder.

8.2 **Representations by Novavax.** In addition to the representations and warranties made in Section 8.1, Novavax hereby represents, warrants and covenants to CPLB that as of the Effective Date:

8.2.1 the Novavax Licensed Rights are subsisting and are not the subject of any interference, re-issue, re-exam, opposition or appeal proceedings;

8.2.2 no Third Party has filed, pursued or maintained or, to its knowledge, threatened in writing to file, pursue or maintain any claim, lawsuit, charge or other action involving any Licensed Right including any claim, lawsuit, charge, or action alleging that any Licensed Right is invalid or unenforceable;

8.2.3 all employees and agents of Novavax who have performed any activities on its behalf in connection with research regarding the Novavax Licensed Rights have properly assigned to Novavax the whole of their rights in any intellectual property made, discovered or developed by them as a result of such research, and no Third Party has any rights to any such intellectual property; and

8.2.4 the Novavax Licensed Rights are free and clear of any liens, charges, encumbrances or rights of others, to possession or use that may interfere with Novavax' possession or use under this Agreement.

8.3 **Representations by CPLB.** In addition to the representations and warranties made in Section 8.1, CPLB hereby represents, warrants and covenants to Novavax that as of the Effective Date:

8.3.1 it and its Affiliates are not debarred or disqualified under (i) the U.S. Federal Food, Drug and Cosmetic Act, as may be amended, or any foreign equivalent or (ii) any government programs, including, without limitation Medicare, Medicaid or their foreign equivalents, and it does not, and will not during the Term, employ or use the services of any person who is so debarred or disqualified in the performance of this Agreement, and in the event that CPLB becomes aware of such debarment or disqualification or threatened debarment or disqualification of it, its Affiliates or any person providing services to CPLB, including services to its Affiliates or sublicensees, that directly or indirectly relate to activities contemplated by this Agreement, CPLB shall immediately notify the Novavax in writing and CPLB shall cease using any such person to perform any such services.

8.3.2 the CPLB Licensed Rights are subsisting and are not the subject of any interference, re-issue, re-exam, opposition or appeal proceedings; and

8.3.3 the CPLB Licensed Rights are free and clear of any liens, charges, encumbrances or rights of others, to possession or use that may interfere with CPLB's possession or use under this Agreement.

8.4 **DISCLAIMER OF WARRANTIES.** Except as expressly set forth herein, EACH PARTY EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF DESIGN, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICES, IN ALL CASES WITH RESPECT THERETO. Without limiting the generality of the foregoing, each Party expressly does not warrant, and disclaims any warranties with regards to: (a) the success of any study or test commenced under this Agreement, (b) the safety or usefulness for any purpose of the technology or materials it provides or discovers under this Agreement; and/or (c) the validity, enforceability, or non-infringement of any intellectual property rights or technology it provides or licenses to the other Party under this Agreement.

Article 9.

INDEMNIFICATION, INSURANCE AND LIMITATION OF LIABILITY

9.1 **Indemnification by CPLB.** CPLB will indemnify, defend and hold harmless Novavax, its Affiliates, and their respective Representatives from and against any and all liability, loss, damage or expense (including without limitation reasonable attorney's fees) it may suffer as the result of claims, demands, actions and proceedings brought against it by any Third Party (collectively, **"Losses"**) to the extent such Losses result from the (a) negligence or willful misconduct by CPLB, its Affiliates or its sublicensees, or their respective Representatives, (b) material breach by CPLB of its representations, warranties or covenants contained within this Agreement or (c) manufacture, use, sale, or offer for sale of a Licensed Product in the Territory due to a design defect or a manufacturing defect, including but not limited to, a Loss related to the death of or injury to a Third Party. CPLB's obligation to indemnify any such indemnitee pursuant to this Section 9.1 will not apply to the extent of any Loss that arises from the (i) material breach by Novavax of its representations, warranties or covenants contained within this Agreement, or (ii) negligence or willful misconduct of any such indemnitee.

