AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MARCH , 1997
REGISTRATION NO. _____

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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 Number)

8320 GUILFORD ROAD, COLUMBIA, MD 21046
(301) 854-3900
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

JOHN O. MARSH, JR.
NOVAVAX, INC.
8320 GUILFORD ROAD
COLUMBIA, MD 21046
(301) 854-3900
(Name, address, including zip code, and telephone number, including area code, of agent for service of process)

With a copy to:
DAVID A. WHITE, ESQ.
WHITE & MCDERMOTT, P.C.
65 WILLIAM STREET, SUITE 209
WELLESLEY, MA 02181
(617) 431-1700

Approximate date of commencement of proposed sale to the public: As soon as practicable and from time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. [ ]

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered be	Amount to Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock ($.01 par value)	1,200,000 shares	$ 4.09 (1)	$ 4,912,500	$ 1,693.97
Common Stock ($.01 par value)	600,000 shares (2)	$ 6.00 (3)	$ 3,600,000	$ 1,241.38
Common Stock ($.01 par value)	600,000 shares (4)	$ 8.00 (3)	$ 4,800,000	$ 1,655.17
	Total Fee			$ 4,590.52

(1) Estimated solely for the purpose of determining the registration fee and computed pursuant to Rule 457(c), based upon the average of the high and low sale prices on February 27, 1997, as reported by the American Stock Exchange.

(2) Consists of shares which may be acquired pursuant to a warrant exercisable at a price of $6.00 per share.

(3) Estimated solely for the purpose of determining the registration fee and computed pursuant to Rule 457(g).

(4) Consists of shares which may be acquired pursuant to a warrant exercisable at a price of $8.00 per share.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

NOVAVAX, INC.
CROSS REFERENCE SHEET PURSUANT TO ITEM 501(b)
OF REGULATION S-K SHOWING LOCATION IN PROSPECTUS OF
INFORMATION REQUIRED BY ITEMS OF FORM S-3

FORM S-3 REGISTRATION STATEMENT ITEM AND HEADING	LOCATION IN PROSPECTUS

1.	Forepart of Registration Statement and Outside Front Cover Page of Prospectus	Facing Page of Registration Statement; Cross-Reference Sheet; Outside Front Cover Page of Prospectus
2.	Inside Front and Outside Back Cover Pages of Prospectus	Inside Front Cover and Outside Back Cover of Prospectus; Available Information; Incorporation by Reference
3.	Summary Information, Risk Factors and Ratio of Earnings to Fixed Charges	Risk Factors; Available Information
4.	Use of Proceeds	Use of Proceeds
5.	Determination of Offering Price	*
6.	Dilution	*
7.	Selling Security Holders	Selling Stockholder
8.	Plan of Distribution	Plan of Distribution
9.	Description of Securities to be Registered	*
10.	Interests of Named Experts and Counsel	Legality of Common Stock; Experts
11.	Material Changes	*
12.	Incorporation of Certain Documents by Reference	Incorporation of Certain Documents by Reference
13.	Disclosure of Commission Position on Indemnification for Securities Act Liabilities	Indemnification

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* Item is omitted because it is either not required or inapplicable.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION, DATED MARCH 3, 1997

PROSPECTUS

NOVAVAX, INC.

2,400,000 SHARES OF COMMON STOCK ($.01 PAR VALUE)

This Prospectus relates to the offer and sale of up to 2,400,000 shares (the "Shares") of Common Stock, $.01 par value (the "Common Stock"), of Novavax, Inc. ("Novavax" or the "Company") comprised of (i) 1,200,000 shares being acquired concurrently with the effectiveness of the Registration Statement of which this Prospectus forms a part (the "Registration Statement") by a certain stockholder of the Company (the "Selling Stockholder") and (ii) 1,200,000 shares which may be acquired upon the exercise of warrants to be granted to the Selling Stockholder concurrently with the effectiveness of the Registration Statement. The Shares may be offered and sold by the Selling Stockholder from time to time in open market or privately negotiated transactions at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. The Selling Stockholder may effect such transactions by selling the Shares to or through broker-dealers and such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the Selling Stockholder or the purchasers of the Shares for whom such broker-dealers may act as agent or to whom they sell as principal or both (which compensation to a particular broker-dealer might be in excess of customary commissions). See "Selling Stockholder" and "Plan of Distribution."

None of the proceeds from the sale of the Shares by the Selling Stockholder will be received by the Company. The Company has agreed to bear

certain expenses (other than selling commissions) in connection with the registration and sale of the Shares being offered by the Selling Stockholder, estimated at $35,000. The Company has agreed to indemnify the Selling Stockholder against certain liabilities, including certain liabilities under the Securities Act of 1933, as amended (the "Securities Act").

The Common Stock of the Company is listed for quotation on the American Stock Exchange under the symbol NOX. On February 27, 1997, the closing sale price of the Common Stock, as reported by the American Stock Exchange, was $4.19 per share.

The Selling Stockholder and any broker-dealers or agents that participate with the Selling Stockholder in the distribution of the Shares may be deemed to be "underwriters" within the meaning of the Securities Act, and any commissions received by them and any profit on the resale of the Shares purchased by them may be deemed to be underwriting commission or discounts under the Securities Act.

AN INVESTMENT IN THE SECURITIES REGISTERED HEREBY INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" COMMENCING ON PAGE 8.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE

COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH IN THIS PROSPECTUS OR IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF. NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION.

The date of this Prospectus is March , 1997.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed with the Securities and Exchange Commission (the "Commission") are incorporated herein by reference;

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995;

2. The Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1996;

3. The Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 1996;

4. The Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 1996;

5. The Company's definitive Proxy Statement, dated April 5, 1996 relating to the Annual Meeting of Stockholders held on May 9, 1996; and

6. The description of the Common Stock contained in the Company's Registration Statement on Form 10, File No. 0-26770 filed on September 14, 1995, filed pursuant to Section 12(b) of the Exchange Act.

All reports and other documents filed by the Company with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), subsequent to the date hereof and prior to the filing of a post-effective amendment which indicates that all securities covered by this Prospectus have been sold or which deregisters all such securities then remaining unsold, shall be deemed to be incorporated by reference herein and to be a part hereof from the date of the filing of such reports and documents.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will provide without charge to each person to whom a copy of this Prospectus is delivered, upon written or oral request of any such person, a copy of any or all of the documents which are incorporated herein by reference, except for certain exhibits to such documents. Requests should be directed to the principal executive offices of the Company, 8320 Guilford Road, Columbia, MD 21046, Attention: Elaine T. Bennett, telephone: (301) 854-3900.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Exchange Act, and in accordance therewith, files reports and other information with the Commission. Reports, proxy and information statements and other information filed by the Company with the Commission pursuant to the informational requirements of the Exchange Act may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices located at 7 World Trade Center, Suite 1300, New York, New York 10048, and at Northwest Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such materials also may be obtained from the

Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Commission maintains a World Wide Web site that contains reports, proxy and information statements and other information filed electronically by the Company since May 1996 at the following address: http://www.sec.gov. The Company has filed with the Commission in Washington, D.C. a registration statement (herein, together with all amendments and exhibits, referred to as the "Registration Statement") under the Securities Act with respect to the securities offered hereby. This Prospectus does not contain all the information included in the Registration Statement, certain items of which are omitted in accordance with the rules and regulations of the Commission. For further information pertaining to the Company and the Common Stock offered hereby, reference is made to such Registration Statement and the exhibits thereto.

The Company's Common Stock is listed on the American Stock Exchange.

Reports, proxy and information statements and other information concerning the Company can be examined at the American Stock Exchange Inc., 86 Trinity Place, New York, New York 10006.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements under the captions "The Company," "Recent Developments" and "Risk Factors" contained in this Prospectus or as may otherwise be incorporated by reference herein constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the following: general economic and business conditions; competition; technological advances; ability to obtain rights to technology; ability to obtain and enforce patents; ability to commercialize and manufacture products; results of preclinical studies; results of research and development activities; business abilities and judgment of personnel; availability of qualified personnel; changes in, or failure to comply with, governmental regulations; ability to obtain adequate financing in the future; and other factors referenced in this Prospectus. See "Risk Factors."

THE COMPANY

Novavax, Inc. ("Novavax" or the "Company") is a biopharmaceutical company focusing on the research and development of proprietary topical and oral drug delivery technologies. The Company's technology platforms involve the use of proprietary microscopic organized lipid structures as vehicles for the delivery of a wide variety of drugs and other therapeutic products, including certain hormones, anti-bacterial and anti-viral products and vaccine adjuvants. The Company's lead product candidates, ESTRASORB(TM), a topical estrogen cream, and Helicore(TM), an oral anti-bacterial preparation for the treatment of Helicobacter pylori infection, have completed Phase I human clinical trials. The Company has recently entered Phase I human clinical studies with ANDROSORB(TM), a topical testosterone cream.

THE NOVAVAX TECHNOLOGY PLATFORMS

Novavax has developed proprietary topical and oral drug delivery technologies using organized lipid structures (collectively, the "Novavax Technologies"). To date, the Company has utilized its technology in the development of Novasome lipid vesicles and micellar nanoparticles, which are sub-micron size lipid structures that also possess encapsulation capabilities. These structures may help with targeted delivery and controlled release. The Company believes its technologies may allow for the more cost-effective delivery of a wide variety of drugs and other therapeutics than phospholipid liposomes and other delivery vehicles.

Most commercial liposomes are composed of delicate phospholipids. Due to their inherent lack of stability and carrying capacity limitations, a limited number of drugs may be used with phospholipid liposomes. While capable of encapsulating certain (principally water soluble) drugs, phospholipid liposomes have a number of significant disadvantages including their expense and the need to use potentially hazardous organic solvents in their manufacture. In addition, the standard, multi-step phospholipid manufacturing process yields relatively small quantities of liposomes.

Novasome(R) lipid vesicles

Novasome lipid vesicles are proprietary organized lipid structures in which drugs or other materials can be encapsulated for delivery into the body topically or orally. Novasome lipid vesicles are made using the Company's patented manufacturing process from a variety of readily available chemicals called amphiphiles, which include fatty alcohols and acids, ethoxylated fatty alcohols and acids, glycol esters of fatty acids, glycerol fatty acid mono and diesters, ethoxylated glycerol fatty acid esters, glyceryl ethers, fatty acid diethanolamides and dimethyl amides, fatty acyl sarcosinates, "alkyds" as well as phospholipids. IGI, Inc. ("IGI"), the Company's former parent, currently uses Novasome lipid vesicles in a wide variety of cosmetic applications, including products sold by Estee Lauder and Revlon under such labels as Prescriptives and Almay. To date, IGI has sold hundreds of tons of products that incorporate Novasome technologies.

The Company believes Novasome lipid vesicles have a number of proprietary features that may be applicable in the delivery of human therapeutics. Because Novasome lipid vesicles consist primarily of inexpensive chemicals and the manufacturing process is a simple one, the Company believes that the manufacturing cost of Novasome lipid vesicles is less than phospholipid liposomes and other drug delivery vehicles. Novasome lipid vesicles also have a large, stable central core that allows them to entrap and deliver a wide variety of substances that may be too large or chemically disruptive for phospholipid liposomes. In addition, the Company is able to manipulate the structure and size of Novasome lipid vesicles in order to vary the amount and rate of drug delivery into the body. This may enable Novasome lipid vesicles to be utilized for the continuous delivery of therapeutics over extended periods of time.

Micellar Nanoparticles

Micellar nanoparticles ("MNPs") are submicron-sized, water miscible lipid structures that have different structural characteristics and are generally smaller than Novasome lipid vesicles. MNPs, like Novasome lipid vesicles, are derived from amphiphile molecules.

Novavax scientists have demonstrated the ability to incorporate alcohol soluble drugs and pesticides, vaccine adjuvants, proteins, whole viruses, flavors, fragrances and colors into MNPs. MNPs have the ability to entrap ethanol or methanol soluble drugs and to deliver certain of these drugs through intact skin. The MNP formulations used for the transdermal delivery of drugs have cosmetic properties like creams and lotions.

Novavax Product Candidates

TOPICAL DRUG DELIVERY

The Company is using its micellar nanoparticle technology in the development of ESTRASORB, a cream designed for the delivery of estradiol (natural estrogen) through the skin. Estrogen replacement therapy is currently used worldwide by menopausal [and post-menopausal] women to prevent osteoporosis, cardiovascular disease and other menopausal symptoms (e.g. "hot flashes"). Current estrogen replacement products include oral tablets or, more recently, transdermal patches. Oral estrogen tablets, however, have been associated with side effects

primarily resulting from fluctuating blood hormone levels. Because of these side effects, transdermal patches for estrogen replacement were developed. While these patches help reduce blood hormone fluctuations, they may cause skin irritation and patient inconvenience associated with wearing and changing an external patch.

The Company believes that ESTRASORB may offer several advantages over existing therapies used for estrogen replacement. ESTRASORB is a lotion that may be applied to the skin much like a typical cosmetic cream. The Company believes ESTRASORB will be able to deliver a continuous amount of estrogen to the patient without the fluctuations in blood hormone levels associated with oral tablets. In addition, ESTRASORB does not contain materials that may cause the skin irritation associated with transdermal patches.

In 1995, the Company completed preclinical testing of ESTRASORB in a primate model. Results of this study demonstrated that ESTRASORB can be utilized to deliver estradiol through intact skin with maintenance of therapeutic serum estradiol levels for six days after a single topical application. Based on these results, the Company initiated a Phase I human clinical trial of ESTRASORB directed to 10 symptomatic menopausal women. In this study, each woman received a single topical application of ESTRASORB. This study was completed in the fourth quarter of 1996 with no significant adverse experiences noted. The Company plans to submit dose ranging clinical study plans for ESTRASORB to the United States Food and Drug Administration (the "FDA") in the first quarter of 1997.

In September, 1996, the Company completed the preclinical testing of ANDROSORB (testosterone) in its MNP transdermal drug delivery platform. In these animal models, peak blood levels of testosterone were approximately three times higher than testosterone dissolved in ethanol. After a single topical cream application, peak serum levels of testosterone were as high as 35 nanograms per milliliter and persisted in the therapeutic range for 48 hours.

Testosterone replacement therapy is currently used by males who are testosterone deficient as a result of either primary or secondary hypogonadism. Testosterone in males is required to maintain sexual function and libido, maintain lean body mass, increase hemoglobin synthesis and maintain bone density. Current testosterone replacement therapy products include deep intramuscular injections or transdermal patches. The injections require frequent visits to a physician and may be associated with pain at the injection site and abscess. The transdermal patches may cause skin irritation and patient inconvenience associated with wearing and changing two to three external patches per day.

