

Novavax Investor Relations

GAITHERSBURG, Md., Jan. 25, 2016 (GLOBE NEWSWIRE) -- Novavax, Inc. (Nasdaq:NVAX), a clinical-stage vaccine company focused on the discovery, development and commercialization of recombinant nanoparticle vaccines and adjuvants, today announced that it intends to offer, subject to market and other conditions, \$200 million aggregate principal amount of convertible senior unsecured notes that will mature on February 1, 2023 (the Notes). The Notes will be offered and sold only to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. Novavax also expects to grant the initial purchasers of the Notes an option to purchase up to an additional \$30 million aggregate principal amount of the Notes, solely to cover over-allotments.

Citigroup and J.P. Morgan are acting as joint book-running managers of the offering.

“We completed five clinical trials during 2015, leading to the launch of two Phase 3 trials and accelerating the pace to commercialization,” said Stanley C. Erck, President and CEO. “The purpose of this offering and the rationale for a convertible note is to strengthen the balance sheet while minimizing dilution. If completed, this offering will enhance our balance sheet as we engage potential partners in discussions on RSV F Vaccine commercialization rights outside North America and support our aggressive development and U.S. commercialization plans.”

While Novavax has not finalized its full financial results for the fiscal year ended December 31, 2015, Novavax expects to report that it has approximately \$231 million of cash, cash equivalents and marketable securities as of December 31, 2015. This amount is preliminary, has not been audited and is subject to change upon completion of the audit of Novavax’ consolidated financial statements as of and for the year ended December 31, 2015. Additional information and disclosures would be required for a more complete understanding of Novavax’ financial position and results of operations as of December 31, 2015.

The Notes will bear cash interest, payable on February 1 and August 1 of each year, beginning on August 1, 2016. The Notes will not be redeemable prior to maturity. The Notes will be convertible into shares of Novavax common stock. Final terms of the Notes, including interest rate, conversion rate, conversion price, and certain other terms of the offering, will be determined at the time of pricing.

Novavax intends to use the net proceeds from the offering for the advancement of its clinical-stage vaccine candidates, including its recently initiated pivotal Phase 3 clinical trials of its RSV F Vaccine in older adults and pregnant women, as well as its other clinical and preclinical research programs, and general corporate purposes, which may include working capital, product development, manufacturing and process development expenditures, capital expenditures, acquisitions and other strategic purposes. Novavax would also use a portion of the net proceeds from the offering to pay the cost of certain capped call transactions (described below).

In connection with the pricing of the Notes, Novavax intends to enter into privately negotiated capped call transactions with one or more option counterparties. The capped call transactions are expected generally to reduce the potential dilution upon conversion of the Notes in the event that the market price per share of Novavax’ common stock, as measured under the terms of the capped call transactions, is greater than the strike price of the capped call transactions, which initially corresponds to the conversion price of the Notes and is subject to anti-dilution adjustments similar to those applicable to the conversion rate of the Notes. If, however, the market price per share of Novavax’ common stock, as measured under the terms of the capped call transactions, exceeds the cap price of the capped call transactions, there would nevertheless be dilution upon conversion of the Notes to the extent that such market price exceeds the cap price of the capped call transactions. If the initial purchasers of the Notes exercise their over-allotment option, Novavax expects to enter into additional capped call transactions with the option counterparties.

Novavax expects that, in connection with the capped call transactions, the option counterparties or their respective affiliates will enter into various hedging transactions, including (without limitation) derivative transactions, with respect to Novavax’ common stock and/or to purchase Novavax’ common stock concurrently with or shortly after the pricing of the Notes. This activity could impact the market price of Novavax’ common stock or the Notes at that time, and could result in a higher effective conversion price for the Notes. In addition, the option counterparties and/or their respective affiliates may, from time to time, modify their hedge positions by entering into or unwinding various hedging positions, including (without limitation) derivative transactions, with respect to Novavax’ common stock and/or by purchasing or selling Novavax’ common stock or other securities of Novavax in secondary market transactions. This activity could also impact the market price of Novavax’ common stock or the Notes, which could affect the value of the shares that a holder of Notes receives upon conversion of the Notes.

The offer and sale of the Notes are not being registered under the Securities Act, or any state securities laws. The Notes may not be offered or sold in the United States except pursuant to an exemption from the

registration requirements of the Securities Act and any applicable state securities laws.

This news release does not constitute an offer to sell or a solicitation of an offer to buy the securities described herein, nor shall there be any sale of these securities, in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the laws of such jurisdiction.

About Novavax

Novavax, Inc. (Nasdaq:NVAX) is a clinical-stage vaccine company committed to delivering novel products to prevent a broad range of infectious diseases. Its recombinant nanoparticles and Matrix-M™ adjuvant technology are the foundation for groundbreaking innovation that improves global health through safe and effective vaccines.

Forward-Looking Statements

This press release contains forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements, including, but not limited to, statements about Novavax' intention to commence an offering of Notes and enter into capped call transactions, the expected terms of the offering, the Notes and the capped call transactions, Novavax' anticipated use of proceeds, Novavax' expectations with respect to the pace to commercialization, Novavax' plans to engage in partnering discussions for its RSV F Vaccine and Novavax' aggressive development and U.S. commercialization plans. Each forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such statement. Applicable risks and uncertainties include, but are not limited to, those related to whether or not Novavax will be able to consummate the offering and the capped call transactions on the timeline or with the terms anticipated, if at all, the conduct, timing and potential results from Novavax' clinical-trials and other preclinical studies, Novavax' plans for and potential timing of regulatory filings, the expected timing and content of regulatory actions, Novavax' plans regarding partnering activities and business development initiatives, and the timing and success of Novavax' commercialization, if any, of its product candidates. In addition, Novavax' management retains broad discretion with respect to the allocation of the net proceeds of this offering. Applicable risks also include those that are listed under the heading "Risk Factors" and elsewhere in Novavax' Annual Report on Form 10-K for the fiscal year ended December 31, 2014, in addition to the risk factors that are included from time to time in Novavax' subsequent SEC filings. Novavax undertakes no obligation to update these forward-looking statements to reflect events or circumstances occurring after this press release. Except as otherwise noted, these forward-looking statements speak only as of the date of this press release. All forward-looking statements are qualified in their entirety by this cautionary statement.

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<https://ir.novavax.com/2016-01-25-Novavax-Announces-Proposed-Offering-of-200-Million-of-Convertible-Senior-Notes-Due-2023>