9.2 **Indemnification by Novavax.** Novavax will indemnify, defend and hold harmless CPLB, its Affiliates, and their respective Representatives from and against any and all Losses to the extent such Losses result from the (a) negligence or willful misconduct by Novavax or its Affiliates, or their respective Representatives, or (b) material breach by Novavax of its representations, warranties or covenants contained within this Agreement. Novavax' obligation to indemnify any such indemnitee pursuant to this Section 9.2 will not apply to the extent of any Loss that arises from the (i) material breach by CPLB of its representations, warranties or covenants contained within this Agreement or (ii) negligence or willful misconduct of any such indemnitee.

9.3 **Procedures.** An indemnitor's agreement to indemnify, defend and hold harmless an indemnitee hereunder is conditioned on such indemnitee (a) providing prompt written notice of any claim giving rise to an indemnification obligation hereunder but only if a failure to so notify causes prejudicial harm to the indemnitor's ability to defend, (b) permitting indemnitor to assume full responsibility to investigate, prepare for and defend against any such claim, (c) providing reasonable assistance in the defense of such claim at indemnitor's reasonable expense, and (d) not compromising or settling such claim without indemnitor's advance written consent. An indemnitee may participate, at its expense and using its own counsel, in the indemnitor's defense of a claim under this Article 9.

9.4 **Insurance.** CPLB shall procure and maintain insurance, including product liability insurance, adequate to cover its obligations hereunder and which are consistent with normal business practices of prudent companies similarly situated at all times during which any Licensed Product is Developed or Commercialized by CPLB, its Affiliates or sublicensees. It is understood that such insurance shall not be construed to create a limit on CPLB's liability with respect to its indemnification obligations under this Article 9. CPLB shall provide Novavax with written evidence of such insurance upon request. CPLB shall provide the Novavax with written notice at least thirty (30) days prior to the cancellation, non-renewal or material change in such insurance.

9.5 **Limitation of Liability.** EXCEPT TO THE EXTENT (A) SUCH PARTY MAY BE REQUIRED TO INDEMNIFY THE OTHER PARTY UNDER THIS ARTICLE OR (B) AS REGARDS A BREACH OF A PARTY'S RESPONSIBILITIES PURSUANT TO ARTICLE 7, NEITHER PARTY NOR ITS RESPECTIVE AFFILIATES WILL BE LIABLE TO THE OTHER PARTY FOR ANY LOSS OF PROFITS, LOSS OF BUSINESS OR INTERRUPTION OF BUSINESS, OR FOR ANY OTHER INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, CONSEQUENTIAL OR PUNITIVE DAMAGES UNDER THIS AGREEMENT, WHETHER IN CONTRACT, WARRANTY, TORT, STRICT LIABILITY OR OTHERWISE, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGES.

Article 10.

TERM; BREACH

10.1 **Term and Termination.** The term of this Agreement will commence on the Effective Date and will continue until (a) CPLB provides one-hundred twenty (120) days prior written notice of termination to Novavax, (b) the Parties mutually agree in writing to terminate the Agreement, (c) either Party is in material breach of or default under this Agreement and has not cured such breach or default within ninety (90) days after written notice from the other Party specifying the nature of such breach or default in reasonable detail, (d) date of receipt of a written notice of termination from one Party if the other Party is subject to an insolvency or bankruptcy proceeding being commenced against such Party, or such Party commences such proceeding, or such Party ceases to conduct business in the normal course or making an assignment for the benefit of its creditors; or (e) the termination of the Second Restated JV Agreement.

10.2 Survival and Consequences of Termination. The following provisions of this Agreement shall survive expiration or termination of this Agreement for any reason: Articles 7, 9 and 10 and Sections 3.5, 6.2 and 8.5.