The Company believes that ANDROSORB may offer several advantages over current testosterone replacement therapies. ANDROSORB is a lotion that may be applied to the skin. This would eliminate the need for intramuscular injections. In addition, ANDROSORB does not contain materials that may cause the skin irritation associated with transdermal patches. As a result of its successful pre-clinical studies with ANDROSORB, the Company filed for and received an Investigational New Drug Application with the FDA in the fourth quarter of 1996. The Company has initiated a Phase I human clinical study in 10 testosterone deficient males. In this safety study, each male will receive a single topical application of ANDROSORB.

In September, 1996, the Company also completed the preclinical testing of PROGESTSORBTM (progesterone) in its MNP transdermal drug delivery platform. PROGESTSORB was as effective as ethanol for delivery of progesterone transdermally. A single topical cream application of PROGESTSORB provided peak serum levels of 10 nanograms per milliliter which persisted in the therapeutic range for 48 hours. The Company is also developing an estrogen-progesterone product candidate in its MNP transdermal delivery system for preclinical testing.

With its MNP transdermal drug delivery platform, the Company has now completed preclinical studies on three drugs (estradiol, testosterone and progesterone). Novavax plans to proceed with clinical development of these pharmaceutical products. The Company believes its MNP and other technologies

are suitable for the delivery of additional alcohol soluble as well as other drugs through the skin.

Helicore Microbicidal Preparations

The Company has developed proprietary lipid structure formulations that it is using in the development of a non-antibiotic anti-bacterial preparation for the treatment of Helicobacter pylori ("H. pylori") infection in humans. H. pylori was recognized in 1994 by the National Institutes of Health as a causative agent of peptic ulcer disease, antral gastritis and certain types of gastric cancer. It is estimated that 30-80 million adults in the U.S. are infected with H. pylori. Each year the treatment of complications of H. pylori infections (i.e. peptic ulcer disease) in the U. S. alone costs in excess of five billion dollars. Current therapies for the treatment of H. pylori include the use of antibiotics alone or antibiotics in combination with drugs that inhibit acid production in the stomach. Problems associated with such therapies include, but are not limited to, cost, toxicity, failure to sufficiently eradicate all the bacteria and acquired resistance to the antibiotic.

In the fourth quarter of 1995, the Company completed a single-dose Phase I human clinical study involving 20 subjects in which no clinically significant side effects were found. Based on the results of this study, in March 1996 the Company commenced a multiple-dose Phase I human clinical trial directed to 20 non-symptomatic patients diagnosed with H. pylori infection. The Company recently received permission from the FDA to proceed with the testing of Helicorep10TM, an additional oral non-antibiotic anti-bacterial preparation developed to eradicate H. pylori bacteria. Helicorep10 was given in multiple doses to 10 non-symptomatic H. pylori positive subjects and no clinically significant side effects were noted. This additional preparation brings the total number of Helicore products in human clinical testing in non-symptomatic H. pylori infected patients to three. The study was completed in the fourth quarter of 1996 with no significant adverse experiences reported. The Company hopes to initiate Phase II clinical trials with Helicore in 1997.

Vaccine Adjuvants

Adjuvants are substances that make vaccines more effective. The Company believes that certain of its organized lipid structures (e.g. Novasome lipid vesicles and MNPs) may provide effective and safe adjuvant carrier systems for a variety of vaccines. The Company believes both Novasome lipid vesicles and MNPs may be used as vaccine adjuvants and protective carriers in a variety of circumstances, including: (i) encapsulation and protection of delicate antigenic materials from destruction by the body's normal enzymatic processes; (ii) encapsulation of toxic materials, such as endotoxins and other potent toxins, for gradual releases, thereby providing protection of the body from the toxin while generating an immune response to the toxic antigen; (iii) presentation of small peptide antigens to elicit a heightened cellular immune response; and (iv) delivery of genes and other molecules into targeted cells.

Patents

The Company has 36 U.S. patents and 15 pending applications covering the composition, manufacture and use of its organized lipid structures and related technologies.

Incorporation and Spin-off

The Company was incorporated in Delaware in 1987. Its principal executive offices are currently located at 8320 Guilford Road, Columbia, Maryland. On December 12, 1995, the

Company's former parent, IGI, Inc., distributed its majority interest in Novavax to the IGI stockholders (the "Distribution").

RECENT DEVELOPMENTS

The primary focus of Novavax is the development of human pharmaceuticals and drug delivery technologies. Historically, the focus of the Company was on the development of human vaccines, vaccine adjuvants, drug delivery technologies (such as ESTRASORB and ANDROSORB) and anti-infective pharmaceuticals (such as Helicore). Novavax has developed several oral vaccines, two of which (ECOVAX 0157(TM) and Shigella flexneri 2a) were granted Investigational New Drug Application approvals and completed Phase I human clinical studies. The Company's lead pharmaceutical product candidates, ESTRASORB and Helicore, are completing Phase I human clinical studies and ANDROSORB recently entered Phase I human clinical studies.

Although the Company began development of its pharmaceutical product candidates later than, and as byproducts of, its vaccine development, its primary emphasis is now on these pharmaceutical product candidates for the following reasons:

- Much larger potential markets
- Lower estimated clinical development costs
- Measurements of clinical efficacy are more easily defined
- Current financial resources do not permit concurrent development of both multiple vaccine and pharmaceutical programs

Consistent with prudent use of the Company's limited cash resources, the clinical development programs for both oral active vaccine immunization programs have been presently suspended in favor of the development of its three lead pharmaceutical product candidates. The Company plans to submit dose ranging clinical study plans for both ESTRASORB and Helicore to the FDA in the first quarter of 1997. The Company has the potential to develop other human pharmaceutical products utilizing its proprietary drug delivery platform technologies dependent upon additional future capital.

At the time of the Distribution, Dr. Edward B. Hager and Mr. John P. Gallo announced that they would remain as Chief Executive Officer and Chief Operating Officer, respectively, of the Company during a transition period until not later than June 30, 1996. Accordingly, on July 1, 1996 John O. Marsh, Jr. succeeded Dr. Hager as Chairman and Chief Executive Officer. Subsequently, Mr. Marsh appointed Denis M. O'Donnell, M.D., the President of Novavax, to the additional position of Chief Operating Officer to succeed Mr. Gallo in that role. Dr. Hager and Mr. Gallo remain directors of the Company. In addition, in May, 1996 Ms. Elaine T. Bennett was appointed Vice President, Treasurer and Chief Financial Officer of the Company.

On February 25, 1997, Mr. Marsh announced his retirement as Chairman of the Board of Directors, effective immediately, and as Chief Executive Officer effective upon the arrival of his replacement. The Board then elected Richard F. Maradie as Chief Executive Officer commencing approximately March 4, 1997. Dr. Hager was elected as Chairman of the Board of Directors.

RISK FACTORS

In evaluating the Company and its business, prospective investors should carefully consider the following risk factors in addition to the other information appearing in or incorporated by reference in this Prospectus.

Early Stage of Product Development. Novavax has not yet completed the development of any products and has not begun to generate any revenue from the commercialization of products. All of Novavax's potential products are in research, development or early-stage clinical trials. The development of products, if any, will require significant additional research, development, preclinical and clinical testing, regulatory approval and investment prior to commercialization, which may never occur. None of Novavax's pharmaceuticals or other products is expected to be commercially available for at least several years.

Success in the pharmaceuticals market depends on Novavax's ability to complete satisfactorily the development of pharmaceuticals based on the Novavax Technologies that will be safe and efficacious and will have benefits not available in competitive products; and no assurance can be given that it will be successful in doing so. Novavax's potential products are subject to the risks of failure inherent in the development of pharmaceutical products based on new technologies. These risks include the possibilities that Novavax's approach will not be successful; that any or all of Novavax's potential products will be found to be unsafe, ineffective or otherwise fail to meet applicable regulatory standards or receive necessary regulatory clearances; that the potential products, if safe and effective, will be difficult to develop into commercially viable products or manufacture on a large scale, be uneconomical to market, or fail to obtain acceptance by the medical community; that proprietary rights of third parties will preclude Novavax from marketing such products; or that third parties will market superior or equivalent products. There can be no assurance that any of these products will be successfully developed and, whether produced by Novavax or by its licensees or partners, will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs or be successfully marketed.

Absence of Revenue from Products. Novavax's future growth will depend on its ability to commercialize its Novavax Technologies for human pharmaceutical applications. To date, Novavax has not generated any revenue from the sale of pharmaceuticals or other products, although it has received insignificant development funds from potential collaborators or partners. During the years ended December 31, 1993, 1994 and 1995, Novavax incurred net losses of $4,790,033, $5,690,036 and $8,494,358, respectively. The losses have resulted from expenses incurred in the Company's research and development programs, protection of intellectual property and, to a lesser extent, from other general, administrative and operating expenses. Novavax expects cumulative losses will increase in the near-term as it conducts additional clinical trials and seeks regulatory approval for its product candidates. Payments from collaborative partners, if any, and investment income are expected to be the only sources of revenue for the foreseeable future and revenues from commercial sales of products are not expected for a number of years, if at all. There can be no assurance that the Company will be successful in entering into strategic alliances or collaborative arrangements that will result in significant revenues. Novavax expects to continue to incur substantial operating losses unless and until such time, if ever, as product sales, licensing fees and royalty payments generate sufficient revenue to fund its continuing operations. The time required to reach profitability is highly uncertain. There can be no assurance that the Company will be able to achieve profitability on a sustained basis, if at all.

Additional Financing Requirements and Access to Capital. Novavax will require substantial funds to continue its research and development, future preclinical and clinical trials, regulatory approvals, establishment of commercial-scale manufacturing capabilities, and marketing its products. Novavax's capital requirements depend on numerous factors, including but not limited to the progress of its research and development programs, the progress of preclinical and clinical testing, the time and costs involved in obtaining regulatory approvals, the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights, competing technological and market developments, changes in Novavax's existing research relationships, the ability of Novavax to establish collaborative arrangements, the development of

commercialization activities and arrangements, and the purchase of additional facilities and capital equipment. Novavax estimates that its existing cash resources, together with the net proceeds of the Private Placement (as hereinafter defined), will only be sufficient to finance its operations at its current level for approximately 20-24 months. There can be no assurance, however, that such estimate will be correct. Novavax will seek to obtain additional funds for these purposes through public or private equity or debt financings, collaborative arrangements with pharmaceutical companies or from other sources. If additional funds are raised by issuing equity securities of Novavax, dilution to then existing stockholders may result. There can be no assurance that additional funding or bank financing will be available at all or on acceptable terms to permit successful commercialization of the Novavax Technologies and products. If adequate funds are not available, Novavax may be required to significantly delay, reduce the scope of or eliminate one or more of its research or development programs, or seek other alternatives to avoid insolvency, including arrangements with collaborative partners or others that may require Novavax to relinquish rights to certain of its technologies, product candidates or products.

Uncertainty of Patents and Proprietary Rights. Although Novavax has 36 issued and 15 pending United States patents, its success will depend, in large part, on its ability to maintain its existing patents, obtain new patents, maintain trade secret protection and operate without infringing on the proprietary rights of third parties or having third parties circumvent Novavax's rights. Novavax has U.S. and foreign patent rights covering its Novavax Technologies, including its Novamix production equipment. The patent positions of pharmaceutical companies can be highly uncertain and involve complex legal, scientific and factual questions. To date, no consistent policy has emerged regarding the breadth of biotechnology patent claims that are granted by the United States Patent and Trademark Office or enforced by the Federal courts. Thus, there can be no assurance that any of Novavax's existing patents will not be challenged or future patent applications will result in the issuance of patents, that Novavax will develop additional proprietary products that are patentable, that any patents issued to Novavax will provide Novavax with any competitive advantages or will not be challenged by any third parties, that the patents of others will not impede the ability of Novavax to do business or that third parties will not be able to circumvent Novavax's patents. Furthermore, there can be no assurance that others will not independently develop or duplicate similar technology or products, or, if patents are issued to Novavax, design around the patents issued to Novavax. The failure of the Company or its licensors to obtain or maintain patent protection for the Company's products could have a material adverse effect on the Company.

Novavax may be required to obtain licenses from third parties to avoid infringing patents or other proprietary rights. No assurance can be given that any licenses required under any such patents or proprietary rights would be made available, if at all, on terms acceptable to Novavax. If Novavax does not obtain such licenses, it could encounter delays in product introductions, or could find that the development, manufacture or sale of products requiring such licenses could be prohibited. In addition, Novavax could incur substantial costs in defending itself in suits brought against Novavax on patents it might infringe or in filing suits against others to have such patents declared invalid.

Some of Novavax's know-how and technology may not be patentable. To protect its rights, Novavax requires employees, consultants, advisors and collaborators to enter into confidentiality agreements. There can be no assurance, however, that these agreements will provide meaningful protection for Novavax's trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure. Further, Novavax's business may be adversely affected by competitors who independently develop competing technologies, especially if Novavax obtains no, or only narrow, patent

protection.

Technological Change and Competition. The pharmaceutical industry is subject to rapid and substantial technological change and intense competition. Competitors of Novavax in the

United States and abroad are numerous and include, among others, both large and small pharmaceutical companies, biotechnology firms, universities and other research institutions. There can be no assurance that Novavax's competitors will not succeed in developing technologies and products that are more effective than any which are being developed by Novavax or which would render Novavax's technologies and products obsolete or noncompetitive. Most of these competitors have substantially greater financial and technical resources and production and marketing capabilities than Novavax. In addition, many of Novavax's competitors have significantly greater experience than Novavax in conducting preclinical testing and clinical trials of human pharmaceuticals and obtaining FDA and other regulatory approvals of products for use in health care. Accordingly, Novavax's competitors may succeed in obtaining FDA approval for products more rapidly than Novavax. If Novavax commences significant commercial sales of any products, it will also be competing with respect to manufacturing efficiency and marketing capabilities, areas in which it has limited or no experience.

Need to Establish Collaborative Commercial Relationships; Dependence on Partners. Novavax's business strategy for its products is to enter into strategic alliances or licensing arrangements with corporate partners, primarily pharmaceutical companies, relating to the development and commercialization of certain products incorporating the Novavax Technologies for commercialization outside the United States. There can be no assurance that Novavax will be able to negotiate acceptable collaborative arrangements, that such collaborations will be available to Novavax on acceptable terms, that any such relationships, if established, will be scientifically or commercially successful or that any collaborative partner will have economic motivation to continue funding provided for under any such agreements or that such collaboration will be successful. Novavax expects that under certain of these arrangements, the collaborative partner will have the responsibility for conducting human clinical trials and the submission for regulatory approval of the product candidate with the appropriate regulatory agencies. Should the collaborative partner fail to develop a marketable product, Novavax's business may be adversely affected. There can be no assurance that Novavax's collaborative partners will not be pursuing alternative technologies either on their own or in collaboration with others, including Novavax's competitors, as a means for developing treatments for the diseases targeted by these collaborative programs. Novavax's business also will be affected by the success of its corporate partners in marketing any successfully developed products within the geographic areas in which such partners are granted marketing rights. Novavax may retain manufacturing rights for some of the products that it develops and licenses pursuant to arrangements with corporate partners. However, there can be no assurance that Novavax will be able to retain such rights on acceptable terms, if at all, or that Novavax will have the ability to produce the quantities of product required under the terms of such arrangements. Novavax's royalties from sales of products licensed to collaborators, if any, may be less than the revenues Novavax could have generated had it commercialized and marketed products itself.