10.2.1 In the event that this Agreement is terminated under Section 10.1(a) or under Section 10 (d) with respect to CPLB, the license grant under Section 3.2 shall survive.

10.2.2 In the event that this Agreement is terminated under Section 10.1 (c) due to Novavax' breach or default hereunder or under Section 10.1(d) with respect to Novavax, the license grants under Sections 3.1 shall survive.

10.2.3 In the event that this Agreement is terminated under Section 10.1(c) due to CPLB's breach or default hereunder, (i) the license grant under Section 3.2 shall survive, (ii) upon Novavax' written request, CPLB shall grant to Novavax an exclusive, worldwide, royalty-free, paid-up license under all trademarks and trade names (including an application, extension or renewal thereof) applicable to all Licensed Products, (iii) upon Novavax' written request, CPLB shall execute any document reasonably necessary to transfer to Novavax all Program Data to continue the Development or Commercialization of all Licensed Products, (iv) upon Novavax' written request, CPLB shall transfer any studies in progress pursuant to the Development Plan to Novavax in a manner that allows such studies to continue uninterrupted to the extent reasonable and practical, (v) CPLB will assign to Novavax, to the extent assignable and upon Novavax' written request, CPLB's rights in any or all Third Party agreements regarding licenses, sublicenses, services or supplies related to the Development or Commercialization of Licensed Products, including without limitation any agreements with a Third Party regarding the manufacture of Licensed Products, (vii) to the extent that any agreement in the preceding clause is not assignable by CPLB, then such agreement will not be assigned, and upon the written request of Novavax, CPLB will use commercially reasonable efforts to allow Novavax to obtain and to enjoy the benefits of such agreement in the form of a license or other right to the extent held by CPLB subject to such Third Party's rights, and (vii) CPLB will, at the [* * *], if CPLB sources such Product from a Third Party, or at [* * *], if CPLB or any of its Affiliates manufactures the Licensed Product, supply Novavax with commercial quantities of Licensed Products in the dosage strength, formulation and presentation under Development or being Commercialized by CPLB, in either case, as of the effective date of termination until the earlier of (A) six (6) months after the effective date of termination or (B) establishment by Novavax of an alternative supply for such Product on commercially reasonable terms.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Article 11.

DISPUTE RESOLUTION

11.1 **Disputes.** The Parties recognize that disputes as to certain matters may from time to time arise during the Term which relate to either Party's rights and/or obligations hereunder. It is the objective of the Parties to establish procedures to facilitate the resolution of disputes arising under this Agreement in an expedient manner by mutual cooperation and without resort to litigation. To accomplish this objective, the Parties agree to follow the procedures set forth in this Article 11 if and when a dispute arises under this Agreement.

11.2 **Arbitration.** Any dispute arising between the Parties out of or in connection with the implementation or interpretation of this Agreement shall, if not settled amicably within ninety (90) days from the date that the dispute arose, be finally settled by three (3) arbitrators. Each Party shall be entitled to appoint one (1) arbitrator and the two (2) so appointed shall appoint the third arbitrator in accordance with the Arbitration and Conceliation Act, 1996 as at present in force. The language of the arbitration proceedings shall be English and its place shall be Singapore. The arbitral award or determination shall be final and subject to no appeal and shall deal with the question of costs of arbitration and all matters related thereto.

The Parties agree that it would be impossible or inadequate to measure and calculate their damages from any breach of the Agreement though great and irreparable. Accordingly, each Party agrees that if the other Party breaches this Agreement, the non-breaching Party will have available, in addition to any other right or remedy available, the right to obtain an injunction from a court of competent jurisdiction restraining such breach or threatened breach and specific performance of any provision of this Agreement.

11.3 **Award.** Each Party will abide by any arbitral award rendered pursuant to this Article 11. If a Party resists enforcement of an arbitral award, any costs, fees or taxes incident to enforcement will be charged against that Party to the extent permitted by Law. Each Party will bear its own legal fees for arbitration, and the arbitrator(s) will assess their costs, fees and expenses against the Party losing the arbitration.

11.4 **Confidentiality.** Any arbitration proceeding, including without limitation the existence of any dispute submitted to arbitration and any arbitral award or decision, will be Confidential Information of both Parties, and the arbitrator(s) will issue appropriate protective orders to safeguard each Party's Confidential Information, provided that such Confidential Information may be disclosed solely as necessary in connection with the enforcement of an arbitral award or as otherwise required by Laws (subject to Article 7).

Article 12.

MISCELLANEOUS

12.1 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of India.

12.2 **Entire Agreement**. Subject to this Section 12.2, this Agreement shall amend and restate in its entirety the First Restated License Agreement; provided, however, such amendment and restatement shall not affect any rights or obligations of the Parties that accrued under the First Restated License Agreement prior to the Effective Date. Subject to the preceding sentence, this Agreement (including its Exhibits) sets forth all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties with respect to the subject matter hereof and supersedes and terminates all prior agreements and understanding between the Parties with respect to such subject matter. No subsequent alteration, amendment, change or addition to this Agreement will be binding upon the Parties unless reduced to writing and signed by the respective authorized officers of the Parties.

12.3 **Third Party Contractors.** Notwithstanding the Second Restated JV Agreement, the Parties will perform their obligations under this Agreement as third party contractors and nothing contained in this Agreement will be construed to be inconsistent with such relationship or status. This Agreement will not constitute, create or in any way be interpreted as a joint venture or partnership of any kind.

12.4 **Notices.** Any notice, request, demand, waiver, consent, approval or other communication permitted or required under this Agreement will be in writing, will refer specifically to this Agreement and will be deemed given only if sent by electronic mail (with receipt confirmed), facsimile transmission (with transmission confirmed) or by an internationally recognized delivery service that maintains records of delivery, addressed to the Parties at their respective addresses specified in this Section 12.4 or to such other address as the Party to whom notice is to be given may have provided to the other Party in accordance with this Section 12.4. Any notice delivered by electronic mail or facsimile will be confirmed by a hard copy delivered as soon as practicable thereafter by an internationally recognized overnight delivery service. Such notice will be deemed to have been given on the second business day (at the place of delivery) after deposit with an internationally recognized delivery service.

If to Novavax:	Novavax, Inc. 20 Firstfield Road Gaithersburg, MD 20878 attn: General Counsel Email : jherrmann@novavax.com Facsimile No. : 240-268-2010
If to CPLB:	CPL Biologicals Private Limited Cadila Corporate Campus Sarkhej-Dholka Road Bhat, Ahmedabad- 382210 Gujarat, India Attn: Dr. Rajiv I. Modi, Chairman Email: rimodi@ cadilapharma.co.in Facsimile No.: +91 (02718) 225031

12.5 Assignment.

12.5.1 Novavax may not assign this Agreement, in whole or in part, without the advance written consent of CPLB; provided, however, that this Agreement shall be automatically assigned to Novavax' successor in connection with the acquisition, merger or sale of Novavax or the sale, transfer, lease, assignment or disposal of all or substantially all of the property or assets of Novavax to which this Agreement relates, whether by way of a single transaction or a series of related transactions, and such successor shall be fully bound by the terms and conditions hereof.

12.5.2 CPLB may not assign this Agreement, in whole or in part, without the advance written consent of Novavax; provided, however, that this Agreement shall be automatically assigned to CPLB's successor in connection with the sale, transfer, lease, assignment or disposal of all or substantially all of the property or assets of CPLB, whether by way of a single transaction or a series of related transactions, including a Change in Control of CPLB (as that term is defined in Schedule II of the Second Restated JV Agreement), and such successor shall be fully bound by the terms and conditions hereof; provided that any such automatic assignment by CPLB within the scope of Schedule II of the Second Restated JV Agreement shall only be effective if such transaction was approved by Novavax under and pursuant to the Second Restated JV Agreement for so long as such approval rights of Novavax under the Second Restated JV Agreement have not been terminated.