Attraction and Retention of Key Employees and Scientific Collaborators. Novavax is highly dependent on the principal members of its scientific and managerial staff, the loss of whose services could have a material adverse effect on Novavax. Furthermore, recruiting and retaining qualified scientific personnel to perform research and development work in the future will also be critical to Novavax's success. There can be no assurance

that Novavax will be able to attract and retain such personnel on acceptable terms given the competition among numerous pharmaceutical companies, universities and non-profit research institutions for experienced scientists. Novavax's anticipated growth and expansion into areas and activities requiring additional expertise such as clinical testing, governmental approvals, production and marketing, are expected to place increased demands on Novavax's resources. These demands are expected to require the addition of new management personnel and the development of additional expertise by existing management personnel. The failure to acquire such services or to develop such expertise could materially adversely affect Novavax's business.

Limited Manufacturing Capability. The development and manufacture of Novavax's products are subject to current good laboratory practices ("GLP") and good manufacturing practices ("GMP") requirements prescribed by the FDA or other standards prescribed by the appropriate regulatory agency in the country of use. Novavax currently has the ability to produce quantities of Novasome lipid vesicles sufficient to support its current needs. Novavax also has the ability to produce quantities of its products sufficient to support its current research and development and early-stage clinical trial needs. However, Novavax will need to acquire additional manufacturing facilities and improve its manufacturing technology in order to meet the volume and cost requirements for later clinical trials and commercial production of its own pharmaceuticals if it elects to do so. If Novavax decides to establish additional manufacturing facilities, doing so will require substantial additional funds, the hiring and retention of significant additional personnel and compliance with extensive regulations applicable to such facilities. There can be no assurance that Novavax will be able to obtain or manufacture such products in a timely fashion at acceptable quality and prices, that it or its suppliers can comply with GLP or GMP, as applicable, or that it or its suppliers will be able to manufacture an adequate supply of product. If Novavax relies on collaborators, licensees or contract manufacturers for the commercial manufacture of its products, the Company will have only limited control over the commercial manufacturing of its products. There can be no assurance that Novavax will be able to enter into any such manufacturing arrangements on acceptable terms, if at all. If the Company is not able to enter into commercial manufacturing agreements or develop its own commercial manufacturing capacity, it could encounter delays in introducing its products into certain markets, or find that the manufacture of its products in these markets is adversely affected. There can be no assurance that the parties to the Company's future commercial manufacturing agreements will perform their obligations as expected, or that any revenue will be derived from these commercial manufacturing agreements.

Absence of Sales and Marketing Experience. Novavax expects to commercialize and sell certain of its products through co-marketing arrangements with third parties. In addition, Novavax may build a small targeted direct sales group for products in markets that can be accessed with a small to medium size sales force, if and when such products approach FDA marketing approval. To date, though, Novavax has had no experience in sales, marketing or distribution of its products. In order to market its products directly, Novavax would need to develop a marketing staff and sales force with technical expertise. There can be no assurance that Novavax will be able to build such a marketing staff or sales force, that the cost of establishing such a marketing staff or sales force will not exceed any product revenue or that Novavax's direct sales and marketing efforts will be successful. In addition, if Novavax succeeds in bringing one or more products to market, it may compete with other companies that currently have extensive and well-funded marketing and sales operations. There can be no assurance that Novavax's marketing and sales efforts would compete successfully against such other companies. To the extent Novavax enters into co-marketing arrangements, any revenue received by Novavax will be dependent on the efforts of third parties and there can be no assurance that such efforts will be successful.

Government Regulation; Uncertainty of Clinical Trials. The production and marketing of Novavax's products and ongoing research and development activities are subject to regulation by numerous governmental authorities in the United States and other countries. Prior to marketing, any human pharmaceuticals developed by Novavax must undergo rigorous preclinical testing and clinical trials, as well as an extensive regulatory approval process mandated by the FDA and foreign regulatory agencies. These processes can take many years and require the expenditure of substantial resources. The rate of completion of clinical trials is dependent upon, among other factors, the rate of patient enrollment. Patient enrollment is a function of many factors, including the size of the patient population, the nature of the protocol, the company's ability to manage the clinical trial, the proximity of patients to clinical sites and the eligibility criteria for the study. Several factors, such as delays in planned patient enrollment, may result in increased costs and delays or termination of clinical trials prior to completion, which could have a material adverse

effect on Novavax. Clinical trials generally must meet requirements for institutional review board oversight and informed consent, as well as regulatory agency prior review, oversight and good clinical practice requirements. Data obtained from preclinical and clinical activities are susceptible to varying interpretations which could delay, limit or prevent regulatory approval. In addition, delays or rejections may be encountered based upon changes in the policies of regulatory authorities for drug approval during the period of product development and regulatory review of each submitted new drug application or product license application. Novavax may be required to demonstrate that the proposed product represents an improved form of treatment over existing therapies. Novavax has limited experience in conducting and managing the preclinical and clinical trials necessary to obtain government approvals. There can be no assurance that the results of such clinical trials will be consistent with the results obtained in preclinical studies or that the results obtained in later phases of clinical trials will be consistent with those obtained in earlier phases. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials, even after experiencing promising results in early animal and human testing. There also can be no assurance that any human pharmaceutical products will be shown to be safe and efficacious or that regulatory approval for any such product will be obtained on a timely basis, if at all. Delays in obtaining regulatory approvals would adversely affect the marketing of products developed by Novavax and Novavax's ability to receive product revenue or royalties. Moreover, if regulatory approval of a drug is granted, such approval is likely to entail limitations on the indicated uses for which it may be marketed. Further, even if such regulatory approval is obtained, a marketed drug and its manufacturer are subject to continual review, and discovery of previously unknown problems with a product or manufacturer may result in restrictions on such product or manufacturer, including withdrawal of the product from the market. Although Novavax intends to make use of fast-track regulatory approval programs when possible, there can be no assurance that Novavax will be able to obtain the clearances and approvals necessary for clinical testing or for manufacturing and marketing its products. Existing or additional government regulation could prevent or delay regulatory approval of Novavax's products or affect the pricing or marketing of such products.

Quarterly Fluctuations of Operating Results. Novavax's quarterly operating results are likely to vary significantly depending on factors such as the timing of new license agreements, the results of preclinical or clinical trials, the timing of collaborative agreements for the development of products, the timing of significant orders and the introduction of products by Novavax. Novavax's expense levels are based in part on its expectations as to future revenue. If revenue levels are below expectations, operating results will be adversely affected. Novavax believes that period-to-period comparisons of its

operating results are not necessarily meaningful and should not be relied upon as indications of future performance. As a result of the foregoing factors, it is likely that in some future quarters, Novavax's revenue or operating results will be below the expectations of public market analysts and investors. In such event, the price of Novavax's Common Stock could be materially adversely affected.

Product Liability. Although Novavax is not currently a party to any product liability litigation, the testing, manufacturing, marketing and sale of human medical products entail potential product liability risks, including claims made by consumers, health care providers, pharmaceutical companies or others selling such products. There can be no assurance that substantial product liability claims will not be asserted against Novavax. Novavax currently has limited product liability coverage for the clinical research use of its product candidates. Novavax does not have product liability insurance for the commercial sale of its potential product candidates but intends to obtain such coverage if and when its products are commercialized. Such insurance, however, is expensive, difficult to obtain and may not be available in the future on acceptable terms, or at all. No assurance can be given that product liability insurance can be maintained in the future at a reasonable cost or in sufficient amounts to protect Novavax against losses due to liability. An inability to maintain insurance at an acceptable cost or to otherwise protect against potential product liability could prevent or inhibit the continued commercialization of Novavax's products. In

addition, a product liability claim in excess of relevant insurance coverage, if any, or a product recall could have a material adverse effect on Novavax's business, financial condition and results of operations.

Hazardous Materials. Novavax's development and commercial activities may involve the controlled use of hazardous materials, chemicals, viruses, bacteria and other pathogens. Although Novavax believes that its safety procedures for handling and disposing of such materials comply with the standards prescribed by state, federal and local regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, Novavax could be held liable for any damages that result and any such liability could exceed the resources of Novavax. The Company may be required to incur significant costs to comply with environmental laws and regulations in the future.

Uncertainty of Third-Party Reimbursement. In both domestic and foreign markets, the ability of Novavax to commercialize its product candidates will depend, in part, on the availability of reimbursement from third-party payors, such as government health administration authorities, private health insurers and other organizations. Third-party payors are increasingly challenging the price and cost-effectiveness of medical products. There can be no assurance that Novavax-developed products will be considered cost effective. Significant uncertainty exists as to the reimbursement status of newly-approved healthcare products. There can be no assurance that adequate third-party insurance coverage will be available for Novavax to establish and maintain price levels sufficient for realization of an appropriate return on its investment in developing new therapies. Government and other third-party payors are increasingly attempting to contain medical costs by limiting both coverage and the level of reimbursement of new therapeutic products approved for marketing by the FDA and by refusing, in some cases, to provide coverage for uses of approved products for disease indications for which the FDA has not granted marketing approval. If adequate coverage and reimbursement levels are not provided by government or third-party payors for uses of Novavax's products, the market acceptance of these products would be adversely affected, which could have a material adverse effect on Novavax's business, financial condition and results of operations.

Uncertainty Related to Medical Reform Measures. There have been a

number of federal and state proposals during the last few years to subject the pricing of pharmaceuticals to government control and to make other changes to the medical care system of the United States. It is uncertain what legislative proposals will be adopted or what actions federal, state or private payors for medical goods and services may take in response to any medical reform proposals or legislation. Novavax cannot predict the effect these reforms may have on its business, and no assurance can be given that any such reforms will not have a material adverse effect on Novavax.

Volatility of Stock Price; Possible Delisting; Absence of Dividends. The market prices for securities of biotechnology and pharmaceutical companies, including Novavax, have historically been highly volatile, and it is likely that the market price of Novavax Common Stock will continue to be highly volatile. Since its listing on the American Stock Exchange (the "AMEX"), the closing price of the Novavax Common Stock on the AMEX has ranged between a low of $2.88 per share and a high of $8.25 per share. Announcements of technological innovations or new commercial products by Novavax or its competitors, regulatory developments, disputes concerning patent or proprietary rights, publicity regarding actual or potential medical results relating to products under development by Novavax or its competitors, public concern as to the safety of Novavax's products, and economic and other external factors unrelated to Novavax's business or operations, as well as period-to-period fluctuations in financial results, may have a significant impact on the market price of Novavax Common Stock.

Novavax Common Stock is currently traded on the AMEX. A failure to continue to meet the AMEX's maintenance requirements may result in a delisting of the Novavax Common Stock.

In particular, Novavax may have difficulty maintaining the minimum market capitalization requirements of the AMEX because such capitalization is dependent on the price at which the shares of Novavax Common Stock trade from time to time. The liquidity of delisted securities, which would probably trade in the over-the-counter markets, may be impaired, not only in the number of shares that could be bought or sold, but also through delays in the timing of transactions, reductions in security analysts' and the news media's coverage of Novavax, and lower prices than might otherwise be attained.

Novavax has never paid cash dividends on the Novavax Common Stock and does not anticipate paying any cash dividends in the foreseeable future.

Dilution. As of December 31, 1996, there were outstanding stock options for an aggregate of 3,672,861 shares of Novavax Common Stock at a weighted average exercise price of $3.11 per share. In addition, as of December 31, 1996, there were outstanding warrants to purchase an aggregate of 1,300,000 shares of Novavax Common Stock at a weighted average exercise price of $6.80 per share. Investors purchasing shares of Novavax Common Stock in this offering may incur dilution to the extent that the outstanding options are exercised.

Potential Conflicts of Interest. Dr. Hager, a director and Chairman of the Board and former Chief Executive Officer of Novavax, serves as a director and as Chairman of the Board and Chief Executive Officer of IGI. Mr. Gallo serves as a director and as President and Chief Operating Officer of IGI, and as a director of Novavax. In addition, Dr. Hager's wife, Jane E. Hager, serves as a director of both Novavax and IGI. Dr. Hager, Mr. Gallo and Mrs. Hager constitute three out of the nine members of the Novavax Board of Directors. The presence of individuals serving in decision-making roles in both companies may affect the ability of each company to receive the best arms' length result in transactions between the two companies as well as the ability of the officers and directors to act in the best interests of both companies.

Novavax and IGI have entered into a variety of intercompany agreements, the terms of which were unilaterally established by IGI. Under a Transition Services Agreement, IGI provided certain administrative services to Novavax prior to June 30, 1996. In connection with the Distribution, IGI paid Novavax $5,000,000 in return for a fully paid-up ten-year license entitling it to the exclusive use of the Novavax Technologies in certain fields. IGI has the option, exercisable in the last year of the ten-year term, to extend the License Agreement for an additional ten-year period for $1,000,000. Novavax retains the right to use its Novavax Technologies for all other applications, including most human pharmaceuticals. Novavax has agreed in a Tax Matters Agreement to use its best efforts not to engage in certain actions ("Post-Distribution Acts") which could render the Distribution taxable. If the Distribution is rendered taxable as a result of a Post-Distribution Act, then (x) the corporate level taxable gain would be recognized by the consolidated group of which IGI is the parent, (y) both IGI, as parent of that group, and Novavax as a former member of that group, would be severally liable for the corporate level tax on such gain and (z) each holder of IGI Common Stock who received shares of Novavax Common Stock in the Distribution would be treated as having received a taxable dividend.

Anti-takeover Provisions. Novavax's Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation"), requires that any action required or permitted to be taken by stockholders of Novavax must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing, and will require reasonable advance notice by a stockholder of a proposal or director nomination which such stockholder desires to present at any annual or special meeting of stockholders. Special meetings of stockholders may be called only by the Chief Executive Officer or, if none, the President of Novavax or the Board of Directors. The Certificate of Incorporation provides for a classified Board of Directors, and members of the Board of Directors may be removed only for cause upon the affirmative vote of holders of at least two-thirds of the shares of capital stock of Novavax

entitled to vote. Novavax's By-Laws provide that, during any time in which the directors of Novavax who are affiliated with IGI shall constitute at least half of the membership of the Novavax Board of Directors, any matter requiring approval of the Novavax Board of Directors shall be subject to the approval of not less than two-thirds of the directors.

The Board of Directors also has the authority, without further action by the stockholders, to fix the rights and preferences of, and issue shares of, Preferred Stock. These provisions, and other provisions of Novavax's Certificate of Incorporation and By-Laws, may have the effect of deterring hostile takeovers or delaying or preventing changes in control or management of Novavax, including transactions in which stockholders might otherwise receive a premium for their shares over then current market prices. In addition, these provisions may limit the ability of stockholders to approve transactions that they may deem to be in their best interests.

SELLING STOCKHOLDER

The following table sets forth certain information with respect to the Selling Stockholder, including (i) the name of the Selling Stockholder, (ii) the number of shares of Common Stock owned by the Selling Stockholder prior to the offering and (iii) the maximum number of shares of such Common Stock to be offered hereby. Because the Selling Stockholder may offer all or a portion or none of the Common Stock offered pursuant to this Prospectus, no estimate can be given as to the amount of Common Stock that will be held by the Selling Stockholder upon termination of the offering. See "Plan of Distribution."

The shares covered by this Prospectus are being acquired from the

Company by the Selling Stockholder pursuant to a Stock Purchase Agreement dated as of February 10, 1997 (the "Purchase Agreement"). The shares are comprised of (i) 1,200,000 shares (the "Shares") being acquired concurrently with the effectiveness of the Registration Statement of which this Prospectus forms a part (the "Registration Statement"), (ii) 600,000 shares which may be acquired upon the exercise of a warrant to be granted concurrently with the effectiveness of the Registration Statement (the "A Warrant"), and (iii) 600,000 shares which may be acquired upon the exercise of a warrant to be granted concurrently with the effectiveness of the Registration Statement (the "B Warrant"). The Shares, the A Warrant and the B Warrant were purchased from the Company for an aggregate purchase price of $5,100,000 (the "Private Placement"), the only significant condition to which is the effectiveness of the Registration Statement of which this Prospectus forms a part. The exercise price for the A Warrant is $6.00 per share and the exercise price for the B Warrant is $8.00 per share. Each of the warrants has a three year term. The offer and sale by the Company of the Common Stock and warrants pursuant to the Purchase Agreement were made pursuant to an exemption from registration under Section 4 (2) of the Securities Act.

Mitchell J. Kelly, the general partner of the general partner of the Selling Stockholder was elected a director of the Company on February 25, 1997. The Company will pay a fee of $51,000 to the general partner of the Selling Stockholder as a transaction fee in connection with the sale of the Shares and the warrants pursuant to the Purchase Agreement. In addition, the Company has agreed to reimburse the Selling Stockholder for out-of-pocket expenses incurred in connection with the sale of the Shares and the warrants pursuant to the Purchase Agreement up to a maximum of $10,000.

Name of Selling Stockholder	Number of Shares Beneficially Owned Prior to Offering	Maximum Number of Shares Being Offered
Anaconda Opportunity Fund, L.P.	2,422,900	2,400,000

USE OF PROCEEDS

The Company will not receive any proceeds from the sale of the Shares by the Selling Stockholder.

PLAN OF DISTRIBUTION

The Company has filed with the Commission the Registration Statement, of which this Prospectus forms a part, with respect to the resale of the Shares from time to time by the Selling Stockholder in open market or privately negotiated transactions. The Company has agreed to keep the Registration Statement effective until the earlier of (i) the date on which no Selling Stockholder holds any of the shares of Common Stock offered hereby, (ii) the date upon which all of the Shares are eligible for sale pursuant to Rule 144 and (iii) the date three years from the effective date of the Registration Statement (or, in the case of Shares to be acquired upon exercise of the warrants, the third anniversary of the date of issuance of such Shares, but in any event not later than six years from the effective date of the Registration Statement); provided, however, if Rule 144 is amended so that the longest period that Rule 144 restricts the manner in which privately placed securities may be sold is a period shorter than three years, then the period required by this clause (iii) shall be reduced to such shorter period. The Company intends to deregister any of the Shares not sold by the Selling Stockholder at the end

of such period.

The Company has been advised that the Selling Stockholder may sell the Shares at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. The Selling Stockholder may effect such transactions by selling the Shares to or through broker-dealers and such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the Selling Stockholder or the purchasers of the Shares for whom such broker-dealers may act as agent or to whom they sell as principal, or both (which compensation to a particular broker-dealer might be in excess of customary commissions). The Selling Stockholder will be responsible for all brokerage commissions and other amounts payable with respect to any sale of Shares with respect to such Selling Stockholder and any legal, accounting or other expenses incurred.

In order to comply with the securities laws of certain states, if applicable, the Shares will be sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain states the Shares may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

The Selling Stockholder and any broker-dealers who act in connection with the sale of Shares hereunder may be deemed to be "underwriters," as such term is defined in the Securities Act, and any commissions received by them or profit on any resale of the Shares as principal might be deemed to be underwriting discounts and commissions under the Securities Act.

To the extent required, the type and number of Shares to be sold, the purchase price and public offering price, the name or names of any agent, dealer or underwriter, and any applicable commissions or discounts with respect to a particular offering will be set forth in an accompanying Prospectus Supplement to this Prospectus.

Pursuant to the Purchase Agreement, the Company agreed to register the shares under the Securities Act and to indemnify and hold the Selling Stockholder harmless against certain liabilities, including certain liabilities under the Securities Act, that could arise in connection with the sale by the Selling Stockholder of the Shares. The Company has agreed to bear certain expenses (other than selling commissions) in connection with the registration and sale of the Shares being offered by the Selling Stockholder, estimated to be $35,000.

LEGAL MATTERS

Certain legal matters with respect to the shares of Common Stock offered hereby have been passed upon by White & McDermott, P.C., 65 William Street, Suite 209, Wellesley, Massachusetts 02181. David A. White, a shareholder of such firm, owns 10,100 shares of the Common Stock and is the Secretary of the Company.

EXPERTS

The consolidated balance sheets as at December 31, 1995 and 1994, and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 1995, incorporated by reference into this Prospectus, have been incorporated herein in reliance on the report of Coopers & Lybrand L.L.P., independent accountants, contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1995 given on the authority of that firm as experts in accounting and auditing.

INDEMNIFICATION

Article NINTH of the Company's Restated Certificate of Incorporation provides that a director or officer of the Company (a) shall be indemnified by the Company against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred in connection with any litigation or other legal proceeding (other than an action by or in the right of the Company) brought against him by virtue of his position as a director or officer of the Company if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful and (b) shall be indemnified by the Company against all expenses (including attorneys' fees) and amounts paid in settlement incurred in connection with any action by or in the right of the Company brought against him by virtue of his position as a director or officer of the Company if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Company, except that no indemnification shall be made with respect to any matter as to which such person shall have been adjudged to be liable to the Company, unless a court determines that, despite such adjudication but in view of all of the circumstances, he is entitled to indemnification of such expenses. Notwithstanding the foregoing, to the extent that a director or officer has been successful, on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, he is required to be indemnified by the Company against all expenses (including attorneys' fees) incurred in connection therewith. Expenses shall be advanced to a director or officer at his request, provided that he undertakes to repay the amount advanced if it is ultimately determined that he is not entitled to indemnification for such expenses.

Indemnification is required to be made unless the Company determines that the applicable standard of conduct required for indemnification has not been met. In the event of a determination by the Company that the director or officer did not meet the applicable standard of conduct required for indemnification, or if the Company fails to make an indemnification payment within 60 days after such payment is claimed by such person, such person is permitted to petition the court to make an independent determination as to whether such person is entitled to indemnification. As a condition precedent to the right of indemnification, the director or officer must give the Company notice of the action for which indemnity is sought and the Company has the right to participate in such action or assume the defense thereof.

Article NINTH of the Company's Restated Certificate of Incorporation further provides that the indemnification provided therein is not exclusive, and provides that in the event that the Delaware General Corporation Law is amended to expand the indemnification permitted to

directors or officers the Company must indemnify those persons to the fullest extent permitted by such law as so amended.

Section 145 of the Delaware General Corporation Law provides that a corporation has the power to indemnify a director, officer, employee or agent of the corporation and certain other persons serving at the request of the corporation in related capacities against amounts paid and expenses incurred in connection with an action or proceeding to which he is or is threatened to be made a party by reason of such position, if such person shall have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal proceeding, if such person had no reasonable cause to believe his conduct was unlawful, provided that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the adjudicating court determines that such indemnification is proper under the circumstances.

The Company maintains insurance under which the insurers will reimburse the Company for amounts that it has paid to its directors and officers as indemnification for claims against such persons in their official capacities. The insurance also covers such persons as to amounts paid by them as a result of claims against them in their official capacities that are not reimbursed by the Company. The insurance is subject to certain limitations and exclusions.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is therefore unenforceable.

NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY UNDERWRITER. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF OR THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE SUCH DATE.

TABLE OF CONTENTS

NOVAVAX, INC.
2,400,000 SHARES OF COMMON STOCK
PROSPECTUS

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS - Form S-3

Item 14. Other Expenses of Issuance and Distribution.

The expenses to be borne by the Company in connection with this offering are as follows:

SEC Registration Fee	$ 4,590.52
AMEX Listing Fee	17,500.00
Legal Services and Expenses	8,500.00*
Accounting Services and Expenses	3,500.00*
Miscellaneous expenses	909.48*
Total	$ 35,000.00*

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*Estimated

Item 15. Indemnification of Directors and Officers.

Article NINTH of the Company's Restated Certificate of Incorporation provides that a director or officer of the Company (a) shall be indemnified by the Company against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred in connection with any litigation or other legal proceeding (other than an action by or in the right of the Company) brought against him by virtue of his position as a director or officer of the Company if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful and (b) shall be indemnified by the Company against all expenses (including attorneys' fees) and amounts paid in settlement incurred in connection with any action by or in the right of the Company brought against him by virtue of his position as a director or officer of the Company if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Company, except that no indemnification shall be made with respect to any matter as to which such person shall have been adjudged to be liable to the Company, unless a court determines that, despite such adjudication but in view of all of the circumstances, he is entitled to indemnification of such expenses. Notwithstanding the foregoing, to the extent that a director or officer has been successful, on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, he is required to be indemnified by the Company against all expenses (including attorneys' fees) incurred in connection therewith. Expenses shall be advanced to a director or officer at his request, provided that he undertakes to repay the amount advanced if it is ultimately determined that he is not entitled to indemnification for such expenses.

Indemnification is required to be made unless the Company determines that the applicable standard of conduct required for indemnification has not been met. In the event of a determination by the Company that the director or officer did not meet the applicable standard of conduct required for indemnification, or if the Company fails to make an indemnification payment within 60 days after such payment is claimed by such person, such person is permitted to petition the court to make an independent determination as to

whether such person is entitled to indemnification. As a condition precedent to the right of indemnification, the director or officer must give the Company notice of the action for which indemnity is sought and the Company has the right to participate in such action or assume the defense thereof.

Article NINTH of the Company's Restated Certificate of Incorporation further provides that the indemnification prided therein is not exclusive, and provides that in the event that the Delaware General Corporation Law is amended to expand the indemnification permitted to directors or officers the Company must indemnify those persons to the fullest extent permitted by such law as so amended.

Section 145 of the Delaware General Corporation Law provides that a corporation has the power to indemnify a director, officer, employee or agent of the corporation and certain other persons serving at the request of the corporation in related capacities against amounts paid and expenses incurred in connection with an action or proceeding to which he is or is threatened to be made a party by reason of such position, if such person shall have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal proceeding, if such person had no reasonable cause to believe his conduct was unlawful, provided that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the adjudicating court determines that such indemnification is proper under the circumstances.

The Company maintains insurance under which the insurers will reimburse the Company for amounts that it has paid to its directors and officers as indemnification for claims against such persons in their official capacities. The insurance also covers such persons as to amounts paid by them as a result of claims against them in their official capacities that are not reimbursed by the Company. The insurance is subject to certain limitations and exclusions.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is therefore unenforceable.

Item 16. Exhibits.

See Exhibit Index, incorporated herein by reference.

Item 17. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of

the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement.

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Company pursuant to Sections 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) The undersigned Registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X are not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Columbia, Maryland, on February 25, 1997.

NOVAVAX, INC.

By:/s/ John O. Marsh, Jr.

John O. Marsh, Jr.,
Chief Executive Officer

POWER OF ATTORNEY

We, the undersigned officers and directors of Novavax, Inc., hereby severally constitute and appoint John O. Marsh, Jr., and David A. White, and each of them singly, our true and lawful attorneys-in-fact, with full power to them in any and all capacities, to sign any amendments to this Registration Statement on Form S-3 (including Pre- and Post-Effective Amendments), and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Name	Title	Date
/s/ John O. Marsh, Jr. --- John O. Marsh, Jr.	Chief Executive Officer and Director	February 25, 1997
/s/ Elaine T. Bennett --- Elaine T. Bennett	Vice President (Principal Financial and Accounting Officer)	February 25, 1997
/s/ Wayne A. Downing --- Wayne A. Downing	Director	February 25, 1997
/s/ John P. Gallo --- John P. Gallo	Director	February 25, 1997
/s/ Edward B. Hager --- Edward B. Hager	Director	February 25, 1997

/s/ J. Michael Lazarus --- J. Michael Lazarus	Director	February 25, 1997

/s/ Ronald A. Schiavone - ---------- Ronald A. Schiavone	Director	February 25, 1997
/s/ Ronald H. Walker - ---------- Ronald H. Walker	Director	February 25, 1997
/s/ Jane E. Hager - ---------- Jane E. Hager	Director	February 25, 1997
/s/ Mitchell J. Kelly - ---------- Mitchell J. Kelly	Director	February 25, 1997

EXHIBIT INDEX

The exhibits marked with an asterisk are filed herewith. The remainder of the exhibits have heretofore been filed with the Commission and are incorporated herein by reference.

Page

4.1 Restated Certificate of Incorporation of the Registrant. (Incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement File No. 0-26770 filed September 14, 1995 on Form 10 (the "Registration Statement").)

4.2 Restated By-laws of Registrant. (Incorporated by reference to Exhibit 3.2 to the Registration Statement.)

4.3 Specimen stock certificate for shares of Common Stock, par value $.01 per share. (Incorporated by reference to Exhibit 4.1 to the Registration Statement.)

4.4* Stock Purchase Agreement dated February 10, 1997 by and among Novavax, Inc. and Anaconda Opportunity Fund, L.P.

4.5* Form of Warrant to be issued to Anaconda Opportunity Fund, L.P.

5.1* Opinion and Consent of White & McDermott, P.C.

23.1* Consent of Coopers & Lybrand L.L.P., Independent Accountants.

23.2* Consent of White & McDermott, P.C. (Contained in its opinion filed as Exhibit 5.1 to this Registration Statement.)

24.1* Power of Attorney. (Included in the signature pages hereto.)

EXHIBIT 4.4

NOVAVAX, INC.

STOCK AND WARRANT PURCHASE AGREEMENT

This Stock and Warrant Purchase Agreement is made as of February 10, 1997, between Novavax, Inc., a Delaware corporation (the "Company"), and the purchasers who are signatories hereto (the "Purchasers").

WHEREAS, the Company wishes to sell and the Purchasers desire to purchase shares of the Company's Common Stock;

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Sale and Purchase of Shares. Subject to the terms and conditions hereof, the Company will issue and sell to the Purchasers, and each Purchaser will purchase from the Company the number of shares of Common Stock, A Warrants and B Warrants set forth opposite such Purchaser's name on the signature page hereto at the aggregate price set forth opposite such Purchaser's name on the signature page hereto. The obligations of each Purchaser hereunder are several and not joint and no Purchaser shall be obligated to purchase any number of shares in excess of the number set forth opposite its name.

The total amount of Common Stock sold to the Purchasers pursuant to this Agreement is hereinafter referred to as the "Shares." The total amount of warrants designated A Warrants sold to the Purchasers pursuant to this Agreement is hereinafter referred to as the "A Warrants." The total amount of warrants designated B Warrants sold to the Purchasers pursuant to this Agreement is hereinafter referred to as the "B Warrants." The maximum number of Shares sold to Purchasers will be 1,200,000, the maximum number of A Warrants will be 600,000 and the maximum number of B Warrants will be 600,000.

2. Closing Date; Delivery.

2.1 Closing Date. The closing of the purchase and sale of the Shares hereunder (the "Closing") will be held at the offices of White & McDermott, P.C., 65 William Street, Suite 209, Wellesley, MA, 02181, on the day which is the later to occur of (i) the 30th day following the execution of this Agreement and (ii) one business day after the last of the conditions to Closing described in Section 6 have been satisfied or waived (the "Closing Date"), or at such other time and place as the Company and the Purchasers may mutually agree upon.

2.2 Delivery. At the Closing, the Company will deliver to each Purchaser (a) a certificate registered in such Purchaser's name representing the shares of Common Stock purchased by such Purchaser, (b) a warrant in such Purchaser's name representing the A Warrants purchased by such Purchaser, which warrant shall be exercisable for a term of three years from the date of issuance at an exercise price of $6.00 per share and shall be substantially in the form of Exhibit B, (c) a warrant in such Purchaser's name representing the B Warrants purchased by such Purchaser, which warrant shall be exercisable for a term of three years from the date of issuance at an exercise price of $8.00 per share and shall be substantially in the form of Exhibit B and (d) an opinion of White & McDermott, P.C. dated the Closing Date and substantially in the form attached hereto as Exhibit A. At the Closing, each Purchaser will pay to the Company by certified check or wire transfer the amount of the purchase price set forth opposite the name of such Purchaser on the signature page of such Purchaser attached hereto.

3. Definitions. Unless the context otherwise requires, the terms defined in this Section 3 shall have the meanings herein specified for all purposes of this Agreement.

"A Warrants" is defined in Section 1.

"Affiliate" shall have the meaning set forth in Rule 405 under the Securities Act.

"Agreement" means this agreement, including the exhibits hereto.

"B Warrants" is defined in Section 1.

"Certificate" means the Certificate of Incorporation of the Company as filed with the Delaware Secretary of State as amended to the date hereof.

"Closing" is defined in Section 2.1.

"Closing Date" is defined in Section 2.1.

"Commission" means the Securities and Exchange Commission.

"Common Stock" means the shares of Common Stock, $.01 par value, authorized by the Certificate, any additional shares of Common Stock which may be authorized in the future by the Company, and any stock into which such Common Stock may hereafter be changed, and shall also include capital stock of any other class of the Company which is not preferred as to dividends or assets over any other class of stock of the Company and which is not subject to redemption.

"Company Disclosure Documents" shall mean the Company SEC Reports, the Company's press releases provided to the Purchasers prior to the execution of this Agreement, the minutes of the meetings of the stockholders and directors of the Company during calendar 1996 provided to the Purchasers prior to the execution of this Agreement and the Disclosure Schedule attached hereto.

"Company SEC Reports" shall mean the Company's (i) Annual Report on Form 10-K for the fiscal year ended December 31, 1995, as filed with the Commission, (ii) Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 1996, June 30, 1996 and September 30, 1996, each as filed with the Commission, (iii) Forms 8-K filed with the Commission since January 1, 1996; and (iv) the Company Proxy Statement dated April 5, 1996.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Proprietary Rights" shall have the meaning set forth in Section 4.12 of this Agreement.

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Shares" is defined in Section 1.

"Warrants" shall mean the A Warrants and the B Warrants.

"Warrant Shares" shall mean the shares of the Common Stock of the Company issuable in connection with the exercise of the Warrants.

4. Representations and Warranties by the Company. The Company represents and warrants to the Purchasers as of the date hereof that:

4.1 Organization and Standing. The Company is a corporation duly organized and validly existing, and is in good standing, under the laws of the State of Delaware, and has the

requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Other than as disclosed in the Company Disclosure Documents, the Company has no subsidiaries or direct or indirect ownership interest in any firm, corporation, association or business which either, individually or in the aggregate, are material to the business of the Company. Each subsidiary of the Company is a corporation duly organized and validly existing, and is in good standing, under the laws of the jurisdiction of its incorporation, and has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted; all of the issued and outstanding capital stock of each such subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, charge, encumbrance, claim or equity. The Company and each subsidiary are qualified to do business and in good standing as a foreign corporation in every jurisdiction in which its ownership of property or conduct of business requires it so to be qualified and in which the failure to so qualify would have a material adverse effect on the financial condition or business of the Company and its subsidiaries taken as a whole.

4.2 Changes. Except as set forth in the Company Disclosure Documents, since September 30, 1996, neither the Company nor any of its subsidiaries has, to the extent material to the Company and its subsidiaries, taken as a whole, (i) incurred any debts, obligations or liabilities, absolute, accrued or contingent, whether due or to become due, other than in the ordinary course of business, (ii) mortgaged, pledged or subjected to lien, charge, security interest or other encumbrance any of its assets, tangible or intangible, (iii) waived any debt owed to the Company or its subsidiaries, (iv) satisfied or discharged any lien, claim or encumbrance or paid any obligation other than in the ordinary course of business, (v) declared or paid any dividends, or (vi) entered into any transaction other than in the usual and ordinary course of business. Other than as may be set forth in the Company Disclosure Documents, there has been no material adverse change or, to the knowledge of the Company, any development involving a prospective material adverse change in or affecting the financial condition or business, assets, properties, or business prospects of the Company and its subsidiaries, taken as a whole, since the date of the financial statements contained in the Company Disclosure Documents other than normal recurring operating losses.

4.3 Litigation. Other than as described in the Company Disclosure Documents, there are no legal actions, suits, arbitrations or other legal, administrative or governmental proceedings pending or, to the best of the Company's knowledge, threatened against the Company or any of its subsidiaries or their respective properties, assets or business, and neither the Company nor any of its officers is aware of any facts which might result in or form the basis for any such action, suit or other proceeding, in each case which, if adversely determined, would, individually or in the aggregate, have a material adverse effect on the financial condition or business of the Company and its subsidiaries taken as a whole. Neither the Company nor any of its subsidiaries is in default
with respect to any judgment, order or decree of any court or any governmental agency or instrumentality which default would have a material adverse effect on the financial condition or business of the Company and its subsidiaries taken as a whole.

4.4 Compliance with Other Instruments. The business and operations of the Company and its subsidiaries have been and are being conducted in accordance with all applicable laws, rules and regulations of all governmental authorities, except for such violations of applicable laws, rules and regulations which would not, individually or in the aggregate, have a material adverse effect on the financial condition or business of the Company and its subsidiaries taken as a whole. Except for such matters which, either individually or in the aggregate, would not have a material adverse effect on the financial condition or business of the Company and its subsidiaries, taken

as a whole, the execution and delivery of, and the performance and compliance with, this Agreement and the Warrants and the transactions contemplated hereby or thereby, with or without the giving of notice or passage of time, will not (i) result in any breach of, or constitute a default under, or result in the imposition of any lien or encumbrance upon any asset or property of the Company or any

subsidiary pursuant to any agreement or other instrument to which the Company or any subsidiary is a party or by which it or any of its properties, assets or rights is bound or affected, (ii) violate the Certificate or Bylaws of the Company or any subsidiary, or any law, rule, regulation, judgment, order or decree or (iii) except for the registration of the Shares and the Warrant Shares under the Securities Act, the listing of the Shares and the Warrant Shares on the American Stock Exchange, Inc. and such consents, approvals, authorizations, registrations or qualifications as may be required under the Exchange Act and applicable state securities laws in connection with the purchase of the Shares and the Warrants by the Purchasers, require any consent, approval, authorization or order of or filing with any court or governmental agency or body. Neither the Company nor any subsidiary is in violation of its Certificate or Bylaws nor in violation of, or in default under, any lien, indenture, mortgage, lease, agreement, instrument, commitment or arrangement, except for such defaults which would not, individually or in the aggregate, have a material adverse effect on the financial condition or business of the Company and its subsidiaries, taken as a whole. Neither the Company nor any subsidiary is subject to any restriction which would prohibit the Company or any subsidiary from entering into or performing its obligations under this Agreement or the Warrants, except for such restrictions which would not, individually or in the aggregate, have a material adverse effect on the ability of the Company and its subsidiaries, taken as a whole, to perform their obligations under this Agreement and the Warrants.

4.5 Reports and Financial Statements. The Company has furnished the Purchasers with true and complete copies of its Company SEC Reports (without exhibits thereto). As of their respective filing dates the Company SEC Reports were prepared in all material respects in accordance with the requirements of the Securities Act or the Exchange Act, as the case may be, and the rules and regulations of the Commission thereunder applicable to such Company SEC Reports. The audited consolidated financial statements and unaudited interim financial statements of the Company included in the Company SEC Reports comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the Commission with respect thereto, and the financial statements included in the Company SEC Reports have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis (except as may be indicated therein or in the notes thereto) and fairly present the financial position of the Company and its consolidated subsidiaries as at the dates thereof and the results of its operations and cash flows for the periods then ended subject, in the case of the unaudited interim financial statements, to normal, nonmaterial year-end adjustments and any other adjustments described in such financial statements.

4.6 Shares. The Shares and the Warrant Shares, when issued and paid for pursuant to the terms of this Agreement or the Warrants, as the case may be, will be duly and validly authorized, issued and outstanding, fully paid, nonassessable and free and clear of all pledges, liens, encumbrances and restrictions (other than those arising from the private placement of the Shares and the Warrant Shares).

4.7 Securities Laws. Based in part upon the representations and warranties of the Purchasers contained in Article 5 of this Agreement, the offer, sale and issuance of the Shares and the Warrants as contemplated by this Agreement are exempt from the registration requirements of the Securities Act, and from the registration or qualifications requirements of the laws of any

applicable state or other U.S. jurisdiction.

4.8 Capital Stock. At December 31, 1996, 10,660,710 shares of the Company's Common Stock were issued and outstanding, no shares of the Company's Preferred Stock were issued and outstanding, options to purchase 3,672,861 shares of the Company's Common Stock were issued and outstanding and warrants to purchase 100,000 shares of the Company's Common Stock were issued and outstanding. All of the outstanding shares of the Company's capital stock are validly issued, fully paid and nonassessable and were issued in compliance with all applicable federal and state securities laws. Except as set forth in this Section 4.8 or the Company Disclosure

Documents, there are no outstanding subscriptions, options, warrants, calls, contracts, demands, commitments, conversion rights or other agreements or arrangements of any character or nature whatever under which the Company is or may be obligated to issue its Common Stock, preferred stock or warrants or options to purchase Common Stock or preferred stock. No holder of any security of the Company is entitled to any preemptive or similar rights to purchase any securities of the Company.

4.9 Corporate Acts and Proceedings. This Agreement has been duly authorized by the requisite corporate action and has been duly executed and delivered by an authorized officer of the Company, and is a valid and binding obligation of the Company, enforceable in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the enforcement of creditors' rights generally and as to limitations on the enforcement of the remedy of specific performance and other equitable remedies. The requisite corporate action necessary to the authorization, issuance and delivery of the Shares, the Warrants and the Warrant Shares has been taken by the Company. Upon execution and delivery thereof by a duly authorized officer of the Company, the Warrants will be valid and binding obligations of the Company, enforceable in accordance with their terms except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the enforcement of creditors' rights generally and as to limitations on the enforcement of the remedy of specific performance and other equitable remedies.

4.10 No Brokers or Finders. To the knowledge of the Company in connection with this transaction, no person, firm or corporation has or will have, as a result of any act or omission of the Company, any right, interest or valid claim against the Purchasers for any commission, fee or other compensation as a finder or broker in connection with the transactions contemplated by this Agreement.

4.11 Compliance with Environmental Laws. Except as disclosed in the Company Disclosure Documents, neither the Company nor any subsidiary of the Company is in violation in any material respect of any applicable statute, law or regulation relating to the environment or occupational health and safety, and to the best of the Company's knowledge, no expenditures material to the Company and its subsidiaries, taken as a whole, are or will be required to comply with any such existing statute, law or regulation. To the best knowledge of the Company and its
subsidiaries, neither the Company nor any subsidiary of the Company has any liability to any governmental authority or other third party arising under or as a result of any such past or existing statute, law or regulation, which liability would be material to the Company and its subsidiaries, taken as a whole.

4.12 Proprietary Rights. The Company and its subsidiaries own or are licensed to use all patents, patent applications, inventions, trademarks, trade names, applications for registration of trademarks, service marks, service mark applications, copyrights, know-how, manufacturing processes, formulae, trade secrets, licenses and rights in any thereof and any

other intangible property and assets (herein called the "Proprietary Rights") which are material to the businesses of the Company and its subsidiaries, taken as a whole, as now conducted and as proposed to be conducted. Except as disclosed in the Company Disclosure Documents, the Company does not have any knowledge of, and the Company has not given or received any notice of, any pending conflicts with or infringement of the rights of others with respect to any Proprietary Rights or with respect to any license of Proprietary Rights. Except as disclosed on the Company Disclosure Documents, no action, suit, arbitration, or legal, administrative or other proceeding, or investigation is pending, or, to the best knowledge of the Company, threatened, which involves any Proprietary Rights. Neither the Company nor any subsidiary of the Company is subject to any judgment, order, writ, injunction or decree of any court or any Federal, state, local, foreign or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or any arbitrator, or has entered into or is a party to any contract which restricts or

impairs the use of any such Proprietary Rights in a manner which would have a material adverse effect on the use of any of the Proprietary Rights. To the best knowledge of the Company, no Proprietary Rights used by the Company or any of its subsidiaries, and no services or products sold by the Company or any of its subsidiaries, conflict with or infringe upon any proprietary rights owned or licensed by any third party. Neither the Company nor any subsidiary of the Company has received written notice of any pending conflict with or infringement upon such third-party proprietary rights. Neither the Company nor any subsidiary of the Company has entered into any consent, indemnification, forbearance to sue or settlement agreement with respect to Proprietary Rights other than in the ordinary course of business. No claims have been asserted by any person with respect to the validity of the Company's or any of its subsidiaries' ownership or right to use the Proprietary Rights and, to the best knowledge of the Company, there is no reasonable basis for any such claim to be successful. To the knowledge of the Company, the Proprietary Rights are valid and enforceable. Except as disclosed on the Company Disclosure Documents, no registration relating to the Proprietary Rights has lapsed, expired or been abandoned or cancelled or is the subject of cancellation or other adversarial proceedings, and all applications therefore are pending and are in good standing. The Company and its subsidiaries have complied, in all material respects, with their respective contractual obligations relating to the protection of the Proprietary Rights used pursuant to licenses. To the best knowledge of the Company, no person is infringing on or violating the Proprietary Rights owned or used by the Company or any of its subsidiaries.

4.13 Minimum Proceeds. The gross proceeds to the Company from the sale of Shares and the Warrants hereunder, before all fees and expenses, is at least $5,100,000.

4.14 Company Disclosure Documents. The Company Disclosure Documents, when read as a whole, as updated by the press releases and the Disclosure Schedule included therein and as of the date hereof, do not contain any untrue statements of a material fact and do not omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

4.15 No Implied Representations. All of the Company's representations and warranties are contained in this Agreement, and no other representations or warranties by the Company shall be implied.

4.16 Filing of Reports. Since the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, the Company has filed with the Commission all reports and other material required to be filed by it therewith pursuant to Section 13, 14 or 15(d) of the Exchange Act and the Company is eligible to register the offer and resale of the Shares and the

Warrant Shares on a Registration Statement on Form S-3, or a successor form.

5. Representations and Warranties by the Purchasers; Restrictions on Transfer.

Each Purchaser hereby severally represents and warrants to, and covenants and agrees with, the Company, as of the Closing Date, as follows:

5.1 Authorization. Purchaser has all requisite legal and corporate or other power and capacity and has taken all requisite corporate or other action to execute and deliver the Agreement, to purchase the Shares and the Warrants to be purchased by it and to carry out and perform all of its obligations under the Agreement. This Agreement constitutes the legal, valid and binding obligation of Purchaser, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the enforcement of creditors' rights generally and as to limitations on the enforcement of the remedy of specific performance and other equitable remedies.

5.2 Investment Experience. Purchaser is an "institutional accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3) or (a)(7) or a "Qualified Institutional Buyer" as defined in Rule 144A under the Securities Act. Purchaser or its representative has reviewed the Company Disclosure Documents. Purchaser is aware of the Company's business affairs and financial condition and has had access to and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Shares and the Warrants. Purchaser has such business and financial experience as is required to give it the capacity to protect its own interests in connection with the purchase of the Shares and the Warrants and is able to bear the risks of an investment in the Shares and the Warrants. Purchaser is not itself a "broker" or a "dealer" as defined in the Exchange Act and is not an "affiliate" of the Company as defined in the Securities Act.

5.3 Investment Intent. Purchaser is purchasing the Shares and the Warrants for its own account as principal, for investment purposes only, and not with a present view to or for resale, distribution or fractionalization thereof, in whole or in part, within the meaning of the Securities Act. Purchaser understands that its acquisition of the Shares and the Warrants has not been registered under the Securities Act or registered or qualified under any state securities law in reliance on specific exemptions therefrom, which exemptions may depend upon, among other things, the bona fide nature of Purchaser's investment intent as expressed herein. Purchaser has, in connection with its decision to purchase the number of Shares and the Warrants set forth in this Agreement, relied solely upon the Company Disclosure Documents and the representations and warranties of the Company contained herein. Purchaser will not, directly or indirectly, offer, sell, pledge, transfer or otherwise dispose of (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of) any of the Shares or Warrants except in compliance with the Securities Act and the rules and regulations promulgated thereunder.

5.4 Registration or Exemption Requirements. Purchaser further acknowledges and understands that neither the Shares nor the Warrants may be resold or otherwise transferred except in a transaction registered under the Securities Act or unless an exemption from such registration is available. Purchaser understands that the certificates evidencing the Shares and each Warrant will be imprinted with a legend that prohibits the transfer of the Shares or Warrants unless (a) such transaction is registered or such registration is not required, and (b) if the transfer is pursuant to an exemption from registration other than Rule 144 under the Securities Act, and an opinion reasonably satisfactory to the Company of counsel reasonably satisfactory to the Company is obtained to the effect that the transaction is

not required to be registered or is so exempt.

5.5 Restriction on Sales, Short Sales and Hedging Transactions. Purchaser represents and agrees that during the period from the date Purchaser was first contacted with respect to the potential purchase of Shares and Warrants through the date of the execution of the Agreement by Purchaser, Purchaser did not, and from such date through the effectiveness of the Registration Statement (as defined below), Purchaser will not, directly or indirectly, execute or effect or cause to be executed or effected any short sale, option or equity swap transactions in or with respect to the Common Stock or any other derivative security transaction the purpose or effect of which is to hedge or transfer to a third party all or any part of the risk of loss associated with the ownership of the Shares and Warrants by the Purchaser.

5.6 No Legal, Tax Or Investment Advice. Purchaser understands that nothing in the Company Disclosure Documents, this Agreement or any other materials presented to Purchaser in connection with the purchase and sale of the Shares and the Warrants constitutes legal, tax or investment advice. Purchaser has consulted such legal, tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its purchase of the Shares and the Warrants.

6. Conditions to Closing.

6.1 Registration Statement Effective. The Company shall have prepared and filed with and have declared effective by, the Commission, a Registration Statement which registers the offer and resale of the Shares and the Warrant Shares.

6.2 Opinion of Counsel. The Purchasers shall have received an opinion of White & McDermott, P.C., dated the Closing Date, substantially in the form attached hereto as Exhibit A.

6.3 Secretary's Certificate. The Purchasers shall have received a Secretary's Certificate, dated the Closing Date, certifying the Certificate and Bylaws of the Company, the resolutions of the Board of Directors of the Company and the signatures of the officers of the Company to execute this Agreement and the other certificates and documents to be delivered by the Company in connection with the transactions contemplated hereby.

6.4 Transaction Fee. The Company shall have paid to Anaconda Capital Management, L.L.C. a transaction fee in the amount of $51,000.

6.5 Expenses. The Company shall have paid to counsel to the Purchasers their fees and disbursements, if invoiced, and subject to the limitations set forth in Section 9.6 hereof.

6.6 No Material Adverse Change. There shall not have been any Material Adverse Change between the date hereof and the Closing Date that has not been cured to the reasonable satisfaction of the Purchasers. For purposes of this Agreement, "Material Adverse Change" shall mean any event, condition, development or occurrence causing or resulting in a material adverse effect on the financial condition, product development or business of the Company, other than (a) events, conditions, developments or occurrences of a general economic or political nature (b) those related to financial markets or the trading price of the Company's Common Stock or (c) those which generally affect biotechnology or pharmaceutical companies and are not specifically related to the Company alone.

7. Covenants

7.1 Registration Requirements.

(a) Promptly after the date of this Agreement, the Company shall prepare and file a registration statement (the "Registration Statement") with the Commission under the Securities Act to register the offer and resale of the Shares and the Warrant Shares (the "Registrable Securities"), and shall use its commercially reasonable efforts to secure the effectiveness of such registration statement as soon as reasonably practicable thereafter.

(b) The Company shall pay all Registration Expenses (as defined below) in connection with any registration, qualification or compliance hereunder and each Purchaser shall pay all Selling Expenses (as defined below) and other expenses that are not Registration Expenses relating to the Registrable Securities resold by such Purchaser. "Registration Expenses" shall mean all expenses, except for Selling Expenses, incurred by the Company in complying with the registration provisions herein described, including, without limitation, all registration, qualification and filing fees, printing expenses, escrow fees, fees and disbursements of counsel for the Company, blue sky fees and expenses and the expense of any special audits incident to or required by any such registration. "Selling Expenses" shall mean all selling commissions, underwriting fees and stock transfer taxes applicable to the Registrable Securities and all fees and disbursements of counsel for any Purchaser.

(c) In the case of the registration effected by the Company pursuant to these registration provisions, the Company will use its best efforts to: (i) keep such registration effective until the earliest of (A) the third anniversary of the date such Registration Statement is declared effective (or, in the case of Warrant Shares, the third anniversary of the date of issuance of such Warrant Shares, but in any event not later than the sixth anniversary of the date such Registration Statement is declared effective); provided, however, if Rule 144 is amended so that the longest period that Rule 144 restricts the manner in which privately placed securities may be sold is a period shorter than three years, then the period required by this clause (A) shall be reduced to such shorter period, (B) such date as all of the Registrable Securities have been resold and (C) such date as all Registrable Securities may be sold pursuant to Rule 144 (or any successor rule); (ii) except as provided in Section 7.1(f), prepare and file with the Commission such amendments and supplements to the Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by the Registration Statement; (iii) furnish such number of prospectuses and other documents incident thereto, including any amendment of or supplement to the prospectus, as Purchaser from time to time may reasonably request; (iv) cause the Shares and the Warrant Shares to be listed on the American Stock Exchange or any securities exchange or quoted on each quotation service on which the Common Stock of the Company is then listed or quoted; (v) provide a transfer agent and registrar for all securities registered pursuant to the Registration Statement and a CUSIP number for all such securities; and (vi) file the documents required of the Company and otherwise use its best efforts to maintain requisite blue sky clearance in (X) all U.S. jurisdictions in which any of the Shares or the Warrant Shares are originally sold and (Y) all other states specified in writing by Purchaser, provided, however, that, as to clause (Y), the Company shall not be required to qualify to do business in any state in which it is not now so qualified or has not so consented.

(d) The Company shall furnish to each Purchaser upon request a reasonable number of copies of a supplement to or an amendment of the prospectus used in connection with the Registration Statement as may be necessary to facilitate the public sale or other disposition of all or any of the Registrable Securities held by Purchaser.

(e) With a view to making available to Purchasers the benefits of Rule 144 and any other rule or regulation of the Commission that may at any time permit Purchaser to sell Registrable Securities to the public without

registration or pursuant to a registration statement on Form S-3, the Company covenants and agrees to use its best efforts to: (i) make and keep public information available as those terms are understood and defined in Rule 144 until the earlier of (A) the date on which the Shares may be sold pursuant to Rule 144(k) (or any successor rule) or (B) such date as all of the Registrable Securities shall have been resold; (ii) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and Exchange Act; and (iii) furnish to any Purchaser upon request, as long as the Purchaser owns any Registrable Securities, (A) a written statement by the Company that it has complied with the reporting requirements of the Securities Act and the Exchange Act, (B) a copy of the most recent annual or quarterly report of the Company, and (C) such other information as may be reasonably requested in order to avail any Purchaser of any rule or regulation of the Commission that permits the selling of any such Registrable Securities without registration or pursuant to such registration statement on Form S-3.

(f) At any time after the effectiveness of the Registration Statement, the Company may by notice to the Purchasers refuse to permit any Purchaser to resell any Registrable Securities pursuant to the Registration Statement for a period not to exceed 30 days; provided, however, that to exercise this right, the Company must deliver a certificate in writing to each Purchaser to the effect that a delay in such sale is necessary because a sale pursuant to such Registration Statement in its then-current form would not be in the best interests of the Company and its shareholders due to disclosure obligations of the Company. Notwithstanding the foregoing, the Company shall not

be entitled to exercise its right to block such sales more than three times during the effectiveness of the Registration Statement nor more than one (1) time in any four month period. Each Purchaser hereby covenants and agrees that it will not sell any Registrable Securities pursuant to the Registration Statement during such blockage periods as set forth in this Section 7.1(f).

7.2 Indemnification and Contribution.

(a) The Company agrees to indemnify and hold harmless each Purchaser from and against any losses, claims, damages or liabilities (or actions or proceedings in respect thereof) to which such Purchaser may become subject (under the Securities Act or otherwise) insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of, or are based upon, any untrue statement or alleged untrue statement of a material fact or omission to state a material fact in the Registration Statement on the effective date thereof, or arise out of any failure by the Company to fulfill any undertaking included in the Registration Statement, and the Company will, as incurred, reimburse such Purchaser for any legal or other expenses reasonably incurred in investigating, defending or preparing to defend any such action, proceeding or claim; provided, however, that the Company shall not be liable in any such case to the extent that such loss, claim, damage or liability arises out of, or is based upon (i) an untrue statement or omission in such Registration Statement in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Purchaser specifically for use in preparation of the Registration Statement or (ii) an untrue statement or omission in any prospectus that is corrected in any subsequent prospectus, or supplement or amendment thereto, that was delivered to a Purchaser prior to the pertinent sale or sales by such Purchaser and not delivered by such Purchaser to the entity to which it made such sale(s) prior to such sale(s).

(b) Each Purchaser, severally and not jointly, agrees to indemnify and hold harmless the Company from and against any losses, claims, damages or liabilities (or actions or proceedings in respect thereof) to which the Company may become subject (under the Securities Act or otherwise) insofar

as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of, or are based upon (i) an untrue statement or alleged untrue statement of a material fact or omission to state a material fact in the Registration Statement in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Purchaser specifically for use in preparation of the Registration Statement (provided, however, that no Purchaser shall be liable in any such case for any untrue statement or omission in any prospectus which statement has been corrected, in writing, by such Purchaser and delivered to the Company at least 14 days before the sale from which such loss occurred), or (ii) an untrue statement or omission in any prospectus that is corrected in any subsequent prospectus or supplement or amendment thereto, that was delivered to a Purchaser prior to the pertinent sale or sales by such Purchaser and not delivered by such Purchaser to the entity to which it made such sale(s) prior to such sale(s), and each Purchaser, severally and not jointly, will, as incurred, reimburse the Company for any legal or other expenses reasonably incurred in investigating, defending or preparing to defend any such action, proceeding or claim. Notwithstanding the foregoing, no Purchaser shall be liable, or required to indemnify the Company, in the aggregate, for any amount in excess of the net proceeds received by the Purchaser from the sale of the Shares or the Warrant Shares, as the case may be, to which such loss, claim, damage or liability relates.

(c) Promptly after receipt by any indemnified person of a notice of a claim or the beginning of any action in respect of which indemnity is to be sought against an indemnifying person pursuant to this Section 7.2, such indemnified person shall notify the indemnifying person in writing of such claim or of the commencement of such action and, subject to the provisions hereinafter stated, in case any such action shall be brought against an indemnified person, the indemnifying person shall be entitled to participate therein, and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to the indemnified person. After notice from the indemnifying person to such indemnified person of the indemnifying person's

election to assume the defense thereof, the indemnifying person shall not be liable to such indemnified person for any legal expenses subsequently incurred by such indemnified person in connection with the defense thereof; provided, however, that if there exists or shall exist a conflict of interest that would make it inappropriate in the reasonable judgment of the indemnified person for the same counsel to represent both the indemnified person and such indemnifying person or any affiliate or associate thereof, the indemnified person shall be entitled to retain its own counsel at the expense of such indemnifying person; provided, further, that the indemnifying person shall not be obligated to assume the expenses of more than one counsel to represent all indemnified persons.

(d) If the indemnification provided for in this Section 7.2 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions or proceedings in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and the Purchasers on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or a Purchaser on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or

prevent such statement or omission. The Company and the Purchasers agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation (even if the Purchasers were treated as one entity for such purpose) or by any other method of allocation which does not take into account the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Purchaser shall be required to contribute in the aggregate any amount in excess of the net proceeds received by the Purchaser from the sale of the Shares or Warrant Shares, as the case may be, to which such loss, claim, damage or liability relates. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Purchaser's obligations in this subsection (d) to contribute are several in proportion to their sales of Shares or Warrant Shares, as the case may be, to which such loss relates and not joint.

(e) The obligations of the Company and the Purchasers under this Section 7.2 shall be in addition to any liability which the Company and the respective Purchasers may otherwise have and shall extend, upon the same terms and conditions, to directors, officers, employees and agents of the Company and the Purchasers and to each person, if any, who controls the Company or any Purchaser within the meaning of the Securities Act and the Exchange Act.

8. Restrictions on Transferability of Shares and Warrants; Compliance with Securities Act.

8.1 Restrictions on Transferability. Neither the Shares nor the Warrants shall be transferable in the absence of registration under the Securities Act or an exemption therefrom or in the absence of compliance with any term of the Agreement.

8.2 Restrictive Legend. Each certificate representing the Shares and each Warrant shall bear substantially the following legend (in addition to any legends required under applicable state securities laws):

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT PURPOSES ONLY AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM.

8.3 Transfer of Shares and Warrants. Each Purchaser hereby covenants with the Company not to make any sale of the Shares or Warrants except either (a) a sale of Shares or Warrant Shares in accordance with the Registration Statement, in which case the Purchaser covenants to comply with the requirement of delivering a current prospectus, (b) a sale of Shares or Warrant Shares in accordance with Rule 144, in which case the Purchaser covenants to comply with Rule 144 and to deliver such additional certificates and documents as the Company may reasonably request, or (c) subject to such conditions as the Company in its sole discretion shall impose, in accordance with another exemption from the registration requirements of the Securities Act. The legend set forth in Section 8.2 will be removed from a certificate representing Shares or the Warrant Shares, as the case may be, following and in connection with any sale of Shares or Warrant Shares pursuant to subsection (a) or (b) hereof but not in connection with any sale of Shares or Warrant Shares pursuant to subsection (c) hereof.

9. Miscellaneous.

9.1 Survival of Representations and Warranties. All representations and warranties contained herein shall survive the execution and delivery of this Agreement, any investigation at any time made by or on behalf of the Purchaser, and the sale and purchase of the Shares and the Warrants and payment therefor.

9.2 Parties in Interest. All the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successor and assigns of the parties hereto. Each successive transferee of the Purchasers shall be deemed to be a Purchaser for the purposes of Section 7 of this Agreement.

9.3 Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and do not constitute a part of this Agreement.

9.4 Choice of Law. It is the intention of the parties that the internal laws of the State of Delaware, without regard to the body of law controlling conflicts of law, shall govern the validity of this Agreement, the construction of its terms and the interpretation of the rights and duties of the parties set forth herein.

9.5 Counterparts. This Agreement may be executed concurrently in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9.6 Expenses. The Company agrees to pay the fees and disbursements of counsel to the Purchasers, if invoiced, in an amount not to exceed $10,000.

[Remainder of page intentionally left blank]

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

Dated: February 10, 1997

NOVAVAX, INC.

By: _____

Title: _____

Number of Shares Purchased: 1,200,000

ANACONDA OPPORTUNITY FUND, L.P.

By: Anaconda Capital, L.P., General Partner

Number of A Warrants Purchased: 600,000

Number of B Warrants Purchased: 600,000

By: _____
General Partner

Aggregate Purchase Price: $5,100,000

Address: 730 Fifth Avenue
New York, NY 10019

EXHIBIT A

The Purchasers shall have received on the Closing Date an opinion, dated the Closing Date, of White & McDermott, P.C., counsel for the Company, to the effect that:

The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware.

The Company has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement and to enter into and perform its obligations under this Agreement and the Warrants.

The Shares and the Warrant Shares have been duly authorized for issuance and sale to the Purchasers pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement or the Warrants against payment of the consideration set forth herein, will be validly issued and fully paid and non-assessable; and the issuance of the Shares and the Warrant Shares is not subject to preemptive or other rights to subscribe for or purchase securities.

This Agreement and each Warrant have been duly authorized, executed and delivered by the Company and are enforceable in accordance with their terms except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the enforcement of creditors' rights generally and as to limitations on the enforcement of the remedy of specific performance and other equitable remedies.

Except for such matters which, either individually or in the aggregate, would not have a material adverse effect on the financial condition or business of the Company and its subsidiaries, taken as a whole, the execution, delivery and performance of this Agreement and the Warrants and the consummation of the transactions in the manner contemplated herein and therein and the compliance by the Company with its obligations hereunder and thereunder will not (i) conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, any contract, indenture, mortgage, loan agreement, note, deed, trust, lease, sublease, voting trust, voting agreement or other instrument or agreement to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any of its subsidiaries is subject, (ii) result in any violation of the provisions of the charter or bylaws of the Company or any of its subsidiaries, or any applicable statute, law, rule, regulation, ordinance, code, or any applicable decision or order of any court or regulatory agency exercising appropriate jurisdiction; and (iii) except for the registration of the Shares and the Warrant Shares under the Securities Act and the listing of the Shares and the Warrant Shares on the American Stock Exchange, Inc. (which has been done) and such consents, approvals, authorizations, registrations or qualifications as may be required under the Exchange Act and applicable state securities laws in connection with the purchase of the Shares or the Warrants by the Purchasers, no consents, approval, authorization or order of or filing with any court or governmental agency or body is required for the execution, delivery and performance of the Agreement or the Warrants by the Company and the consummation of the transactions contemplated by the Agreement or the Warrants.

The Registration Statement has become effective under the Act, no stop order suspending its effectiveness has been issued and no proceedings for that purpose are pending before or, to the knowledge of such counsel, contemplated by the Commission.

The Registration Statement, the prospectus included therein, the

documents incorporated by reference and any supplement or amendment thereto (except for financial statements as to which no opinion need be expressed) comply as to form in all material respects with the Act, and nothing has come to such counsel's attention that would lead it to believe that (except for financial

statements, as aforesaid) the Registration Statement and the prospectus included therein at the time the Registration Statement became effective contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus, as amended or supplemented if applicable (except for financial statements, as aforesaid), contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In giving such opinion and making such statement with respect to the matters covered by the preceding paragraph such counsel may state that their opinion and statement are based upon their participation in the preparation of the Registration Statement and the prospectus included therein and any amendments or supplements thereto and review and discussion of the contents thereof, but are without independent check or verification of facts.

EXHIBIT 4.5

THIS WARRANT AND ANY SHARES ACQUIRED UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE TRANSFERRED EXCEPT AS PERMITTED HEREIN AND PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND SUCH REGISTRATION OR QUALIFICATION AS MAY BE REQUIRED UNDER THE SECURITIES LAWS OF ANY STATE OR (ii) AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH SECURITIES LAWS.

WARRANT FOR THE PURCHASE OF COMMON STOCK

No. [A-1; B-1] 600,000 Shares

THIS CERTIFIES that, for receipt in hand of $50.00 and other value received, ANACONDA OPPORTUNITY FUND, L.P., 730 Fifth Avenue, New York, New York 10019 (the "Holder"), or registered assigns, is entitled to subscribe for and purchase from NOVAVAX, INC., a Delaware corporation (the "Company"), upon the terms and conditions set forth herein, at any time or from time to time after the date hereof, and before 5:00 p.m. on March __, 2001, eastern standard time (the "Exercise Period"), 600,000 fully paid and nonassessable shares of the Company's Common Stock, par value $.01 per share (the "Common Stock"), at a price of $[6.00; 8.00] per share (the "Exercise Price"). This Warrant may be sold, transferred, assigned, or hypothecated, in whole or in part, at any time after the date hereof. As used herein the term "this Warrant" shall mean and include this Warrant and any Warrant or Warrants hereafter issued as a consequence of the exercise or transfer of this Warrant in whole or in part.

The number of shares of Common Stock issuable at the Exercise Price may be adjusted from time to time as hereinafter set forth.

1. Exercise of Warrant.

(a) Manner of Exercise. This Warrant may be exercised in whole or in part at any time or from time to time during the Exercise Period by the surrender of this Warrant (with the form of election to exercise attached hereto duly executed) to the Company at its office at 8320 Guilford Road, Columbia, MD 21046 or such other place as is designated in writing by the Company, together with a certified or bank cashier's check payable to the order of the Company in an amount equal to the Exercise Price multiplied by the number of Warrant Shares for which this Warrant is being exercised.

(b) Delivery of Stock Certificates, etc. Upon each exercise of the Holder's rights to purchase the Warrant Shares granted pursuant to this Warrant, as reissued from time to time, the Holder shall be deemed to be the holder of record of the Warrant Shares issuable upon such exercise, notwithstanding that the transfer books of the Company shall then be closed or certificates representing such Warrant Shares shall not then have been actually delivered to the Holder. As soon as practicable after each such exercise of this Warrant, the Company shall issue and deliver to the Holder a certificate or certificates for the Warrant Shares issuable upon such exercise, registered in the name of the Holder or its designee. If this Warrant should be exercised in part only, the Company shall, upon surrender of this Warrant for cancellation, execute, and deliver a new Warrant evidencing the right of the Holder to purchase the balance of the Warrant Shares (or portions thereof) subject to purchase hereunder.

(c) Transfer of Warrants; Warrant Register. Any Warrants issued upon the transfer or exercise in part of this Warrant (together with this Warrant, the "Warrants") shall be numbered

and shall be registered in a warrant register as they are issued. The Company shall be entitled to treat the registered holder of any Warrant on the Warrant Register as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in such Warrant on the part of any other person, and shall not be liable for any registration or transfer of such Warrants which are registered or to be registered in the name of a fiduciary or the nominee of a fiduciary. Such Warrants shall be transferable only on the books of the Company upon delivery thereof duly endorsed by the Holder or by his duly authorized attorney or representative, or accompanied by proper evidence of succession, assignment, or authority to transfer. In all cases of transfer by an attorney, executor, administrator, guardian, or other legal representative, duly authenticated evidence of his or its authority shall be produced. Upon any registration of transfer, the Company shall deliver a new Warrant or Warrants to the person entitled thereto. The Warrants may be exchanged, at the option of the Holder thereof, for another Warrant, or other Warrants of different denominations, of like tenor, and representing in the aggregate the right to purchase a like number of Warrant Shares (or portions thereof) upon surrender to the Company or its duly authorized agent. Notwithstanding the foregoing, the Company shall have no obligation to cause Warrants to be transferred on its books to any person if, in the written opinion of counsel to the Company, such transfer does not comply with the provisions of the Securities Act of 1933, as amended (the "Securities Act"), and the rules and regulations thereunder.

2. Authorized Stock; Listing. The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for the purpose of providing for the exercise of the rights to purchase all Warrant Shares granted pursuant to this Warrant, such number of shares of Common Stock as shall, from time to time, be sufficient therefor. The Company covenants that all shares of Common Stock issuable upon exercise of this Warrant, upon receipt by the Company of the purchase price therefor, shall be validly issued, fully paid, nonassessable, and free of preemptive or similar contractual rights to subscribe for shares of Common Stock. The Company shall list and maintain the listing of the Warrant Shares on the American Stock Exchange (or other national securities exchange upon which the Common Stock is listed).

3. Adjustments.

(a.) Stock Dividends, Splits, Combinations, etc. In case the Company shall at any time after the date of this Warrant (i) declare a dividend, or make a distribution, on the outstanding Common Stock in shares of its capital stock, (ii) subdivide the outstanding Common Stock, (iii) combine the outstanding Common Stock into a smaller number of shares, or (iv) issue any shares of its capital stock by reclassification of the Common Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing corporation), then, in each case, the Exercise Price, and the number and kind of shares of Common Stock receivable upon exercise of this Warrant, in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination, or reclassification, shall be proportionately adjusted so that the Holder after such time shall be entitled to receive the aggregate number and kind of shares which if such Warrant had been exercised immediately prior to such time, it would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification. Such adjustment shall be made successively whenever any event listed above shall occur.

(b) Sale of Stock, Options, Rights, etc. In case the Company shall issue, or fix a record date for the issuance of, shares of Common Stock or rights, options, or warrants entitling the holders thereof to subscribe for or purchase Common Stock (or securities convertible into or exchangeable for Common Stock) at a price per share (or having a conversion price per share, if a security convertible into or exchangeable for Common Stock) less than the Current Market Price, the Exercise Price shall be reduced to a price determined by multiplying the then current Exercise Price by a fraction (i) numerator of which shall be (a) the number of shares of Common Stock outstanding immediately prior to such issue or sale plus (b) the number of shares of Common Stock

which the aggregate consideration received by the Company in connection with such issuance or sale would purchase at the Current Market Price, and (ii) the denominator of which shall be the number of shares of Common Stock outstanding immediately after such issuance or sale. Such adjustment shall become effective at the close of business on such date of issuance or record date; provided, however, that, to the extent the shares of Common Stock (or securities convertible into or exchangeable for shares of Common Stock) are not delivered, the Exercise Price shall be readjusted after the expiration of such rights, options, or warrants (but only with respect to Warrants exercised after such expiration), to the Exercise Price which would then be in effect had the adjustments made upon the issuance of such rights, options, or warrants been made upon the basis of delivery of only the number of shares of Common Stock (or securities convertible into or exchangeable for shares of Common Stock) actually issued. No readjustment shall have the effect of increasing the Exercise Price by an amount greater than the original adjustment. In case part or all of any subscription price may be paid in a form other than cash, the value of such consideration shall be as determined in good faith by the board of directors of the Company, whose determination shall be conclusive absent manifest error. Shares of Common Stock owned by or held for the account of the Company or any majority-owned subsidiary shall not be deemed outstanding for the purpose of any such computation.

In the case of the issuance of options to purchase or rights to subscribe for Common Stock, securities by their terms convertible into or exchangeable for Common Stock or options to purchase or rights to subscribe for such convertible or exchangeable securities, the following provisions shall apply:

(i) the shares of Common Stock deliverable upon exercise of such options to purchase or rights to subscribe for Common Stock shall be deemed to have been issued at the time such options or rights were issued and for a consideration equal to the consideration, if any, received by the Company upon the issuance of such options or rights plus the minimum purchase price provided in such options or rights for the Common Stock covered thereby;

(ii) the shares of Common Stock deliverable upon conversion of or in exchange for any such convertible or exchangeable securities or upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued at the time such securities were issued or such options or rights were issued and for a consideration equal to the consideration, if any, received by the Company for any such securities and related options or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the additional consideration, if any, to be received by the Company upon the conversion or exchange of such securities or the exercise of any related options or rights;

(iii) in the event of any increase in the consideration payable to the Company upon exercise of such options or rights or upon conversion of or in exchange for such convertible or exchangeable securities, including, but not limited to, a change resulting from any antidilution provisions thereof, the Exercise Price with respect to the adjustment which was made upon the issuance of such options, rights or securities, and any subsequent adjustments based thereon, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Stock or any payment of such consideration upon the exercise of any such options or rights or the conversion or exchange of such securities.

(c) Extraordinary Dividends. In case the Company shall distribute to all holders of Common Stock (including any such distribution made to the stockholders of the Company in connection with a consolidation or merger

in which the Company is the continuing corporation) evidences of its indebtedness or assets (other than dividends payable in shares of Common Stock), or subscription rights, options, or warrants or convertible or exchangeable securities containing the right to subscribe for or purchase shares of Common Stock (excluding those referred to in

paragraph 3(b) hereof), then, in each case, the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date for the determination of stockholders entitled to receive such distribution by a fraction, the numerator of which shall be the current Exercise Price per share of Common Stock on such record date, less the fair market value (as determined in good faith by the board of directors of the Company, whose determination shall be conclusive absent manifest error) of the portion of the evidences of indebtedness or assets so to be distributed, or of such subscription rights, options, or warrants or convertible or exchangeable securities containing the right to subscribe for or purchase shares of Common Stock, applicable to one share, and the denominator of which shall be such current Exercise Price per share of Common Stock. Such adjustment shall be made whenever any such distribution is made, and shall become effective on the date of such distribution retroactive to the record date for the determination of stockholders entitled to receive such distribution.

(d) Current Market Price. For the purpose of any computation under this paragraph 3, Current Market Price, per share of Common Stock on any date shall be deemed to be the average daily closing price for the ten trading days immediately preceding such day. The closing price for any day shall be the last reported sales price regular way or, in case no such reported sale takes place on such day, the closing bid price regular way, in either case on the principal national securities exchange (including the NASDAQ National Market System) on which the Common Stock is listed or admitted to trading or, if the Common Stock is not listed or admitted to trading on any national securities exchange, the highest reported bid price as furnished by the National Association of Securities Dealers, Inc. through NASDAQ or a similar organization if NASDAQ is no longer reporting such information. If on any such date the Common Stock is not quoted by any such organization, the fair value of a share of Common Stock on such date, as determined in good faith by the board of directors of the Company, whose determination shall be conclusive absent manifest error, shall be used.

(e) De Minimis Exception. No adjustment in the Exercise Price shall be required if such adjustment is less than $.05; provided, however, that any adjustments which by reason of this paragraph 3 are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this paragraph 3 shall be made to the nearest cent or to the nearest one-thousandth of a share, as the case may be.

(f) Date of Issuance. In any case in which this paragraph 3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Company may elect to defer, until the occurrence of such event, issuing to any Holder who exercised any Warrants after such record date, the shares of Common Stock, if any, issuable upon such exercise over and above the shares of Common Stock, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment.

(g) Adjustment to Number of Shares. Upon each adjustment of the Exercise Price as a result of the calculations made in paragraphs 3(a), 3 (b), or 3(c) hereof, each Warrant outstanding prior to the making of the adjustment in the Exercise Price shall thereafter evidence the right to purchase, at the adjusted Exercise Price, that number of shares (calculated to the nearest thousandth) obtained by dividing (A) the product obtained by multiplying the number of shares purchasable upon exercise of a Warrant prior

to adjustment of the number of shares by the Exercise Price in effect prior to adjustment of the Exercise Price by (B) the Exercise Price in effect after such adjustment of the Exercise Price.

(h) Notice of Adjustments. Whenever there shall be an adjustment as provided in this paragraph 3, the Company shall promptly cause written notice thereof to be sent by overnight courier, to the Holder, at its principal office, which notice shall be accompanied by an officer's certificate setting forth the number of Warrant Shares purchasable upon the exercise of this Warrant and the Exercise Price after such adjustment and setting forth a brief statement of the facts requiring

such adjustment and the computation thereof, which officer's certificate shall be conclusive evidence of the correctness of any such adjustment absent any error.

(i) No Fractional Shares. The Company shall not be required to issue fractions of shares of Common Stock or other capital stock of the Company upon the exercise of the Warrants. If any fraction of a share would be issuable on the exercise of any Warrant (or specified portions thereof), the Company shall purchase such fraction for an amount in cash equal to the same fraction of the Current Market Price on the date of exercise of the Warrant.

(j) Employee Stock Options; Outstanding Options/Warrants. No adjustment in the Exercise Price shall be required in the case of the issuance of shares under or grant by the Company of options to employees, directors or consultants of the Company under any stock option plan of the Company approved by the stockholders of the Company, or the issuance of any and all shares of Common Stock upon exercise of such options or upon the issuance of shares under any options, warrants, or convertible securities outstanding as of the date hereof.

4. Business Combinations.

(a) In case the Company, after the date hereof (i) shall consolidate with or merge into any other person and shall not be the continuing or surviving corporation of such consolidation or merger, or (ii) shall permit any other person to consolidate with or merge into the Company and the Company shall be the continuing or surviving person but, in connection with such consolidation or merger, the Common Stock or other securities of the Company which the Holder of this Warrant may receive upon exercise ("Other Securities") shall be changed into or exchanged for stock or other securities of any other person or cash or any other property, or (iii) shall transfer all or substantially all of its properties or assets to any other person, or (iv) shall effect a capital reorganization or reclassification of the Common Stock or Other Securities (other than a capital reorganization or reclassification resulting in the issue of additional shares of Common Stock for which adjustment in the Exercise Price is provided in paragraph 3(a) or 3(b)), then, and in the case of each such transaction, proper provision shall be made so that, upon the basis and the terms and in the manner provided in this Warrant, the Holder of this Warrant, upon the exercise hereof at any time after the consummation of such transaction, shall be entitled to receive (at the aggregate Exercise Price in effect at the time of such consummation for all Common Stock or Other Securities issuable upon such exercise immediately prior to such consummation), in lieu of the Common Stock or Other Securities issuable upon such exercise prior to such consummation, the highest amount of securities, cash or other property to which such Holder would actually have been entitled as a shareholder upon such consummation if such Holder had exercised the rights represented by this Warrant immediately prior thereto, subject to adjustments (subsequent to such consummation) as nearly equivalent as possible to the adjustments provided in paragraph 3; provided that if a

purchase, tender or exchange offer shall have been made to and accepted by the holders of more than 50% of the outstanding shares of Common Stock, and if the Holder of this Warrant so designates in a notice given to the Company on or before the date immediately preceding the date of the consummation of such transaction, the Holder of this Warrant shall be entitled to receive the highest amount of securities, cash or other property to which such Holder would actually have been entitled as a shareholder if the Holder of this Warrant had exercised such Warrant prior to the expiration of such purchase, tender or exchange offer and accepted such offer, less the Exercise Price that would have been payable upon such exercise, subject to adjustments (from and after the consummation of such purchase, tender or exchange offer) as nearly equivalent as possible to the adjustments provided for in paragraph 3.

(b) In the event of any transaction described in clauses (i) through (iv) of paragraph 4(a), each person (other than the Company) which may be required to deliver any stock, securities, cash or property upon the exercise of this Warrant as provided herein shall assume in writing (i) the obligations of the Company under this Warrant (and if the Company shall survive the

consummation of such transaction, such assumption shall be in addition to, and shall not release the Company from, any continuing obligations of the Company under this Warrant) and (ii) the obligation to deliver to such Holder such shares of stock, securities, cash or property as, in accordance with the foregoing provisions of this paragraph 4, such Holder may be entitled to receive.

5. Notice. In case at any time the Company shall propose:

(a) to pay any dividend or make any distribution on shares of Common Stock in shares of Common Stock or make any other distribution to all holders of Common Stock; or

(b) to issue any rights, warrants, or other securities to all holders of Common Stock entitling them to purchase any additional shares of Common Stock or any other rights, warrants, or other securities; or

(c) to effect any consolidation, merger, sale, reorganization or reclassification described in paragraph 4; or

(d) to effect any liquidation, dissolution, or winding-up of the Company; or

(e) to take any other action which would cause an adjustment to the Exercise Price;

then, and in any one or more of such cases, the Company shall give written notice thereof, by overnight courier, to the Holder at the Holder's address as it shall appear in the Warrant Register, mailed at least 20 business days prior to (i) the date as of which the holders of record of shares of Common Stock to be entitled to receive any such dividend, distribution, rights, warrants, or other securities are to be determined, (ii) the date on which any such consolidation, merger, sale, reorganization or reclassification, liquidation, dissolution, or winding-up is expected to become effective, and the date as of which it is expected that holders of record of shares of Common Stock shall be entitled to exchange their shares or warrants for securities or other property, if any, deliverable upon such reclassification, change of outstanding shares, consolidation, merger, sale, lease, conveyance of property, liquidation, dissolution, or winding-up; or (iii) the earlier of the date or record date in respect of such action which would require an adjustment to the Exercise Price.

6. Taxes. The issuance of any shares or warrants or other securities upon the exercise of this Warrant, and the delivery of certificates or other

instruments representing such shares, warrants, or other securities, shall be made without charge to the Holder for any tax or other charge in respect of such issuance. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of any certificate in a name other than that of the Holder and the Company shall not be required to issue or deliver any such certificate unless and until the person or persons requesting the issue thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

7. Certain Rights.

(a) In case any event shall occur as to which the provisions of paragraph 3 or 4 are not strictly applicable but the failure to make any adjustment would not fairly protect the purchase rights represented by this Warrant in accordance with the essential intent and principles of such paragraphs, then in each such case, the Exercise Price and/or the amount of any Common Stock, cash, securities or other assets to be delivered upon exercise of this Warrant shall be adjusted on a basis consistent with the essential intent and principles established in paragraph 3 or 4, as necessary to preserve the purchase rights represented by this Warrant.

(b) The Company will not, by amendment of its certificate of incorporation or through any consolidation, merger, reorganization, transfer of assets, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant.

8. Legend. The securities issued upon exercise of the Warrants shall be subject to a stop transfer order and the certificate or certificates evidencing any such securities shall bear the following legend:

> THESE SHARES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND SUCH REGISTRATION OR QUALIFICATION AS MAY BE REQUIRED UNDER THE SECURITIES LAWS OF ANY STATE OR (ii) AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH SECURITIES LAWS.

9. Miscellaneous.

(a) Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction, or mutilation of any Warrant (and upon surrender of any Warrant if mutilated), and upon reimbursement of the Company's reasonable incidental expenses, the Company shall execute and deliver to the Holder thereof a new Warrant of like date, tenor, and denomination.

(b) The Holder of any Warrant shall not have, solely on account of such status, any rights of a stockholder of the Company, either at law or in equity, or to any notice of meetings of stockholders or of any other proceedings of the Company, except as provided in this Warrant.

(c) This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

(d) This Warrant shall be construed in accordance with the laws of the State of Delaware, without giving effect to conflict of laws.

IN WITNESS WHEREOF, the undersigned have set their hand to this Warrant Agreement as of March __, 1997.

NOVAVAX, INC.

By:

Name:
Title:

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the attached Warrant.)

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto _____ a Warrant to purchase ____ Warrant Shares of Novavax, Inc. (the "Company"), together with all right, title, and interest therein, and does hereby irrevocably constitute and appoint attorney to transfer such Warrant on the books of the Company, with full power of substitution.

Dated:

Signature:

Signature Guaranteed:

NOTICE

The signature on the foregoing Assignment must correspond to the name as written upon the face of this Warrant in every particular, without alteration or enlargement or any change whatsoever.

To:

ELECTION TO EXERCISE

The undersigned hereby exercises its or his rights to purchase Warrant Shares covered by the within Warrant and tenders payment herewith in the amount of $_____ in accordance with the terms thereof, and requests that certificates for such securities be issued in the name of, and delivered to:

- ---

- ---

- ---

(Print Name, Address and Social Security or Tax Identification Number)

and, if such number of Warrant Shares shall not be all the Warrant Shares covered by the within Warrant, that a new Warrant for the balance of the Warrant Shares covered by the within Warrant be registered in the name of, and delivered to, the undersigned at the address stated below.

Dated: _____ Name: _____

(Print)

Address: _____

_____

(Signature)

EXHIBIT 5.1

WHITE & MCDERMOTT, P.C.
65 William Street, Suite 209
Wellesley, MA 02181

February 28, 1997

Novavax, Inc.
8320 Guilford Road
Columbia, MD 21046

Gentlemen:

We have assisted with the preparation of a Registration Statement on Form S-3 (the "Registration Statement"), filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, relating to the registration of (i) 1,200,000 shares (the "Shares") of common stock, $.01 par value (the "Common Stock"), of Novavax, Inc. (the "Company") held by a certain stockholder of the Company and (ii) 1,200,000 shares (the "Warrant Shares") which may be acquired upon the exercise of warrants (the "Warrants").

We have examined the most recent Amendment to the Certificate of Incorporation and the Restated Certificate of Incorporation, the By-laws of the Company and all amendments thereto and have examined and relied on originals, or copies certified to our satisfaction, of such records of meetings, written actions in lieu of meetings, or resolutions adopted at meetings, of the directors of the Company, and such other documents and instruments as in our judgment are necessary or appropriate to enable us to render the opinions expressed below.

In our examination of the foregoing documents, we have assumed (i) the genuineness of all signatures and the authenticity of all documents submitted to us as originals, (ii) the conformity to original documents of all documents submitted to us as certified or photostatic copies and (iii) the authenticity of the originals of the latter documents.

Based upon and subject to the foregoing, we are of the opinion that (i) the Shares have been duly and validly authorized and issued and are fully paid and non-assessable and (ii) the Warrant Shares have been duly authorized and, upon exercise of the Warrants and payment for the Warrant Shares in accordance with the terms of the Warrants, and the issuance of the Warrant Shares by the Company thereunder, the Warrant Shares will be fully paid and non-assessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name under the caption "Legal Matters" in the prospectus forming a part of the Registration Statement.

Very truly yours,

White & McDermott, P.C.

By: /s/ David A. White

David A. White

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated March 29, 1996 on our audits of the financial statements of Novavax, Inc. and subsidiaries as of December 31, 1995 and 1994 and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 1995. We also consent to the reference to our Firm under the caption "Experts."

/s/Coopers & Lybrand L.L.P.
Coopers & Lybrand L.L.P.

Rockville, Maryland
March 3, 1997