12.5.3 Any assignment or purported assignment by either Party in violation of this Section 12.5 will be null and void.

12.6 **Force Majeure.** No Party shall be in default of this Agreement by reason of its failure or delay in complying with its obligations under this Agreement if such failure or delay is caused by matters out of its reasonable control, including but not limited to acts of God, changes in Laws, strikes, lock-outs, fire, riots, or civil war or civil commotion; provided that such Party gives the other Party prompt written notice of the failure or delay in performance and the reason therefor and uses its reasonable efforts to limit the resulting failure or delay in its performance.

12.7 **Headings.** The headings for each article and section in this Agreement have been inserted for convenience of reference only and are not intended to limit or expand on the meaning of the language contained in the particular article or section.

12.8 **No Strict Construction.** This Agreement has been prepared jointly and will not be strictly construed against either Party.

12.9 **Ambiguities.** Ambiguities and uncertainties in this Agreement, if any, will not be interpreted against either Party, irrespective of which Party may be deemed to have caused the ambiguity or uncertainty to exist.

12.10 **English Language.** All notices required or permitted to be given hereunder, and all written, electronic, oral or other communications between the Parties regarding this Agreement will be in the English language. This Agreement is in the English language only, which language will be controlling in all respects, and all versions hereof in any other language will be for accommodation only and will not be binding upon the Parties.

12.11 **No Waiver.** Any delay in enforcing a Party's rights under this Agreement or any waiver as to a particular default or other matter will not constitute a waiver of such Party's rights to the future enforcement of its rights under this Agreement, excepting only as to an express written and signed waiver as to a particular matter for a particular period of time.

12.12 **Severability.** If one or more of the provisions in this Agreement are deemed unenforceable by Law, then such provision will be deemed stricken from this Agreement and the remaining provisions will continue in full force and effect and shall be interpreted to give full effect to the commercial agreement between the Parties.

12.13 **Counterparts.** This Agreement may be executed in one or more identical counterparts, each of which will be deemed to be an original, and which collectively will be deemed to be one and the same instrument.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

IN WITNESS WHEREOF, the Parties have by duly authorized persons executed this Agreement as of the Effective Date.

Novavax, Inc.	CPL Biologicals Private Limited
By : /s/ Stanley C. Erck	By : /s/ Dr. Rajiv I Modi
Stanley C. Erck	Dr. Rajiv I Modi
President & CEO	Chairman

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Schedule I

Additional Vaccine Candidates

Additonal Vaccine Candidate shall mean the following:

[* * *]

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Schedule II

Docket No. Family	Application No.	Country	Title
[* * *]	[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]	

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH [* * *] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Schedule III

Development and Commercialization Services

[* * *]

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Stanley C. Erck, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Novavax, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2018

By: /s/ Stanley C. Erck
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, John J. Trizzino, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Novavax, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2018

By: /s/ John J. Trizzino
Senior Vice President, Chief Business
Officer, Chief Financial Officer and Treasurer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 UNITED STATES CODE §1350 (SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Quarterly Report of Novavax, Inc. (the "Company") on Form 10-Q for the fiscal period ended September 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stanley C. Erck, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the dates and periods covered by this Report.

Date: November 7, 2018

By: /s/ Stanley C. Erck
President and Chief Executive Officer

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference.

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
18 UNITED STATES CODE §1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Quarterly Report of Novavax, Inc. (the "Company") on Form 10-Q for the fiscal period ended September 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John J. Trizzino, Senior Vice President, Chief Business Officer, Chief Financial Officer and Treasurer of the Company, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the dates and periods covered by this Report.

Date: November 7, 2018

By: /s/ John J. Trizzino
Senior Vice President, Chief Business
Officer, Chief Financial Officer and Treasurer

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference.