

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

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Novavax, Inc.**

\_\_\_\_\_  
(Name of Registrant as Specified In Its Charter)

\_\_\_\_\_  
(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:  
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2) Aggregate number of securities to which transaction applies:  
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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):  
\_\_\_\_\_

4) Proposed maximum aggregate value of transaction:  
\_\_\_\_\_

5) Total fee paid:  
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Fee paid previously with preliminary materials.  
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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:  
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\_\_\_\_\_

3) Filing Party:  
\_\_\_\_\_

4) Date Filed:  
\_\_\_\_\_

\_\_\_\_\_

NOVAVAX, INC.

NOTICE OF THE ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD WEDNESDAY, MAY 13, 2009

To the Stockholders of Novavax, Inc.:

**NOTICE IS HEREBY GIVEN** that the 2009 Annual Meeting of Stockholders (the "Meeting") of Novavax, Inc., a Delaware corporation (the "Company"), will be held on Wednesday, May 13, 2009 at 10:00 a.m., local time, at the Company's headquarters at 9920 Belward Campus Drive, Rockville, Maryland 20850 for the purpose of considering and voting upon the following matters:

1. To elect three directors as Class II directors to serve on the Board of Directors for a three-year term expiring at the 2012 Annual Meeting of Stockholders;
2. To ratify the appointment of Grant Thornton LLP, an independent registered accounting firm, as the independent auditor of the Company for the year ending December 31, 2009;
3. To approve an amendment to the Company's Amended and Restated Certificate of Incorporation, as amended, to increase the number of authorized shares of Common Stock of the Company by 100,000,000 shares from 100,000,000 shares to 200,000,000 shares; and
4. To transact such other business which may properly come before the Meeting or any adjournment or postponement thereof.

The Board of Directors has no knowledge of any other business to be transacted at the Meeting.

The Board of Directors of the Company has fixed the close of business on April 13, 2009 as the record date for determining stockholders of the Company entitled to notice of and to vote at the Meeting and any adjournments or postponements thereof.

A copy of the Company's Annual Report to Stockholders for the fiscal year ended December 31, 2008, which contains financial statements and other information of interest to stockholders, accompanies this Notice and the attached Proxy Statement.

*By Order of the Board of Directors,*



Jennifer Miller  
Corporate Secretary

Rockville, Maryland  
April 16, 2009

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE PROMPTLY VOTE OVER THE INTERNET OR BY TELEPHONE AS PER THE INSTRUCTIONS ON THE ENCLOSED PROXY OR COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY IN THE ACCOMPANYING ENVELOPE. NO POSTAGE NEED BE AFFIXED IF THE PROXY IS MAILED IN THE UNITED STATES.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
SHAREHOLDERS MEETING TO BE HELD ON MAY 13, 2009.**

**The Company's Proxy Statement for the 2009 Annual Meeting of Stockholders and the Company's Annual Report to Stockholders for the fiscal year ended December 31, 2008 are available at [www.novavax.com/proxy2009](http://www.novavax.com/proxy2009).**

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**NOVAVAX, INC.**

**9920 Belward Campus Drive  
Rockville, Maryland 20850**

**PROXY STATEMENT**

**For the Annual Meeting of Stockholders  
To Be Held Wednesday, May 13, 2009**

**INFORMATION CONCERNING THE MEETING**

This Proxy Statement is being furnished to stockholders in connection with the solicitation of proxies by the Board of Directors (the "Board") of Novavax, Inc. ("Novavax" or the "Company") for use at the Annual Meeting of Stockholders to be held on Wednesday, May 13, 2009 at 10:00 a.m. local time at the Company's headquarters at 9920 Belward Campus Drive, Rockville, Maryland 20850 and at any adjournments or postponements thereof (the "Meeting"). The Notice of Meeting, this Proxy Statement, the enclosed proxy and the Company's Annual Report to Stockholders for the fiscal year ended December 31, 2008 are being mailed to stockholders on or about April 16, 2009.

**What is the purpose of the meeting?**

At the Meeting, stockholders will act upon the following matters:

To elect three directors as Class II directors to serve on the Board of Directors for a three-year term expiring at the 2012 Annual Meeting of Stockholders;

To ratify the appointment of Grant Thornton LLP, an independent registered accounting firm, as the independent auditor of the Company for the year ending December 31, 2009;

To approve an amendment to the Company's Amended and Restated Certificate of Incorporation, as amended (the "Certificate"), to increase the number of authorized shares of Common Stock of the Company by 100,000,000 shares from 100,000,000 shares to 200,000,000 shares; and

To transact such other business which may properly come before the Meeting or any adjournment or postponement thereof.

In addition, management will report on the Company's performance during fiscal year 2008 and respond to questions from stockholders.

**Who is entitled to vote?**

The Board of Directors has fixed Monday, April 13, 2009, as the record date for determining the stockholders entitled to receive notice of and to vote at the Meeting (the "Record Date"). The only class of stock of the Company entitled to vote at the Meeting is its Common Stock, \$.01 par value (the "Common Stock"). Only the record holders of shares of Common Stock at the close of business on the Record Date may vote at the Meeting. On the Record Date, there were [•] shares of Common Stock outstanding and entitled to be voted. Each share entitles the holder to one vote on each of the matters to be voted upon at the Meeting.

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**How do I vote?**

A stockholder may vote by mail, Internet or telephone as directed by the enclosed proxy.

**What constitutes a quorum?**

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

**How does discretionary voting authority apply?**

All properly executed proxies will be voted in accordance with the instructions of the stockholder. If no contrary instructions have been indicated, the proxies will be voted FOR the nominees named in Proposal I, FOR the ratification of the appointment of Grant Thornton LLP as the Company's independent auditor for the year ending December 31, 2009, and FOR the approval of the amendment to the Certificate. The Board of Directors knows of no other matters to be presented for consideration at the Meeting.

**What are the Board's recommendations?**

Unless you give other instructions on your proxy card, Rahul Singhvi or Raymond J. Hage will vote in accordance with the recommendation of the Board. The Board recommends a vote:

FOR the election of Gary Evans, John Marsh, Jr. and James Tananbaum, M.D. to serve on the Board of Directors for a three year term expiring at the 2012 Annual Meeting of Stockholders;

FOR the ratification of the appointment of Grant Thornton LLP as the independent auditor of the Company for the year ending December 31, 2009; and

FOR the approval of the amendment to the Certificate to increase the number of authorized shares of Common Stock of the Company by 100,000,000 shares from 100,000,000 shares to 200,000,000 shares.

With respect to any other matter that properly comes before the Meeting, the proxy holders will vote as recommended by the Board or, if no recommendation is given, in their own discretion.

**What vote is required to approve each item?**

Election of Directors. Directors are elected by a plurality of the votes. The three nominees for director receiving the highest number of votes cast by stockholders entitled to vote for directors will be elected to serve on the Board. Only the number of votes FOR a nominee affect the outcome. Accordingly, votes withheld and abstentions will have no effect on the result of the vote on this matter.

*Ratification of Independent Registered Public Accounting Firm.* The ratification of Grant Thornton LLP as the Company's independent registered accounting firm for the fiscal year 2009 requires the affirmative vote of the holders of a majority of the votes present in person or represented by proxy and entitled to be cast at the Annual Meeting. A properly executed proxy marked ABSTAIN with respect to such ratification will have the effect of a negative vote on this matter. Broker non-votes are not considered as votes entitled to be cast on the matter, and thus will have no effect on the result of the vote on this matter.

*Approval of the Amendment to Certificate.* The proposal to amend the Certificate to increase the number of authorized shares of Common Stock of the Company by 100,000,000 shares requires the affirmative vote of the holders of a majority of the votes entitled to be cast on the proposal.

**Can I change my vote after I return my proxy card?**

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

**Who bears the cost of solicitation of proxies?**

The Company will bear the cost of soliciting proxies. In addition to solicitations by mail, the Company's directors, officers and regular employees may, without additional remuneration, solicit proxies by telephone, telegraph, facsimile and personal interviews. The Company has engaged the services of a proxy solicitation firm in conjunction with the Meeting. Such firm may solicit your proxy, in person or by telephone, mail, facsimile or other communication, and will be paid by the Company a fee of approximately \$6,500 and reimbursed its reasonable expenses for such services. The Company will also request brokerage houses, custodians, nominees and fiduciaries to forward copies of the proxy materials to those persons for whom they hold shares and request instructions for voting the proxies. The Company will reimburse such brokerage houses and other persons for their reasonable expenses in connection with this distribution.

**Will every stockholder receive a Proxy Statement?**

Certain stockholders who share the same address may receive only one copy of this Proxy Statement and the 2009 Annual Report to Stockholders in accordance with a notice delivered from such stockholders' bank, broker or other holder of record, unless the applicable bank, broker or other holder of record received contrary instructions. This practice, known as "householding," is designed to reduce printing and postage costs. If you own your shares through a bank, broker or other holder of record and wish to either stop or begin householding, you may do so, or you may request a separate copy of the Proxy Statement or the Annual Report, either by contacting your bank, broker or other holder of record at the telephone number or address provided in the above referenced notice, or contacting Novavax by telephone at (240) 268-2000 or in writing to Novavax, Inc., 9920 Belward Campus Drive, Rockville, Maryland 20850, Attention: Secretary. If you request to begin or stop householding, you should provide your name, the name of your broker, bank or other record holder, and your account information.

**When are stockholder proposals due for the 2010 Meeting?**

Proposals of stockholders for inclusion in the Proxy Statement and form of proxy for the 2010 Annual Meeting of Stockholders must be submitted to the Secretary of the Company in writing and be received by the Company at its principal executive offices no later than March 13, 2010. Stockholder proposals for consideration at the meeting but not included in the Proxy Statement will be considered untimely if the Company is not provided written notice in accordance with the advance notice provisions set forth in the Company's By-laws. The By-laws state that in order to be timely, a stockholder's notice must be delivered or mailed by first class U.S. mail, postage prepaid, and received at the Company's principal executive office no less than 60 days and no more than 90 days prior to the date of the meeting. However, if less than 70 days' prior notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice will be considered timely if it is received no later than the close of business on the 10th day following the date on which such notice was mailed or public disclosure was made of the meeting date (whichever occurred first). In order to curtail controversy as to the date on which the Company received a proposal, it is suggested that proponents submit their proposals by certified mail, return receipt requested.

In addition to being timely, a stockholder's notice to the Secretary must set forth as to each matter the stockholder proposes to bring before the annual meeting:

- a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the annual meeting;
- the name and address, as they appear on the Company's books, of the stockholder proposing such business;
- the number of shares of the Company which are beneficially owned by the stockholder; and
- any material interest of the stockholder in such proposal.

Please note, however, that if the stockholder's business relates to the election of directors of the Company, the procedures described under the caption "Nomination Procedures" herein relating to director nominations must be followed instead.

## PROPOSAL I — ELECTION OF CLASS II DIRECTORS

Pursuant to the Company's Certificate, the Company's Board of Directors may consist of no fewer than three directors, with the specific number to be authorized by the Board of Directors from time to time at its discretion. The Board of Directors is presently authorized to consist of eight members, currently consisting of: Gary C. Evans, John Lambert, John O. Marsh, Jr., Michael A. McManus, Jr., Rajiv I. Modi, Ph.D., Thomas P. Monath, M.D., Rahul Singhvi, Ph.D. and James B. Tananbaum, M.D.

The members of the Company's Board of Directors are divided into three classes, designated Class I, Class II and Class III, each serving staggered three-year terms. The terms of the Class II directors expire at the Meeting. The terms of the Class I and Class III directors will expire at the 2011 and 2010 Annual Meetings of Stockholders, respectively. A director of any class who is elected by the Board of Directors to fill a vacancy resulting from an increase in the number of directors holds office for the remaining term of the class to which he or she is elected. A director who is elected by the Board to fill a vacancy arising in any other manner holds office for the remaining term of his or her predecessor. Directors elected by the stockholders at an annual meeting to succeed those whose terms expire at such meeting are of the same class as the directors they succeed and are elected for a term to expire at the third annual meeting of stockholders after their election and until their successors are duly elected and qualified.

In the event of any increase or decrease in the authorized number of directors, the newly created or eliminated directorships must be apportioned by the Board among the three classes so as to ensure that no one class has more than one director more than any other class. However, no existing director may be reclassified from one class to another and, therefore, the number of directors in each class may become temporarily imbalanced.

Three directors are to be elected at the Meeting. The Board of Directors, after recommendation by the Nominating and Corporate Governance Committee, has designated Mr. Evans, Mr. Marsh and Dr. Tananbaum as nominees for reelection as Class II directors of the Company at the Meeting. Pursuant to a rule previously adopted by the Board, directors may not stand for election or re-election after serving ten years on the Board or after the age of 75, unless the Board makes an affirmative determination that, because of the importance and value of the continued service of a director, the rule should be waived. Prior to designating the nominees for reelection as Class II directors at the Meeting and upon the recommendation of the Nominating and Corporate Governance Committee, the Board made such a determination with respect to Mr. Evans and Mr. Marsh.

If elected, such nominees will serve until the expiration of their terms at the 2012 Annual Meeting of Stockholders and until their successors are elected and qualified. The nominees have consented to being named in this Proxy Statement and to serve if elected. The Board of Directors has no reason to believe that any nominee named herein will be unable or unwilling to serve if elected. If any nominee becomes unavailable to serve as a director, the persons named in the proxy will vote the proxy for a substitute nominee or nominees as they, in their discretion, shall determine.

The election of directors requires the affirmative vote of a plurality of the votes cast by stockholders entitled to vote at the Meeting. Accordingly, abstentions, broker non-votes and votes withheld for a nominee will not have any effect on the election of a director.

The principal occupations and qualifications of each nominee for director are as follows:

**Nominees for Election as Class II Directors**

<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Principal Occupation, Other Business Experience and Other Directorships</b>
Gary C. Evans	51	1998	Lead Independent Director of Novavax since March 2007. Chairman of the Board of Directors of Novavax from April 2005 to March 2007. Chief Executive Officer of GreenHunter Energy, Inc. and Orion Ethanol, Inc., two publicly traded alternative energy companies. Chairman of Global Hunter Holdings, LP, since June 2005. Chairman, President and Chief Executive Officer of Magnum Hunter Resources, Inc., an oil and gas exploration and production company, from 1995 to 2005. Chairman of the Board of Directors and Chief Executive Officer of its predecessor, Hunter Resources, Inc., from 1985 to 1995. Currently a trustee of TEL Offshore Trust, a publicly traded oil and gas trust.
John O. Marsh, Jr.	82	1991	Co-Chair of Independent Review Group for Walter Reed Hospital and Bethesda Navy Medical Center since 2007. Visiting Professor, George Mason University, since 2001. Visiting Professor, Virginia Military Institute, 1998. Interim Chief Executive Officer of Novavax from July 1996 to March 1997 and Chairman of the Board of Directors from July 1996 to February 1997. Secretary of the Army from 1981 to 1989. Counselor with Cabinet rank to the President of the United States from 1974 to 1977. Assistant for National Security Affairs to Vice President of the United States, 1974. Assistant Secretary of Defense from 1973 to 1974. U.S. Representative in Congress from 1963 to 1971.
James B. Tananbaum, M.D.	46	2006	Managing Director of Prospect Venture Partners III, L.P., a dedicated life science venture fund group which he co-founded in 2000. Chief Executive Officer of Theravance, Inc., a biopharmaceutical company, from 1997 to 2000. Partner, Sierra Ventures, a venture capital firm, from 1993 to 1997. Senior Product Manager of Merck & Co., Inc. from 1991 to 1993. Currently a director of various private biopharmaceutical companies and the following publicly traded biopharmaceutical companies: Infinity Pharmaceuticals, Inc. and Jazz Pharmaceuticals, Inc.

The principal occupations and qualifications of each of the continuing directors are as follows:

**Directors Continuing as Class I Directors**

<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Principal Occupation, Other Business Experience and Other Directorships</b>
John Lambert	56	2007	Executive Chairman of the Board of Directors of Novavax since March 2007. Independent consultant with JG Solutions Limited from 2005 to 2007. President, Chiron Vaccines, a biopharmaceutical company, from 2001 to 2005. Currently the Chairman of the Conseil d'Administration of Farmaprojects S.A. (Spain), Non-Executive Chairman of Cambridge Biostability Ltd. (U.K) and a non-executive board member of Acambis plc.
Rahul Singhvi	44	2005	President, Chief Executive Officer and Director of Novavax since August 2005. Senior Vice President and Chief Operating Officer of Novavax from April 2005 to August 2005 and Vice President — Pharmaceutical Development and Manufacturing Operations from April 2004 to April 2005. For ten years prior to joining the Company, served in several positions with Merck & Co., Inc., culminating as Director with the Merck Manufacturing Division from 1999 to 2004.
Rajiv I. Modi, Ph.D.	49	2009	Managing Director of Cadila Pharmaceuticals, Ltd., a company organized in India, since 1995. Director of other Cadila Group Companies.

**Directors Continuing as Class III Directors**

<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Principal Occupation, Other Business Experience and Other Directorships</b>
Michael A. McManus, Jr.	66	1998	President, Chief Executive Officer and Director of Misonix, Inc., a medical, scientific and industrial provider of ultrasonic and air pollution systems, since 1998. President and Chief Executive Officer of N.Y. Bancorp from 1990 to 1998. Assistant to the President of the United States from 1982 to 1985. Currently a director of American Home Mortgage Holdings, Inc. and A. Schutman Inc.
Thomas P. Monath, M.D.	68	2006	Partner, Kleiner Perkins Caufield & Byers. Chief Scientific Officer and Executive Director, Acambis Inc., 2003 to 2006. Vice President, Research & Medical Affairs, Acambis Inc. 1992 to 2003. Director, Sanaria Inc. 2005 to 2006. Medical Advisory Board, Symphogen A/S 2005 to 2006. Scientific Advisory Board, Transform Pharmaceuticals, 2005 to present, IAVI 2007 to present. Consultant to Acambis Inc., specifically for smallpox vaccine 2006 to 2007. Currently a director and Acting Chief Medical Officer of Juvaris BioTherapeutics and a director of Xcellerex, Inc. – two private life science companies.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS  
VOTE FOR THE ELECTION OF THE NOMINEES.**

**Certain Relationships and Related Transactions**

Effective April 1, 2009, the Board elected Rajiv I. Modi Ph.D., managing director of Cadila Pharmaceuticals, Ltd. (“Cadila”), as a Class I director. Dr. Modi was elected to the board pursuant to the Stock Purchase Agreement dated March 31, 2009 between Novavax and Satellite Overseas (Holdings) Limited (“SOHL”), a subsidiary of Cadila, which requires that, for so long as SOHL owns 5% of the Company’s Common Stock, SOHL may designate one member of the Board.

On March 31, 2009, Novavax entered into several material agreements with Cadila, SOHL and CPL Biologicals Limited, the joint venture formed by the Company and Cadila, 80% of which will be owned by Cadila (the “JV”). Cadila has committed to fund approximately \$8 million of working capital to the JV over three years. Dr. Modi serves as managing director of Cadila and his family has a substantial ownership interest in Cadila and therefore he has an indirect material interest in these material agreements further described below. Due to Dr. Modi’s interest in Cadila and the JV, he is not “independent” as that term is defined in the NASDAQ listing standards.

As stated above, on March 31, 2009, Novavax entered into a Stock Purchase Agreement (the “SPA”) with SOHL, pursuant to which SOHL agreed to purchase 12.5 million shares of Company Common Stock at \$0.88 per share, which closed on April 1, 2009. The Company raised gross proceeds of \$11 million in the offering. The net proceeds to the Company from the sale of the Common Stock, after deducting estimated offering expenses payable by the Company, is approximately \$10.65 million. The SPA provides that, as long as SOHL owns more than 5% of the Company’s then-outstanding Common Stock, SOHL may purchase a pro-rata portion of most Company Common Stock sales or issuances.

Finally, on March 31, 2009, Novavax and Cadila entered into a Master Services Agreement (the “Master Services Agreement”) pursuant to which Novavax may request services from Cadila in the areas of biologics research, preclinical development, clinical development, process development, manufacturing scale up, and general manufacturing related services in India. If, at the third anniversary of the Master Services Agreement, the amount of services provided by Cadila is less than \$7.5 million, Novavax will pay Cadila a portion of the shortfall. Novavax will have to pay Cadila the portion of the shortfall amount that is equal to \$2.0 million and 50% of the portion of the shortfall amount that exceeds \$2.0 million. When calculating the shortfall, the amount of services provided by Cadila includes amounts that have been paid under all project plans, the amounts that will be paid under ongoing executed project plans and amounts for services that had been offered to Cadila, that Cadila was capable of performing, but exercised its right not to accept such project.

The aggregate dollar value of these agreements above is approximately \$11 million for the Stock Purchase Agreement, \$7.5 million for the Master Services Agreement, and \$8 million for the Joint Venture Agreement.

On July 31, 2008, the Company completed a registered direct offering of 6,686,650 units, with each unit consisting of one share of Common Stock and a warrant to purchase 0.5 shares of Common Stock at a price of \$2.68 per unit (or \$2.8425 per unit for units sold to affiliates of the Company). The net proceeds from the offering were approximately \$17.4 million. Several affiliates of the Company participated in the registered direct offering. Kleiner Perkins Caufield & Beyers, a shareholder then holding more than 5% of the outstanding common stock of the Company, purchased 351,803 units for \$1,000,000 and Gary Evans, the Company's lead director, purchased 67,756 units for \$192,596. Thomas Monath, a director of the Company, is also a partner of Kleiner Perkins Caufield & Beyers.

The other affiliates that participated included Messrs. McManus and Lambert and Dr. Monath, directors of the Company, Dr. Singhvi, director, President and Chief Executive Officer, Len Stigliano, former Vice President, Chief Financial Officer and Treasurer, Penny Heaton, Chief Medical Officer, James Robinson, Vice President of Technical and Quality Operations, Thomas Johnston, Vice President of Strategy and Prospect Venture Partners III, L.P., a shareholder then holding more than 5% of the outstanding common stock of the Company. Mr. Tananbaum, a director of the Company, is also a managing director of Prospect Venture Partners III, L.P. These affiliates purchased an aggregate of 115,974 units for \$329,656.

Prior to his election to the Board of Directors, Mr. Lambert was engaged by the Company as a consultant to assist with specific projects, including business development efforts to evaluate the commercialization of the Company's influenza vaccines. At the time of his election, Mr. Lambert had been paid an aggregate of approximately \$34,000 in consulting fees for such services rendered through the date on which he was elected to the Board of Directors. On April 27, 2007, effective as of March 7, 2007, Mr. Lambert entered into a consulting agreement with Novavax pursuant to which he receives \$220,000 annually in consulting fees for advice and input into material agreements to be entered into or amended by the Company and on significant matters related to clinical development of the Company's product portfolio, including manufacturing issues and U.S. Food and Drug Administration approval and commercialization strategies. This consulting agreement has an initial term of three years.

The Company has agreed with two institutional investors, KPCB Holdings, Inc. and Prospect Venture Partners III, L.P., to nominate an individual recommended by each investor to the Board. Dr. Monath was recommended by KPCB Holdings, Inc. and Dr. Tananbaum was recommended by Prospect Venture Partners, L.P.

In March 2002, pursuant to the 1995 Stock Option Plan, the Company approved the payment of the exercise price of options by two individuals who then served as directors, Dr. Denis O'Donnell and Mr. Mitchell Kelly, through the delivery of full recourse, interest-bearing promissory notes in the amount of \$1,031,668 and \$447,600, respectively. The borrowings accrued interest at 5.07% per annum and were secured by 166,667 and 95,000 shares of Company Common Stock, respectively, owned by the two directors. These shares of Company Common Stock are referred to herein as "pledged shares." The notes were originally payable upon the earlier to occur of the following: (a) the date on which the director ceases for any reason to be a director of the Company; (b) in part to the extent of net proceeds, upon the date on which the director sells all or any portion of the pledged shares; or (c) in full on March 21, 2007.

Following Mr. Kelly's resignation as a director on May 22, 2006, the Company approved an extension of his note. The note continued to accrue interest at 5.07% per annum, remained secured by 95,000 shares of the Company's Common Stock and was payable on December 31, 2007, or earlier to the extent of the net proceeds from any sale of the pledged shares. On May 7, 2008, the Company and Mr. Kelly amended the note by restating the entire amount outstanding as of December 31, 2007, including accrued interest, or \$578,848, as the new outstanding principal amount. The amendment also extends the maturity date of the note to June 30, 2009, permits the Company to sell the pledged shares if the market price of the Company's Common Stock exceeds certain targets, increases the interest rate to 8.0% and stipulates quarterly payments beginning on June 30, 2008. The Company received the first payment of \$50,000 in July 2008 and a second payment of \$5,000 in October 2008. In January 2009, the Company received an additional payment of \$10,000.

Following Dr. O'Donnell's resignation as a director on March 20, 2007, the Company approved an extension of his \$1,031,668 note. The note continues to accrue interest at 5.07% per annum and is secured by shares of Common Stock owned by the former director and is payable on June 30, 2009, or earlier to the extent of the net proceeds from any sale of the pledged shares. In addition, the Company has the option to sell the pledged shares on behalf of the former director at any time that the market price of the Company's Common Stock, as reported on NASDAQ Global Market, exceeds \$7.00 per share.

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

The Company's Code of Business Conduct and Ethics provides that the Audit Committee is responsible for approving all transactions or business relationships involving Novavax and any director or executive officer, including any indebtedness of such individuals to the Company and transactions between Novavax and either the director or officer personally, members of their immediate families, or entities in which they have an interest.

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") requires the Company's directors, executive officers and holders of more than 10% of the Company's Common Stock to file with the Securities and Exchange Commission (the "SEC") and the NASDAQ Global Market initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Based solely on a review of the copies of such reports (and any amendments thereto) furnished to the Company during or with respect to 2008 or written representations that no reports were required, the Company believes that during 2008 its executive officers, directors and holders of more than 10% of the Company's Common Stock complied with all Section 16(a) filing requirements.

#### **Information Regarding the Board of Directors and Certain Committees**

On March 5, 2009, the Board of Directors determined, upon a recommendation by the Nominating and Corporate Governance Committee, that, with the exception of Dr. Singhvi and Mr. Lambert, each of whom is currently, or was within the last three fiscal years, an employee, a consultant or executive officer of the Company, all of the members of the Board are "independent" directors, as that term is defined in the NASDAQ listing standards. Dr. Modi, who was elected to the Board of Directors effective April 1, 2009, is not an "independent" director due to his interest in Cadila and the JV, as described in the section titled "Certain Relationships and Related Transactions."

The Board of Directors met 13 times during 2008 and acted by written consent in lieu of a meeting 2 times. In addition, the non-employee directors met 4 times in executive session during the same period. Each of the directors attended at least 75% of the aggregate of the total number of meetings of the Board of Directors they were eligible to attend and the total number of meetings held by all committees on which they served.

Recognizing that director attendance at the Company's annual meetings of stockholders can provide stockholders with an opportunity to communicate with members of the Board, Novavax strongly encourages (but does not require) members of the Board to attend such meetings. John Lambert, Rahul Singhvi and John Marsh attended the 2008 Annual Meeting of Stockholders.

The Board of Directors of Novavax currently has four standing committees: a Compensation Committee, an Audit Committee, a Nominating and Corporate Governance Committee and a Government Relations Committee. In addition to the descriptions below, please refer to the "Report of the Compensation Committee" and "Report of the Audit Committee" included in this Proxy Statement.

#### *Compensation Committee*

The Compensation Committee of the Board of Directors consists of three directors — Mr. Marsh (Chairman), Dr. Monath and Dr. Tananbaum. Each is a "non-employee director," as defined by Rule 16b-3 of the Exchange Act, "outside director," as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") and an "independent director," as defined by the listing standards of NASDAQ.

The Compensation Committee reviews and recommends salaries and other compensatory benefits for the employees, officers and directors of Novavax. The Compensation Committee also recommends actions to administer the equity incentive plans of the Company and recommends stock option grants and other awards for executive officers, key employees and directors of Novavax. The Compensation Committee acts pursuant to a written charter, a copy of which is posted on the Company's website at [www.novavax.com](http://www.novavax.com). The Compensation Committee reviews and evaluates the charter annually to ensure its adequacy and accuracy. In 2008, the Compensation Committee did not approve any revisions to its charter. The Committee is tasked with meeting at least four times during the year, and more frequently, if necessary. During 2008, the Compensation Committee met 5 times and took no action by written consent in lieu of a meeting.

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

- providing advice and guidance with respect to the Company's compensation strategy and philosophy;
- evaluating and providing recommendations regarding executive compensation programs tied to the strategic and financial objectives of the Company and which will motivate and incentivize executives by tying their compensation to the Company's performance and stockholder returns;
- reviewing and recommending to the Board the goals and objectives relevant to the compensation of the Company's Chief Executive Officer, annually evaluating the Chief Executive Officer's performance, and recommending to the independent members of the Board the Chief Executive Officer's total compensation package;
- annually reviewing and making recommendations regarding executive officers and senior management compensation; and
- evaluating and making recommendations annually regarding the appropriate level and form of compensation for members of the Board and its committees.

The Compensation Committee has the authority to engage independent compensation consultants or advisors, as it may deem appropriate in its sole discretion, and to approve related fees and retention terms of such consultants or advisors. As further described in the Compensation Discussion & Analysis, in January 2008, the Compensation Committee engaged Radford Surveys and Consulting, a unit of Aon Consulting, an independent executive compensation firm, to provide advice and assistance to the Compensation Committee and management in the area of executive compensation. The Compensation Committee routinely holds meetings, some with management and participates in executive sessions without management, where compensation is discussed. The Chairman of the Compensation Committee is responsible for leadership of the Committee and sets meeting agendas.

The Committee may request that any officer or employee of the Company, outside counsel or consultant attend Committee meetings or confer with any members of, or consultants to, the Committee. The Committee is supported in its efforts by the Company's human resources team, to which the Committee delegates authority for certain administrative functions. The Chief Executive Officer gives performance assessments and compensation recommendations for each executive officer of the Company (other than himself). The Executive Chairman gives performance assessments and compensation recommendations for each executive officer of the Company including the Chief Executive Officer. The Compensation Committee considers the Chief Executive Officer's and the Executive Chairman's recommendations and the information provided by the human resources team in its deliberations regarding executive compensation and sets the compensation of the executive officers based on such deliberations and recommends that the Board of Directors ratify such compensation. The Chief Executive Officer, Chief Financial Officer, while he was an officer of the Company, and the Executive Director of Human Resources and Administration generally attend Compensation Committee meetings but none are present for executive sessions or any discussion of their own compensation.

#### **Compensation Committee Interlocks and Insider Participation**

Throughout 2008, Mr. Marsh, Dr. Monath, and Dr. Tananbaum served on the Compensation Committee. None of the members of the Compensation Committee was at any time during 2008 an officer or employee of Novavax. Mr. Marsh served as interim Chief Executive Officer of the Company from July 1996 to March 1997.

No executive officer of the Company currently serves, or during 2008 served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of the Company's Board of Directors or Compensation Committee.

#### *Audit Committee*

The Audit Committee currently consists of Messrs. McManus (Chairman), Evans and Marsh, each of whom is a non-employee director and each of whom is an independent director as defined by the Exchange Act and the listing standards of NASDAQ. The Audit Committee met 10 times during the 2008 fiscal year and took no action by written consent in lieu of a meeting.

The Board has determined that each of Mr. McManus and Mr. Evans qualifies as an "audit committee financial expert" as that term is defined by the rules and regulations of the SEC, and is financially sophisticated as required by the listing standards for NASDAQ.

The Audit Committee acts pursuant to the Audit Committee Charter as adopted by the Board. A copy of the charter is available on the Company's website at [www.novavax.com](http://www.novavax.com). The Audit Committee reviews and evaluates the charter annually to ensure its adequacy and accuracy, and is charged with performing an annual self-evaluation with the goal of continuing improvement.

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

#### *Nominating and Corporate Governance Committee*

The Nominating and Corporate Governance Committee (the "Governance Committee") consists of Messrs. Evans (Chairman), Marsh and McManus, and Drs. Monath and Tananbaum, each of whom is an independent director as defined by the Exchange Act and the listing standards of NASDAQ. The Governance Committee met 2 times during 2008 and took no action by written consent in lieu of a meeting.

The Governance Committee acts pursuant to a written charter, a copy of which is available on the Company's website at [www.novavax.com](http://www.novavax.com). The Governance Committee reviews and evaluates the charter annually to ensure its adequacy and accuracy. In 2008, the Governance Committee approved certain revisions to its charter.

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

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

### Nomination Procedures

Stockholders who wish to nominate qualified candidates to serve as directors of the Company may do so in accordance with the procedures set forth in the Company's Amended and Restated By-laws (the "By-laws"), which procedures did not change during the last fiscal year. As set forth in the By-laws, a stockholder must notify the Company in writing, by notice delivered to the attention of the Secretary of the Company at the address of the Company's principal executive offices, of a proposed nominee. In order to ensure meaningful consideration of such candidates, notice must be received not less than 60 days nor more than 90 days prior to the meeting. However, if the Company does not give notice or make public disclosure of the date of the meeting at least 70 days' prior to the meeting date, notice will be considered timely if it is received no later than the close of business on the 10th day following the date on which such notice was given or public disclosure was made (whichever occurred first).

The notice must set forth as to each proposed nominee:

- name, age, business address and, if known, residence address;
- his or her principal occupation or employment;
- the number of shares of stock of the Company, if any, which are beneficially owned by such nominee; and
- any other information concerning the nominee that must be disclosed as to nominees in proxy solicitations pursuant to applicable law.

The notice must also set forth with respect to the stockholder giving the notice:

- the name and address, as they appear on the Company's books, of such stockholder; and
- the number of shares of the Company that are owned by such stockholder.

The Company may require any proposed nominee to furnish such other information as may reasonably be required to determine the eligibility of the nominee to serve as a director. Nominations received through this process will be forwarded to the Governance Committee for review.

When considering candidates, the Governance Committee strives to achieve a balance of knowledge, experience and achievement such that the Company's Board reflects a broad range of talent, age, skill and expertise. While there are no set minimum requirements, a candidate should:

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

In addition to the above criteria (which may be modified from time to time), the Governance Committee may consider such other factors as it deems in the best interests of the Company and its stockholders and that may enhance the effectiveness and responsiveness of the Board and its committees. Finally, the Governance Committee must consider a candidate's independence to make certain that the Board includes at least a majority of "independent" directors to satisfy all applicable independence requirements, as well as a candidate's financial sophistication and special competencies.

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

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

#### *Government Relations Committee*

The Government Relations Committee consists of Messrs. Marsh (Chairman) and McManus and Dr. Singhvi. The purpose of the Government Relations Committee is to assist management of the Company with respect to government funding of its vaccine projects and to assist management with the education of state and federal executive and legislative branches of government regarding the Company's programs. The Government Relations Committee did not meet during 2008.

#### **Code of Business Conduct and Ethics**

Novavax's Board of Directors adopted a written Code of Business Conduct and Ethics in March 2004, which applies to each of Novavax's officers, directors and employees, including, but not limited to, the Company's Chief Executive Officer, Chief Financial Officer while he was an officer of the Company, and the Director of Finance and Interim Principal Accounting Officer. Each of Novavax's officers, directors and employees are required to adhere to this code in addressing the legal and ethical issues encountered in conducting their work. The code requires that employees avoid conflicts of interest, comply with all laws and other legal requirements, conduct business in an honest and ethical manner, and otherwise act with integrity and in the Company's best interest. Employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of the code. The Sarbanes-Oxley Act of 2002 requires companies to have procedures to receive, retain and treat complaints received regarding accounting, internal accounting controls or auditing matters and to allow for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters. The Company currently has such procedures in place. The Code of Business Conduct is reviewed at least annually by the Nominating and Corporate Governance Committee. A copy of the Code of Business Conduct and Ethics is posted on Novavax's website at [www.novavax.com](http://www.novavax.com).

### **Stockholder Communications with the Board of Directors**

The Board welcomes communications from stockholders and has adopted a procedure for receiving and addressing such communications. Stockholders may send written communications to the entire Board or individual directors, addressing them to Novavax, Inc., 9920 Belward Campus Drive, Rockville, Maryland 20850, Attention: Secretary. Communications by e-mail should be addressed to [ir@novavax.com](mailto:ir@novavax.com) and marked "Attention: Secretary" in the "Subject" field. All such communications will be forwarded to the full Board of Directors or to any individual director or directors to whom the communication is directed unless the communication is clearly of a marketing nature or is unduly hostile, threatening, illegal, or similarly inappropriate, in which case the Company has the authority to discard the communication or take appropriate legal action.

### **Compensation of Directors**

Compensation for non-employee directors is comprised of two components — cash compensation and equity awards. Dr. Singhvi does not receive additional compensation for his service on the Board. For information concerning the compensation of Dr. Singhvi, the only director who is also an officer of the Company, see "Executive Compensation" below.

#### *Cash Compensation*

Mr. Lambert receives an annual retainer of \$30,000 as compensation for his services as a director and as Executive Chairman of the Board and does not receive additional compensation for attending board and committee meetings. Mr. Lambert also receives consulting fees from the Company, which are described in the section titled "Certain Relationships and Related Transactions." Each director, other than Dr. Singhvi and Mr. Lambert, not employed by Novavax and not serving on a committee receives an annual retainer of \$10,000; non-employee directors serving on one or more committees receive an annual retainer of \$12,000, and the chairs of the Audit, Compensation, Nominating & Corporate Governance and Government Relations Committees receive additional annual retainers of \$20,000, \$15,000, \$15,000 and \$5,000, respectively.

Each director, other than Dr. Singhvi and Mr. Lambert, also receives \$1,500 for each meeting of the Board of Directors he attends in person and \$750 for each meeting attended telephonically. In addition, each such director who is a committee member also receives \$500 per committee meeting attended in person and \$250 for each meeting attended telephonically, except that the chair of each committee receives \$1,000 per committee meeting attended in person and \$500 for each meeting attended telephonically. In all cases, no fees are paid for telephonic meetings of the Board or any committee thereof lasting less than 30 minutes. Directors are also reimbursed by the Company for reasonable costs and expenses incurred for attending Board and committee meetings.

No other cash compensation was paid to the directors for their services to the Company as directors during 2008.

### Equity Awards

At its meeting on March 6, 2008, the Board granted options to purchase Company Common Stock to each of its non-employee directors. The Board granted an option to purchase 15,000 shares of Company Common Stock to each of Mr. Evans, Mr. Marsh, Mr. McManus, Dr. Monath and Dr. Tananbaum and an option to purchase 25,000 shares of Company Common Stock to Mr. Lambert. All of the options have an exercise price of \$2.61 per share and vested in full six months after the date of the grant.

At its meeting on March 5, 2009, the Board granted options to purchase Company Common Stock to each of its non-employee directors. The Board granted an option to purchase 15,000 shares of Company Common Stock to each of Mr. Evans, Mr. Marsh, Mr. McManus, Dr. Monath and Dr. Tananbaum and an option to purchase 25,000 shares of Company Common Stock to Mr. Lambert. All of the options have an exercise price of \$0.56 per share and will vest in full six months after the date of grant.

### Summary Director Compensation Table

The following table sets forth information concerning the compensation paid by the Company to each individual who served as a non-employee director at any time during fiscal 2008:

Name	Fees Earned or Paid in Cash(2)	Stock Awards(3)	Option Awards(4)	All Other Compensation	Total
Gary C. Evans	\$ 26,500	—	\$ 45,382	—	\$ 71,882
John Lambert(1)	\$ 30,000	\$ 92,333	\$212,305	\$ 220,000	\$554,638
John O. Marsh, Jr.	\$ 34,000	—	\$ 29,577	—	\$ 63,577
Michael A. McManus, Jr.	\$ 34,750	—	\$ 29,577	—	\$ 64,327
Thomas Monath, M.D.	\$ 25,250	—	\$ 29,577	—	\$ 54,827
James B. Tananbaum	\$ 20,500	—	\$ 29,577	—	\$ 50,077

- (1) See "Certain Relationships and Related Transactions" on page 10 for information regarding the consulting agreement between the Company and Mr. Lambert.
- (2) Represents fees earned in 2008.
- (3) Reflects the dollar amount calculated for financial reporting purposes in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004) Share Based Payment ("SFAS No. 123R") and thus may include amounts from stock awards granted in and prior to the respective year.
- (4) Because options awarded to directors in 2008 vested in full during 2008, this column reflects the grant date fair value and the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008 in accordance with SFAS No. 123R for all stock and stock option awards outstanding for any portion of the current year. Assumptions used in the calculation of this amount for years ended December 31, 2006, 2007 and 2008 are included in Note 8 to the Company's audited financial statements for the year ended December 31, 2008, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2009.

**PROPOSAL II — RATIFICATION OF APPOINTMENT OF THE  
COMPANY’S INDEPENDENT AUDITOR**

The Audit Committee has appointed Grant Thornton LLP as the independent registered public accounting firm to serve as the independent auditor for Novavax in respect of the year ending December 31, 2009. The Audit Committee recommends that the stockholders of Novavax ratify this appointment. Although ratification is not required by the Company’s By-laws or otherwise, the Board is submitting the selection of Grant Thornton LLP to the stockholders for ratification as a matter of good corporate practice.

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

Representatives of Grant Thornton LLP are expected to be present at the meeting and will have an opportunity to address the meeting and respond to appropriate questions.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR  
THE RATIFICATION OF THE APPOINTMENT OF GRANT THORNTON LLP AS THE  
INDEPENDENT AUDITOR FOR THE FISCAL YEAR ENDING DECEMBER 31, 2009.**

### Principal Accountant Fees and Services

The following is a summary of the fees billed by Grant Thornton LLP for professional services rendered as the Company's independent registered public accounting firm during the 2008 and 2007 fiscal years.

Fee Category	Grant Thornton LLP	
	Fiscal 2008	Fiscal 2007
Audit Fees	\$417,793	\$482,781
Audit Related Fees	\$ —	\$ —
Tax Fees	\$ —	\$ —
All Other Fees	\$ —	\$ —
Total Fees	\$417,793	\$482,781

*Audit Fees.* Consists of fees for professional services rendered in connection with the audit of the Company's annual consolidated financial statements for 2008 and 2007 and the reviews of the consolidated financial statements included in the Company's quarterly reports on Forms 10-Q. These amounts included fees billed for annual financial statement and internal control audits, quarterly reviews, and registration statement filings and consents.

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

*Tax Fees.* Consists of fees for professional services rendered for tax compliance, tax advice and tax planning for the Company. These amounts represent those billed for tax return preparation for the Company and its subsidiaries.

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

### Pre-Approval Policies

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

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

All permissible non-audit services not specifically approved in advance must be separately pre-approved by the Audit Committee, as noted above. Requests or applications to provide services must be in writing and include a description of the proposed services, the anticipated costs and fees, and the business reasons for engaging the independent registered public accounting firm to perform the services. The request must also include a statement as to whether the request or application is consistent with the SEC's rules on registered public accounting firm independence.

To ensure prompt handling of unexpected matters, the Audit Committee has delegated authority to pre-approve audit and permissible non-audit services between regularly scheduled meetings of the committee to its Chairman, who is responsible for reporting any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee has not and will not delegate to management of the Company the Audit Committee's responsibilities to pre-approve services performed by the independent registered public accounting firm. The Audit Committee pre-approved all audit and permissible non-audit services provided to the Company by the independent registered public accounting firm during 2008.

**PROPOSAL III — APPROVAL OF AMENDMENT TO THE COMPANY’S  
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION  
TO INCREASE THE AUTHORIZED SHARES OF COMMON STOCK**

On March 30, 2009, the Board of Directors unanimously adopted, subject to stockholder approval at the Meeting, an amendment to the Company’s Amended and Restated Certificate of Incorporation, as amended (the “Certificate”), to increase the Company’s authorized Common Stock from 100,000,000 shares to 200,000,000 shares. The Board has directed that the proposal to increase the number of shares of Common Stock authorized for issuance under the Certificate be submitted to the Company’s stockholders for their approval at the Meeting. The full text of the proposed amendment to the Certificate is set forth in Appendix A to this Proxy Statement.

Under the Company’s existing Certificate, the Company is authorized to issue 100,000,000 shares of Common Stock. As of April 1, 2009, 81,355,091 shares of Common Stock were issued and outstanding. Additionally, 8,763,976 shares of Common Stock are reserved for issuance pursuant to issued and outstanding options under the 2005 Stock Incentive Plan, 1995 Stock Option Plan and 1995 Director Stock Option Plan, 3,343,325 shares are reserved for issuance pursuant to issued and outstanding warrants and 5,500,000 shares are reserved for issuance upon conversion of the convertible debt. Therefore, only 1,037,608 shares remain available for issuance.

The Board believes that the increase in the number of authorized shares of Common Stock is advisable and in the best interests of the Company and its stockholders for several reasons. The increase in the number of authorized shares of Common Stock would permit the Board to issue stock without further stockholder approval and, thereby, provide the Company with maximum flexibility in structuring acquisitions, joint ventures, strategic alliances, capital-raising transactions and for other corporate purposes. Approval of the proposal would enable the Company to respond promptly to and take advantage of market conditions and other favorable opportunities without incurring the delay and expense associated with calling a special shareholders’ meeting to approve a contemplated stock issuance. Although there is no specific transaction presently contemplated by the Company, the Company will have to raise additional capital in the near term which is likely to involve the issuance of common stock. Therefore, the Company’s management and Board of Directors believes it is in the best interests of the Company and the stockholders to be prepared to issue Common Stock without the necessity of another stockholders’ meeting should additional common stock be a component of any future raising of capital.

The approval of an amendment authorizing additional shares of Common Stock will not cause any change or dilution to the rights of existing holders of Common Stock of the Company, unless and until such time as any shares of Common Stock are actually issued by the Company.

If approved, the proposal will become effective upon the filing of a Certificate of Amendment to the Certificate of Incorporation with the Secretary of State of the State of Delaware. The affirmative vote of the holders of a majority of the shares of the Company’s Common Stock entitled to vote is required for approval of this proposal.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU  
VOTE FOR THE APPROVAL OF THE AMENDMENT TO THE AMENDED AND  
RESTATED ARTICLES OF INCORPORATION OF THE COMPANY TO INCREASE  
THE AUTHORIZED SHARES OF COMMON STOCK.**

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of April 1, 2009 with respect to the beneficial ownership of shares of Common Stock by (i) each person (including any group) known to the Company to beneficially own more than 5% of the outstanding shares of Common Stock, (ii) the directors of the Company and nominees, (iii) the Named Executive Officers of the Company as identified in the "Summary Compensation Table" below, and (iv) all current directors and executive officers of the Company as a group.

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned (1)	Percent of Class Outstanding
Satellite Overseas (Holdings) Limited c/o Barleigh Wells Limited 7 Hill Street, Douglas, Isle of Man United Kingdom IM1 1EF	12,500,000(2)	15.36%
Wellington Management Company, LLP 75 State Street Boston, MA 02109	6,972,281(3)	8.57%
Oppenheimer Funds, Inc. Two World Financial Center 225 Liberty Street, 11 <sup>th</sup> Floor New York, NY 10281-1008	6,739,721(4)	8.28%
Hartford Series Fund, Inc. on behalf of: Hartford Capital Appreciation HLS Fund 500 Bielenberg Drive Woodbury, MN 55125-1400	4,943,490(5)	6.076%

### Directors, Nominees and Executive Officers

Gary C. Evans	1,420,134(6)	1.43%
Raymond J. Hage	459,201(7)	*
Penny Heaton	145,316(8)	*
Evdoxia E. Kopsidas	20,900(9)	*
John Lambert	197,119(10)	*
John O. Marsh, Jr.	168,500(11)	*
Michael A. McManus, Jr.	248,885(12)	*
Rajiv I. Modi, Ph.D.	12,500,000(13)	15.36%
Thomas P. Monath, M.D.	3,441,768(14)	3.47%
James Robinson	206,632(15)	*
Rahul Singhvi	1,061,715(16)	1.06%
Len Stigliano	111,665(17)	*
James B. Tananbaum	3,199,409(18)	3.23%
All current directors and executive officers as a group (14 persons)	23,247,078(19)	27.63%

\* percentage is less than 1% of the total number or outstanding shares or the Company's Common Stock.

- (1) Unless otherwise indicated, each party named in the table has sole voting and investment power over the shares beneficially owned. With respect to each person or group, percentages are calculated based on the number of shares beneficially owned, including shares that may be acquired by such person or group within 60 days of April 1, 2009 upon the exercise of stock options, warrants or other purchase rights, but not the exercise of options, warrants or other purchase rights held by any other person. The address of each director, nominee and Named Executive Officer of the Company is c/o Novavax, Inc., 9920 Belward Campus Drive, Rockville, Maryland 20850.
- (2) As reported by the Company in its Current Report on Form 8-K, filed April 2, 2009. Satellite Overseas (Holdings) Limited is a wholly-owned subsidiary of Cadila Pharmaceuticals Ltd., of which Dr. Modi is a managing director.
- (3) As reported by Wellington Management Company, LLP (“Wellington”) on Schedule 13G as filed on February 17, 2009. Wellington serves as investment advisor to its clients who are the owners of record of such shares. Wellington’s clients have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such securities. None of Wellington’s clients are known to have such right or power with respect to more than five percent of such shares except Hartford Capital Appreciation HLS Fund.
- (4) As reported by OppenheimerFunds, Inc. (“Oppenheimer”) on Schedule 13G as filed on January 27, 2009. Oppenheimer disclaims beneficial ownership of such shares pursuant to Rule 13d-4 of the Exchange Act. Oppenheimer owns 6,558,112 shares jointly with Oppenheimer Global Opportunities Fund (the “Fund”). The address of the Fund is 6803 S. Tuscon Way, Centennial, Colorado 80112.
- (5) As reported by Hartford Series Fund, Inc. on Schedule 13G as filed on February 10, 2009.
- (6) Includes 467,500 shares of Common Stock issuable upon the exercise of options and warrants to purchase 33,878 shares of Common Stock. Also includes 4,000 shares owned of record by Gary Evans Custodian for Dustin Evans UTMA/TX and 4,000 shares owned by record by Gary Evans Custodian for Casey Evans UTMA/TX.
- (7) Includes 385,667 shares of Common Stock issuable upon the exercise of options.
- (8) Includes 8,333 shares of restricted stock that are not yet vested, 115,667 shares of Common Stock issuable upon the exercise of options and warrants to purchase 880 shares of Common Stock.
- (9) Consists of 20,900 shares of Common Stock issuable upon the exercise of options.
- (10) Includes 80,000 shares of restricted stock that are not yet vested, 75,000 shares of Common Stock issuable upon the exercise of options and warrants to purchase 7,373 shares of Common Stock.
- (11) Includes 132,500 shares of Common Stock issuable upon the exercise of options.
- (12) Includes 162,500 shares of Common Stock issuable upon the exercise of options and warrants to purchase 8,795 shares of Common Stock.
- (13) Consists of 12,500,000 shares owned by Satellite Overseas (Holdings) Limited, a wholly-owned subsidiary of Cadila Pharmaceuticals Ltd. Dr. Modi is a managing director of Cadila Pharmaceuticals Ltd.
- (14) Includes 3,225,366 shares and warrants to purchase 175,902 shares of Common Stock owned by the Pandemic and BioDefense Fund, a fund of Kleiner Perkins Caufield & Byers. Dr. Monath is a partner of Pandemic and BioDefense Fund. Dr. Monath disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein. Also includes (a) 7,000 shares and 3,500 warrants to purchase shares of Common Stock held by a trust of Dr. Monath’s, and (b) 30,000 shares of Common Stock issuable upon the exercise of options.

- (15) Includes 11,666 shares of restricted stock that are not yet vested, 119,167 shares of Common Stock issuable upon the exercise of options and warrants to purchase 8,795 shares of Common Stock. Also includes (a) 930 shares of Common Stock which he holds as custodian for his daughter and (b) 150 shares of Common Stock which he holds as custodian for his grandson. Mr. Robinson disclaims beneficial ownership of the shares he holds as custodian.
- (16) Includes 835,000 shares of Common Stock issuable upon the exercise of options and warrants to purchase 5,277 shares of Common Stock.
- (17) Includes 85,834 shares of Common Stock issuable upon the exercise of options and warrants to purchase 5,277 shares of Common Stock.
- (18) Includes 3,151,818 shares of Common Stock and warrants to purchase 17,591 shares of Common Stock owned by Prospect Venture Partners III, L.P., of which Mr. Tananbaum is a managing member of its general partner, Prospect Management Co. III, LLC. Dr. Tananbaum disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein. Also includes 30,000 shares of Common Stock issuable upon the exercise of options.
- (19) Includes an additional 17,667 shares of Common Stock, 8,333 shares of restricted stock that are not yet vested, 39,334 shares of Common Stock issuable upon the exercise of options and warrants to purchase 500 shares of Common Stock owned by Thomas S. Johnston, an executive officer of the Company.

#### EQUITY COMPENSATION PLAN INFORMATION

The following table provides the Company's equity compensation plan information as of December 31, 2008. Under these plans, the Company's Common Stock may be issued upon the exercise of options. See also the information regarding stock options in Note 8 to the Company's consolidated financial statements for the year ended December 31, 2008, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2009.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders(1)	6,078,478	\$ 3.18	3,185,928
Equity compensation plans not approved by security holders	N/A	N/A	N/A

- (1) Includes the Company's 2005 Stock Incentive Plan, 1995 Stock Option Plan and 1995 Director Stock Option Plan.

**EXECUTIVE COMPENSATION**  
**COMPENSATION DISCUSSION AND ANALYSIS**

**Overview**

The Compensation Discussion and Analysis (the “CD&A”) discusses the compensation of Novavax’s named executive officers for 2008. The named executive officers are Dr. Rahul Singhvi, President and Chief Executive Officer (the “CEO”), Len Stigliano, Vice President, Treasurer and Chief Financial Officer (the “CFO”), Raymond J. Hage, Senior Vice President of Commercial Operations, Dr. Penny Heaton, Vice President and Chief Medical Officer, and James Robinson, Vice President of Technical and Quality Control Operations (collectively, the “Named Executive Officers”). Mr. Stigliano resigned from his position effective January 28, 2009 and now provides consulting services to the Company on an as-needed basis. Mr. Stigliano did not receive any severance payments in connection with his resignation.

The CD&A considers the Company’s executive compensation philosophy, the objectives and operation of the compensation program, how compensation was set for 2008 and the various elements of compensation paid to the Named Executive Officers during 2008.

**Executive Compensation Philosophy**

Novavax’s compensation program is designed to attract, retain and reward a performing workforce in a highly competitive recruitment and retention market to achieve the Company’s mission, vision and goals. This philosophy is reflected in the components of the Company’s compensation program, and includes:

- providing a competitive salary upon hire;
- a performance management process that defines objectives, tracks employee performance and ties into the reward process through merit pay and incentive bonuses;
- an annual merit increase plan that rewards the individual employee’s contribution for the fiscal year;
- individual promotions that reward strong performance;
- an annual incentive bonus that rewards individual and Company performance;
- a stock option plan that provides initial stock option grants upon hire and additional grants for promotions, strong performance, and retention of high potential personnel; and
- a market competitive benefits plan.

The Compensation Committee believes that these components provide many tools for retaining and rewarding high performing employees and covers the wide spectrum of employment needs.

## **Objectives of the Compensation Program**

*Attract and retain highly qualified executives.*

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

- offer a total compensation program that enables Novavax to attract, motivate, recruit and retain, from a limited pool of resources, individuals who are highly experienced and successful, and to provide total compensation that is competitive with the Company's peer companies within the biotech and pharmaceutical industry;
- achieve an equitable balance in the compensation offered to each member of the executive team;
- provide annual variable cash incentive awards that take into account the satisfaction of designated individual performance criteria based on the Company's performance goals; and
- make a significant portion of Named Executive Officers' compensation dependent on Novavax's long-term performance and on enhancing stockholder value by providing appropriate long-term, equity-based incentives and encouraging stock ownership.

*Reflect performance and reward high performance.*

The Compensation Committee believes that a significant portion of a Named Executive Officer's total compensation should reflect performance in the areas of overall Company performance and individual performance. Incentives are based on meeting criteria in each of these categories and reflect the Named Executive Officer's overall contribution to the Company.

*Reward Named Executive Officers for meeting Novavax's strategic goals and objectives.*

The compensation program rewards the Company's Named Executive Officers for achieving specified performance goals, building stockholder value, and maintaining long term careers with Novavax. The compensation program is designed to reward these three aspects because the Compensation Committee believes it will motivate the executive team to make balanced annual and long-term decisions resulting in financial performance, scientific and product development innovations, and the achievement of the strategic business objectives.

*Align Named Executive Officers' goals with Novavax's stockholders' goals.*

The Committee believes that Novavax's long-term success depends upon aligning executives' and stockholders' interest. To support this objective, Novavax provides the Named Executive Officers with equity accumulation opportunities, by awarding stock options and restricted stock. Generally, restricted stock and stock option grants vest over three years. This vesting period supports long-term retention of Named Executive Officers and reinforce long-term consideration because Named Executive Officers cannot exercise the options or sell shares of restricted stock until they have vested. At times, the Company also awards stock options or restricted stock that vest as the executive achieves certain milestones in order to incent the Named Executive Officer to achieve strategic Company goals within such Named Executive Officer's area of responsibility.

## **Oversight and Operation of the Executive Compensation Program**

The Compensation Committee is appointed by the Board of Directors to assist the Board with its responsibilities related to the compensation of the Company's officers, directors and employees and the development and administration of the Company's compensation plans. For details on the Compensation Committee's oversight of the executive compensation program, see the section titled "Information Regarding the Board of Directors and Certain Committees — Compensation Committee" on page 12 of this Proxy Statement.

The Chief Executive Officer (the "CEO") evaluates and provides performance assessments and compensation recommendations for each Named Executive Officer other than himself to the Compensation Committee. John Lambert, the Executive Chairman of the Company's Board of Directors, evaluates the CEO's performance and makes compensation recommendations for the CEO to the Compensation Committee. The Compensation Committee considers the CEO's and the Executive Chairman's recommendations and information provided by the human resources team (described below) in its deliberations regarding executive compensation and sets the compensation of the Named Executive Officers based on such deliberations. The Board of Directors determines the compensation based on the recommendation of the Compensation Committee. The CEO, CFO and the Executive Director of Human Resources and Administration generally attend Compensation Committee meetings but none are present for executive session or any discussion of their own compensation.

## **Setting Executive Compensation**

Compensation packages for each Named Executive Officer are analyzed and discussed separately at the first Compensation Committee meeting each year. Prior to that meeting, the Company's human resources team performs an analysis, considering the goals of market competitiveness, the executive's performance and contribution to the Company, and internal equity. The human resources team then benchmarks each Named Executive Officer's current compensation against the 50th percentile of Survey Data, which is described in further detail below. The Compensation Committee believes this is a common benchmark among biotech companies similar in size to Novavax and therefore the Company remains competitive by targeting the 50th percentile of the Survey Data. At any time, the Compensation Committee and the Board of Directors may request additional information from the human resources team.

### *Salary Survey Data*

When setting the compensation for the Named Executive Officers for 2008, the human resources team and the Compensation Committee reviewed wage surveys that were specific to the life sciences industry. These surveys include the Radford Global Life Sciences Survey and the Culpepper Life Sciences Wage Survey (collectively, the "Survey Data"). The Radford Global Life Sciences Survey provides total compensation and practices data for multinational life sciences companies for 575+ companies and more than 200,000 individuals. Reliable global market data is available for 25 countries and positions at the executive, management, professional, sales and support levels, as well as overall compensation practices. Target industries include biotechnology, pharmaceutical, medical device, diagnostic and clinical research organizations (CROs). The Radford Global Life Sciences Survey is the primary source of benchmark data used. The Culpepper Life Sciences Wage Survey is used as a secondary source for positions not accurately matched to the Radford survey data.

The Survey Data is used to determine whether or not a Named Executive Officer's salary and bonus opportunity are competitive within the industry. The salary and bonus are compared to the 50th percentile, which Novavax considers to be within a competitive range of the market for a company of its size and stage of clinical development.

### *Internal Equity*

The Compensation Committee considers internal equity when determining compensation to ensure that the Company is fair in its compensation practices across all levels and to ensure that there is no discrimination in compensation practices among the protected classes. The Committee provided certain adjustments in 2008 to provide for internal equity and market competitiveness.

### *Radford Report*

In January 2008, the Compensation Committee retained Radford Surveys and Consulting, a unit of Aon Consulting, an independent executive compensation consulting firm, to provide advice and assistance to the Committee and management in the area of executive compensation. The consultant was authorized by the Committee to work with certain executive officers of the Company as well as other employees in the Company's human resources, legal, and finance departments in connection with the consultant's work for the Committee. The consultant conducted a review of the total compensation of the Company's executive officers and prepared reports for review by management and subsequently by the Compensation Committee that was used in determining appropriate levels of compensation for each executive officer for 2008 (the "Radford Report").

### **What the Compensation Program is Designed to Reward**

#### *Company Performance*

The executive compensation program is designed to reward both individual performance as well as corporate performance. A significant portion of a Named Executive Officer's total compensation package is based on the Company's performance and the achievement of certain corporate goals. Because of the key role the Named Executive Officers play in the success of the Company, a significant portion of the achievement of corporate goals is reflective of the Named Executive Officers' individual performance. In November 2007, the Board of Directors and the executive committee jointly developed a set of objectives for 2008 which were based on the Company's strategic plan (the "2008 Objectives"). These objectives, which were approved by the Board of Directors on December 5, 2007 include:

- advancing the trivalent seasonal VLP vaccine in clinical development;
- partnering the seasonal influenza vaccine program;
- generating a specified amount of revenues;
- advancing H5N1 pandemic flu vaccine in clinical development;
- securing dilutive financing to fund operations through 2009 per Board approval;
- demonstrating increased yields of doses per strain of flu vaccine; and
- filing an IND for a new vaccine candidate.

#### *Individual Performance*

Each year, the CEO reviews and evaluates the performance of the other Named Executive Officers and, together, they set performance goals and objectives for the following year. This review is typically conducted in the first quarter of the year. The Executive Chairman of the Board of Directors reviews and evaluates the performance of the CEO and works with the CEO to set his performance goals and objectives. These performance evaluations are used to determine merit salary increases, promotions, bonuses and other rewards. Each of the Named Executive Officers is evaluated on the competencies of teamwork, results orientation, business ethics, accountability, business process improvement, leadership, people development, staff communication, and treatment of employees.

In addition, each officer has additional individual goals to support the 2008 Objectives or to further the Company's strategic plan. More specifically, Mr. Stigliano had individual goals for activities needed to achieve the corporate 2008 Objectives, such as securing dilutive financing (e.g., evaluate financing options, prepare analyses and seek to consummate a transaction). Mr. Stigliano also had operational individual goals such as ensuring compliance with Sarbanes-Oxley procedures, financial close procedures and information technology. Mr. Hage had individual goals for activities needed to achieve the corporate 2008 Objectives of partnering the seasonal influenza program (e.g., complete market assessments, evaluate potential corporate partners, complete licensing and/or partnership transaction) and generating a specified amount of revenues. Dr. Heaton had individual goals for activities needed to achieve the corporate 2008 Objectives of advancing vaccine candidates to clinical trials (e.g., complete protocol and study documents, finalize contracts with vendors, submit investigational new drug application, review preclinical study design and documentation). Mr. Robinson had individual goals for activities needed to achieve the corporate 2008 Objectives of advancing vaccine candidate to clinical trials and advancing other products in the pipeline (e.g., prepare, fill and release clinical batches, review investigational new drug application, complete development and scale up of preclinical lots, consult on development of new candidates) and increasing VLP yield production (e.g., map process for increased yields, design and implement improvement plan).

Based on the performance evaluations, each Named Executive Officer is given a performance rating. The performance rating determines the amount of any merit salary increase, adjustments to the incentive cash bonus awards and equity awards. The performance ratings used by the Company include: Outstanding, Exceeds Expectations, Meets Expectations, and Improvement Needed. Each of the Named Executive Officers that received a rating in March 2009 for 2008 performance received a rating of at least "Meets Expectations."

#### **Elements of Compensation**

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

The Compensation Committee has not adopted any formal guidelines for allocating total compensation between equity compensation and cash compensation, but generally seeks to provide an overall executive compensation package designed to attract, motivate, and retain highly qualified executive officers, to reward them for performance over time, and to align the interests of the Named Executive Officers with the interests of the stockholders. Although equity compensation is an important component of the compensation program, particularly with respect to creating long-term stockholder value, in 2008, the Compensation Committee focused on ensuring that Named Executive Officer base salaries and bonus opportunities were in line with the median average salaries and annual incentives for comparable positions within the biotech industry.

### *Base Salary*

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

Novavax provides an annual salary to each Named Executive Officer as an economic consideration for each person's level of responsibility, expertise, skills, knowledge, and experience, which the Compensation Committee compares to other comparable companies within the biotech and pharmaceutical industry and adjust as appropriate, to ensure that the Company will retain this expertise, skill, and knowledge at Novavax.

Merit increases are awarded effective April 1st of each year, reflecting performance for the previous year. In 2008, salary increases were awarded to each Named Executive Officer at the meetings of the Compensation Committee and the Board of Directors on March 6, 2008. The increases were determined by an annual performance review in light of the individual's 2007 performance goals and achievement of Company objectives as well as by reference to the Survey Data. Effective April 1, 2008, the base salaries for these Named Executive Officers were:

<b>Executive</b>	<b>Base Salary</b>	<b>Percentage Increase</b>
Rahul Singhvi	\$425,000	18
Len Stigliano	\$259,306	3.5
Jim Robinson	\$236,127	7
Ray Hage	\$250,312	5
Penny Heaton	\$292,905	10

The increases for Dr. Singhvi and Dr. Heaton were substantially higher than the other Named Executive Officers because the survey data indicated that their base salaries trailed the 25th percentile and were considerably below the 50th percentile target. These higher increases allowed the Company to meet the overall compensation targets within the 50th percentile range and to retain highly qualified and motivated executives. In connection with this salary increase, the Compensation Committee and Board of Directors lowered Dr. Singhvi's bonus target from 100% to 60% of his base salary.

On March 5, 2009, the Compensation Committee determined, upon recommendation of management, not to award merit increases at that time to any of the Named Executive Officers that remain officers with the Company or any other employee in light of the Company's cash position.

### *Incentive Cash Bonus*

The incentive cash bonus program is designed to motivate and reward the Named Executive Officers for the achievement of specific corporate goals. The purpose of the incentive cash bonus program is to align company, departmental and individual goals throughout the Company and to provide an incentive that further ties individual contribution and teamwork to compensation.

At the time that the Board of Directors approved the 2008 Objectives, the Board also weighted each Objective. The Board outlined specific metrics to determine whether the Company achieved 75%, 100% or 125% of the Objectives. Bonuses are not awarded if 75% of the corporate objectives are not achieved.

On March 5, 2009, the Compensation Committee reviewed the Company's cash position in conjunction with the Company's performance related to the 2008 Objectives. After this discussion, the Compensation Committee, upon recommendation of management, determined that no incentive bonuses would be awarded for 2008 at that time because of the Company's cash position. The following table summarizes conclusions regarding the 2008 Objectives:

<b>Objective</b>	<b>Achievement</b>	<b>Explanation</b>
Advancing the trivalent VLP vaccine in clinical development	Partially met objective	The Company filed IND and completed enrollment, dosing and primary immunogenicity analysis of Phase IIa trials. Phase IIb did not begin because the results for IIa were not yet available.
Partnering seasonal influenza vaccine program	Did not meet objective	The Company did not meet this objective.
Generating a specified amount of revenue	Did not meet objective	The Company did not meet this objective.
Advancing H5N1 pandemic flu vaccine in clinical development	Met objective	IIa trials of pandemic flu vaccine were completed.
Securing dilutive financing to fund operations through 2009 per Board approval	Partially met objective	Although the Company did raise \$18 million in financing, there was downward pressure on the stock price.
Demonstrating increased yields of doses per strain of flu vaccine	Exceeded objective	Demonstrated increased yields in excess of amount required by Objective
File IND for new vaccine candidate	Did not meet objective	The Company did not meet this objective.

The target bonus is a percentage of the named executive's base salary. The target bonus percentages are determined based on market data. The 2008 bonus targets were as follows:

<b>Executive</b>	<b>Percentage of Base Salary</b>
Rahul Singhvi	60
Len Stigliano	40
Raymond J. Hage	40
Penny M. Heaton	40
James Robinson	40

In connection with Dr. Singhvi's salary increase, the Compensation Committee lowered Dr. Singhvi's bonus target from 100% to 60% of his base salary. The changes made to Dr. Singhvi's salary and bonus target provide a more appropriate split between his fixed and variable income and more accurately align his overall compensation levels with those recommended by the Radford Compensation Report.

The CEO's bonus is based solely on the achievements of the 2008 Objectives. The Compensation Committee believes the higher the individual's position within Novavax, the more closely his or her bonus award should be tied to the Company's success. For all of the other Named Executive Officers, the Compensation Committee considers both corporate achievements as well as individual performance. To be eligible for a bonus, the Named Executive Officers, must achieve at least a "Meets Expectations" on his or her annual performance review. For these Named Executive Officers (other than the CEO), 80% of the bonus is based on corporate achievement and 20% of the bonus is based on individual performance. The CEO's bonus is based 100% on the achievement of corporate objectives. Because of the cash position of the Company, the Compensation Committee did not award any bonuses for 2008 at its March 5, 2008 meeting.

#### *Equity Awards*

Equity incentive awards are a fundamental element in the executive compensation program because they emphasize long term performance, as measured by creation of stockholder value, and foster a commonality of interest between stockholders and key executives. In addition, they are crucial to a competitive compensation program for Named Executive Officers because they act as a powerful retention tool. The Compensation Committee views the Company as still facing significant risk, but with a potential for a high upside. Equity incentive awards are designed to provide the most meaningful component of executive compensation. The Named Executive Officers are motivated by the potential appreciation in the stock price above the exercise price of the stock options. To encourage continued employment, stock option grants to the Named Executive Officers typically include options that require the executive to remain a Novavax employee for three years before the options are fully vested. In addition, the Compensation Committee also awards options that vest as the Named Executive Officer achieves certain milestones. The Compensation Committee believes it is important to tie the long-term benefit potentially realizable by the executive to a long term commitment with Novavax.

Equity incentive awards may include stock options, stock appreciation rights, restricted or unrestricted stock awards, stock equivalent units and any other stock based awards under Section 162(m) of the Internal Revenue Code. Traditionally, the Company grants stock options as the primary form of equity compensation, but does, at times, grant restricted stock. Restricted stock grants are used at times to attract and retain key executive officers. Restricted grants are typically based on critical milestones to be achieved over a period of time or vest over three years.

Annual stock option grants are awarded to the Named Executive Officers at the discretion of the Compensation Committee. The Compensation Committee considered Company performance, competitive data and the individual's scope of responsibility and continuing performance.

To be eligible to receive an award of stock options, the Named Executive Officer must have an overall performance rating of at least "Meets Expectations." In 2008, the stock options awarded to the Named Executive Officers were awarded in amounts recommended in the Radford Compensation Survey.

#### **Perquisites and Other Personal Benefits**

The Company provides the Named Executive Officers with certain perquisites and other personal benefits that the Compensation Committee believes are reasonable and consistent with the overall compensation program and with competitive practice in the industry.

Novavax provides reimbursement for relocation and commuting expenses to certain Named Executive Officers due to the limited pool of resources in the local area with the knowledge, skill and expertise needed to fulfill the Company's complex requirements. These expenses are typically "grossed up" to reimburse the Named Executive Officers for state and federal income taxes imposed on the relocation and commuting and lodging expenses. The Compensation Committee believes this is necessary so as to not provide a financial hardship on the executive during the transition process to Novavax.

All of the Named Executive Officers are eligible to participate in the Company's employee benefit plans, including health, dental and vision insurance, a prescription plan, flexible spending accounts, short and long term disability, life insurance and a 401(k) plan. The Company matches 25% of up to 6% of the Named Executive Officers' contributions to the 401(k) plan. These plans are offered to all employees and do not discriminate in favor of Named Executive Officers.

#### **Employment Agreements and Severance Benefits**

The Company has entered into employment agreements with each of the Named Executive Officers. The employment agreements provide for certain payments if the Named Executive Officer is terminated by the Company without cause or leaves for good reason. The terms of these agreements are described in greater detail in the section entitled "Overview of Employment and Change of Control Agreements." All of the Named Executive Officers are "at will" employees.

The Company has established a Change in Control Severance Benefit Plan, which provides for severance payments to participating employees if the participant's employment is terminated in connection with a change in control. This plan is described in greater detail in the section entitled "Overview of Employment and Change of Control Agreements." The Compensation Committee believes it is important to provide such employees with an incentive to remain with the Company and consummate a strategic corporate sale or transaction that maximizes stockholder value. All of the Named Executive Officers participate in the Change in Control Severance Benefit Plan.

**Tax and Accounting Implications**

As part of its role, the Compensation Committee considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which provides that the Company may not deduct non-performance based compensation of more than \$1 million that is paid to certain executives. The Compensation Committee has considered the \$1 million limit for federal income tax purposes on deductible executive compensation that is not performance based and believes that the compensation paid is generally fully deductible for federal income tax purposes. However, in certain situations, the Compensation Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation for the Company's executive officers.

## SUMMARY COMPENSATION TABLE

The following table sets forth information concerning the compensation earned during the fiscal years ended December 31, 2008, 2007 and 2006 by the Company's Chief Executive Officer, the Chief Financial Officer during 2008, and the three other most highly compensated individuals serving as executive officers on December 31, 2008 (collectively, the "Named Executive Officers").

Name and Principal Position	Year	Salary (2)	Bonus (3)	Stock Awards (5)	Option Awards (6)	Non-Equity Incentive Plan Compensation (7)	All Other Compensation (8)	Total
Rahul Singhvi, ScD., MBA President & Chief Executive Officer	2008	406,253	0	100,208	197,451	0	3,795	707,707
	2007	350,038	0	124,166	156,001	332,500	66,282	1,028,987
	2006	337,510	0	117,778	331,283	100,000	117,409	1,003,980
Len Stigliano(1) VP, Treasurer & Chief Financial Officer	2008	256,979	0	0	195,116	0	36,967	489,062
	2007	182,015	7,200(4)	0	29,666	72,659	21,814	313,354
Raymond J. Hage SVP of Commercial Operations	2008	247,332	0	16,347	139,712	0	569	403,960
	2007	235,581	0	35,167	112,068	87,729	24,365	494,910
	2006	225,286	0	35,167	128,717	81,103	2,632	472,905
Penny M. Heaton VP & Chief Medical Officer	2008	285,405	0	34,333	211,362	0	18,281	549,381
	2007	261,704	0	34,333	167,610	99,087	44,115	606,849
	2006	58,711	0	8,583	25,150	19,022	0	111,466
James Robinson VP of Technical & Quality Control Operations	2008	232,095	0	32,317	137,710	0	3,546	405,668
	2007	176,730	0	29,931	71,554	67,864	2,640	348,719

- (1) Mr. Stigliano resigned as the Company's Vice President, Treasurer and Chief Financial Officer effective January 28, 2009 and currently provides consulting services to the Company on an as needed basis. No severance was paid to Mr. Stigliano in connection with his resignation.
- (2) Includes amounts earned but deferred at the election of the Named Executive Officer, such as salary deferrals under the Company's 401(k) plan established under Section 401(k) of the Internal Revenue Code.
- (3) Performance-based bonuses are generally paid under the Company's incentive cash bonus program and reported as Non-Equity Incentive Plan Compensation. Except as otherwise noted, amounts reported as Bonus represent discretionary bonuses awarded by the Compensation Committee in addition to any amount earned under the incentive cash bonus program.
- (4) Consists of a bonus paid to Mr. Stigliano for his performance while serving as Interim Chief Financial Officer.
- (5) Reflects the dollar amount recognized for financial reporting purposes in accordance with FAS 123(R) and thus may include amounts from stock awards granted in and prior to the respective year. Expense recognized for financial reporting purposes is recognized on a straight-line basis over the vesting period based on the fair value of the award on the date of grant. The fair value of the stock grants is based on the quoted market price for the Company's common stock on the date of grant. Assumptions used in the calculation of this amount for years ended December 31, 2006, 2007 and 2008 are included in Note 8 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2009.
- (6) Reflects the dollar amount recognized for financial reporting purposes in accordance with SFAS No. 123R and thus may include amounts from option awards granted in and prior to the respective year. Expense recognized for financial reporting purposes equals the number of shares attributable to the respective year of service multiplied by the fair value per share of the stock award as of the date of grant. Assumptions used in the calculation of this amount for years ended December 31 2006, 2007 and 2008 are included in Note 8 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2009.
- (7) Represents bonus amounts earned in 2008, 2007 and 2006 under the Company's incentive cash bonus program. For a description of the incentive cash bonus program, see page 31 of the Compensation Discussion and Analysis.
- (8) See the All Other Compensation table below for additional information.

### All Other Compensation

Novavax provides the Named Executive Officers with additional benefits, reflected in the All Other Compensation table below for 2008, that the Company believes are reasonable, competitive and consistent with the Company's overall executive compensation program. For more information regarding the perquisites paid by Novavax, see page 34 of the Compensation Discussion and Analysis.

	Insurance Premiums (1)	Company 401(k) Contributions (2)	Commuting Expenses (3)	Tax Gross Ups (4)	Total
Rahul Singhvi	420	3,375	0	0	3,795
Len Stigliano	2,772	1,589	20,758	11,848	36,967
Raymond J. Hage	420	149	0	0	569
Penny M. Heaton	420	3,375	10,039	4,447	18,281
James Robinson	630	2,916	0	0	3,546

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- (1) Represents the incremental cost to the Company of life insurance premiums to provide term life insurance benefits to the Named Executive Officers in the amount of two times the executive's base salary, up to a maximum of \$400,000.
  - (2) Represents employer matching contributions to the Company's 401(k) plan.
  - (3) Represents the reimbursement of commuting and lodging expenses
  - (4) Includes amounts paid to reimburse the Named Executive Officers for state and federal income taxes imposed on relocation, commuting and lodging expenses.

### GRANTS OF PLAN BASED AWARDS TABLE

The following table sets forth information with respect to option awards and other plan-based awards granted during the fiscal year ended December 31, 2008 to the Company's Named Executive Officers:

Name	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Grant Date	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards (2)	Grant Date Fair Value of Stock and Option Awards (3)
	Threshold	Target	Maximum				
Rahul Singhvi	191,250	255,000	318,750	3/6/2008	175,000	\$ 2.61	262,832
Len Stigliano	77,792	103,722	129,653	3/6/2008	32,500	\$ 2.61	48,812
Raymond J. Hage	75,094	100,125	125,156	3/6/2008	60,000	\$ 2.61	90,114
Penny M. Heaton	87,872	117,162	146,453	3/6/2008	75,000	\$ 2.61	112,643
James Robinson	70,838	94,451	118,064	3/6/2008	37,500	\$ 2.61	56,321

- (1) The threshold amounts reflect the minimum payment level under the cash bonus program which is 75% of the target amount. If 75% of the 2008 Objectives were not achieved, a cash bonus would not have been paid. The maximum amount is 125% of the target amount. The target amount is based on the individual's current salary and represents 60% of Dr. Singhvi's base salary and 40% of the base salary of each of Mr. Stigliano, Mr. Hage, Dr. Heaton and Mr. Robinson. The Compensation Committee and the Board of Directors reviewed the Company's performance in relation to the 2008 Objectives, but due to the cash position of the Company, determined not to award bonuses at the March 2009 meetings.
- (2) Options granted have an exercise price equal to the fair market value of the Company's Common Stock on the date of grant which, under the Company's 2005 Stock Incentive Plan, is equal to the closing price of the Company's Common Stock as reported on the NASDAQ Global Market on the date of grant.
- (3) Reflects the dollar amount the Company would expense in its financial statement over the award vesting schedule recognized for financial reporting purposes in accordance with SFAS No. 123R. Assumptions used in the calculation of this amount are included in Note 8 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2009.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END**

The following table sets forth certain information with respect to the value of all unexercised options previously awarded to the Company's Named Executive Officers as of December 31, 2008:

Name	Grant Date	Option Awards				Stock Awards	
		Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Number of Shares of Stock That Have Not Vested	Market Value of Shares that Have Not Vested (7)
<b>Rahul Singhvi, ScD.,MBA</b>	4/6/2004	85,000	—	\$ 6.18	4/6/2014(1)		
	2/24/2005	45,000	—	\$ 2.21	2/24/2015(1)		
	3/31/2005	50,000	—	\$ 1.41	3/31/2015(1)		
	5/4/2005	30,000	—	\$ 1.48	5/4/2015(2)		
	8/10/2005	150,000	—	\$ 0.74	8/10/2015(2)		
	8/26/2005	300,000	200,000	\$ 1.34	8/26/2015(3)		
	2/17/2006	50,000	50,000	\$ 4.60	2/17/2016(4)		
	3/7/2007	33,334	66,666	\$ 2.77	3/17/2017(2)	16,667	\$ 31,501
	3/6/2008		175,000	\$ 2.61	3/6/2018(2)		
<b>Len Stigliano</b>	7/2/2007	75,000	150,000	\$ 2.98	7/2/2017(2)		
	3/6/2008		32,500	\$ 2.61	3/6/2018(2)		
<b>Raymond J. Hage</b>	1/5/2004	50,000	—	\$ 6.00	1/5/2014(1)		
	3/9/2004	25,000	—	\$ 5.95	3/9/2014(1)		
	2/24/2005	45,000	—	\$ 2.21	2/24/2015(1)		
	5/4/2005	25,000	—	\$ 1.48	5/4/2015(2)		
	8/10/2005	100,000	—	\$ 0.74	8/10/2015(2)		
	8/26/2005	54,000	36,000	\$ 1.34	8/26/2015(3)		
	2/17/2006	33,333	16,667	\$ 4.60	2/17/2016(2)		
	3/7/2007	25,000	50,000	\$ 2.77	3/17/2017(2)		
	3/6/2008		60,000	\$ 2.61	3/6/2018(2)		
<b>Penny M. Heaton</b>	10/9/2006	88,271	71,729	\$ 4.12	10/9/2016(5)	8,333	\$ 15,749
	3/7/2006	13,333	26,667	\$ 2.77	3/7/2017(2)		
	3/6/2008		75,000	\$ 2.61	3/6/2018(2)		
<b>James Robinson</b>	3/7/2007	53,333	106,667	\$ 2.77	3/7/2017(2)	23,333	\$ 44,099
	3/6/2008		37,250	\$ 2.61	3/6/2018(2)		

- (1) These options were awarded under the Company's 1995 Stock Incentive Plan and vest in three equal increments on the first three anniversaries of the date of grant.
- (2) These options were awarded under the Company's 2005 Stock Incentive Plan and vest in three equal increments on the first three anniversaries of the date of grant.
- (3) These options were awarded under the Company's 2005 Stock Incentive Plan and vest (i) with respect to 20% of the shares, when the market capitalization of the Company exceeded \$150 million; (ii) with respect to 20% of the shares, when the market capitalization of the Company exceeded \$250 million; (iii) with respect to 20% of the shares, when the market capitalization of the Company exceeded \$350 million; (iv) with respect to 20% of the shares, when \$35 million principal amount of convertible notes made by the Company in favor of certain institutional investors are redeemed or repaid in full; and (v) with respect to 20% of the shares, when a Change in Control occurs.
- (4) These options were awarded under the Company's 2005 Stock Incentive Plan and vest (i) with respect to 25% of the shares, when the market capitalization of the Company exceeded \$250 million; (ii) with respect to 25% of the shares, when the market capitalization of the Company exceeded \$350 million; (iii) with respect to 25% of the shares, when \$35 million principal amount of convertible notes made by the Company in favor of certain institutional investors are redeemed or repaid in full; and (iv) with respect to 25% of the shares, when a Change in Control occurs.
- (5) The options vest in five equal tranches upon the achievement of certain milestones related to the Company's vaccine development efforts.
- (6) These restricted stock grants were awarded under the Company's 2005 Stock Incentive Plan and vest in three equal increments on the first three anniversaries of the date of grant.
- (7) Based on the closing price of the Company's Common Stock of \$1.89 as reported on the NASDAQ Global Market System on December 31, 2008.

#### OPTIONS EXERCISED AND STOCK VESTED TABLE

The following table sets forth certain information concerning the vesting of the Company's Common Stock held by the Named Executive Officers during the fiscal year ended December 31, 2008:

Name	Stock Awards	
	Number of Shares Acquired On Vesting	Value Realized On Vesting(1)
Rahul Singhvi	11,261	29,616
	41,667	107,084
	16,666	48,165
Len Stigliano	—	—
Raymond J. Hage	11,261	29,616
	25,000	64,250
Penny M. Heaton	8,333	11,500
James Robinson	11,667	30,800

- (1) Based on the closing price of the Company's Common Stock, as reported on the NASDAQ Global Market on the date on which the stock vested, or, if the stock vested on a weekend or holiday, the closing price of the stock on the next day the Company's stock was traded.

## OVERVIEW OF EMPLOYMENT AND CHANGE OF CONTROL AGREEMENTS

### Employment Agreements

All Named Executive Officers have entered employment agreements with the Company. The agreements are for one year periods and provide for a base salary subject to review each year, an incentive bonus, and equity awards. In 2008, the Compensation Committee decreased Dr. Singhvi's target incentive bonus amount to 60% of base salary in connection with the increase to Dr. Singhvi's salary. All other Named Executive Officers are eligible for a target incentive bonus of 40% of base salary. The bonus may be paid partly in cash and partly in shares of restricted stock in the discretion of the Board.

All Named Executive Officers will devote his or her full business time to the performance of services to the Company.

All Named Executive Officers are also entitled to additional stock awards based upon performance and subject to the Board's approval, reimbursement of reasonable expenses incurred by him or her in connection with the performance of his or her duties, and to participate in the Company's Severance Plan (discussed below).

All Named Executive Officers have agreed to maintain the confidentiality of the Company's proprietary information, and that all work product discovered or developed by him or her in the course of his or her employment belongs to the Company. In addition, he or she has agreed not to compete with the Company, directly or indirectly, within the United States or interfere with or solicit the Company's contractual relationships, in each case during the term of his or her employment and for the duration of the severance period described for each Named Executive Officer following the termination of his or her employment.

If Named Executive Officer is terminated without "cause" or leaves the Company for "good reason" (as such terms are defined in each employment agreement), the Named Executive Officer may receive a lump sum separation payment. The amount of this payment is twelve (12) months of then current salary for Dr. Singhvi, Dr. Heaton, and Mr. Robinson and six (6) months of then current salary for Mr. Stigliano and Mr. Hage. To be entitled to such a payment, the Named Executive Officer must execute and deliver to the Company a separation and release agreement, releasing the Company from any claims.

Additionally, on July 23, 2007, the Company agreed to reimburse Dr. Singhvi for the costs of relocating from Pennsylvania to Maryland in connection with the move of the Company's headquarters in an amount not to exceed \$225,000, inclusive of any tax gross ups. The Company agreed to reimburse Mr. Stigliano for travel and lodging expenses incurred in his commute from Pennsylvania, in an amount not to exceed \$25,000 per year. In addition, the Company agreed to reimburse Mr. Stigliano for state and federal income taxes imposed on these reimbursable expenses.

On July 23, 2007, the Company agreed to reimburse Mr. Hage for the costs of relocating from Pennsylvania to Maryland in connection with the move of the Company's headquarters in an amount not to exceed \$100,000, inclusive of any tax gross ups.

Dr. Heaton is also entitled to reimbursement of reasonable expenses incurred by her in connection with the performance of her duties, including professional society fees and weekly literature services.

Dr. Heaton is permitted to work from home at times, but has agreed to work from Novavax's headquarters at least three days a week. The Company also agreed to reimburse Dr. Heaton for lodging expenses when she joined Novavax. From March 2007 through March 2008, the Company paid \$1,733 per month for a lease of an apartment. In April 2008, the Company stopped paying this expense.

### Amended and Restated Change in Control Severance Benefit Plan

In August 2005, the Board of Directors adopted a Change of Control Severance Benefit Plan (the “Severance Plan”). The Severance Plan was amended in July 2006 and December 2008, as described below. The purpose of the Severance Plan is to provide severance pay and benefits to a select group of employees whose employment with the Company may be terminated following a change in control event, to provide such employees with an incentive to remain with the Company and help the Company consummate a strategic corporate sale or transaction that maximizes stockholder value.

Participants in the Severance Plan are recommended by the CEO and approved by the Board of Directors. Selected participants with existing severance agreements will be deemed to elect coverage under the Severance Plan and are not eligible for any severance benefits under such other agreements unless expressly provided otherwise by the Board. Each of the Named Executive Officers that are currently officers of the Company participate in the Severance Plan.

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

Executive	Severance Period
Rahul Singhvi	24 months
Len Stigliano	12 months
Raymond J. Hage	12 months
Penny M. Heaton	12 months
James Robinson	12 months

If a triggering event occurs, the participant is entitled to a lump sum severance payment, a bonus equal to 100% of the target annual performance bonus for the period in which the termination date occurred, and continuation of medical, dental, vision and hospitalization benefits for the same number of months as the severance period.

Executive	Severance Payment	Continuation of Benefits Period
Rahul Singhvi	24 months salary	24 months
Len Stigliano	12 months salary	12 months
Raymond J. Hage	12 months salary	12 months
Penny M. Heaton	12 months salary	12 months
James Robinson	12 months salary	12 months

Initially, the Severance Plan provided that all outstanding equity awards held by participants became vested and exercisable upon a change in control of the Company (a “Single Trigger Acceleration”). In July 2006, the Board amended and restated the Severance Plan to provide that, upon a termination of employment following a Change in Control, all awards granted thereafter and held by participants shall become vested and exercisable in full (a “Double Trigger Acceleration”). In April 2007, the Compensation Committee recommended, and the Board of Directors adopted, revised stock option agreements, restricted stock agreements and restricted stock unit agreements for all awards made in March 2007 and thereafter that provide for Double Trigger Acceleration to conform to the amended Severance Plan. This action did not alter awards granted before March 2007. The Severance Plan provides that all vested and exercisable options may be exercised within one year from the participant’s termination date, provided however that no exercise may occur later than the expiration date of the option as set forth in the applicable option agreement.

In December 2008, the board amended and restated the Severance Plan with the intention to comply with or be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”). Specifically, the Severance Plan was amended to clarify provisions relating to the types of benefits available under the Severance Plan and the timing of the payments of such benefits.

As used herein, the terms “Involuntary Termination without Cause,” “Cause,” “Constructive Termination” and “Change in Control” shall have the following meanings:

**Involuntary Termination without Cause** means the termination of an eligible employee’s employment which is initiated by the Company for a reason other than Cause.

**Cause** means (i) conviction of, a guilty plea with respect to, or a plea of nolo contendere to a charge that the eligible employee has committed a felony under the laws of the United States or of any state or a crime involving moral turpitude, including, but not limited to, fraud, theft, embezzlement or any crime that results in or is intended to result in personal enrichment at the expense of the Company; (ii) material breach of any agreement entered into between the eligible employee and the Company that impairs the Company’s interest therein; (iii) willful misconduct, significant failure to perform the eligible employee’s duties, or gross neglect by the eligible employee of the eligible employee’s duties; or (iv) engagement in any activity that constitutes a material conflict of interest with the Company.

**Constructive Termination** means a termination initiated by an eligible employee because any of the following events or conditions have occurred:

1. a change in the employee’s position or responsibilities (including reporting responsibilities) which represents an adverse change from the employee’s position or responsibilities as in effect immediately preceding the effective date of a Change in Control or at any time thereafter; the assignment to the employee of any duties or responsibilities which are inconsistent with the employee’s position or responsibilities as in effect immediately preceding the effective date of a Change in Control or at any time thereafter; except in connection with the termination of the employee’s employment for Cause or the termination of an employee’s employment because of an employee’s disability or death, or except as the result of a voluntary termination by the employee other than as a result of a Constructive Termination;

2. a reduction in the employee's pay or any failure to pay the employee any compensation or benefits to which the employee is entitled within five (5) days of the date due;
3. the Company's requiring the employee to relocate his principal worksite to any place outside a fifty (50) mile radius of the employee's current worksite, except for reasonably required travel on the business of the Company or its affiliates which is not materially greater than such travel requirements prior to the Change in Control;
4. the failure by the Company to (A) continue in effect (without reduction in benefit level and/or reward opportunities) any material compensation or employee benefit plan in which the employee was participating immediately preceding the effective date of a Change in Control or at any time thereafter, unless such plan is replaced with a plan that provides substantially equivalent compensation or benefits to the employee, or (B) provide the employee with compensation and benefits, in the aggregate, at least equal (in terms of benefit levels and/or reward opportunities) to those provided for under each other employee benefit plan, program and practice in which the employee was participating immediately preceding the date of a Change in Control or at any time thereafter;
5. the insolvency or the filing (by any party, including the Company) of a petition for bankruptcy of the Company, which petition is not dismissed within sixty (60) days;
6. any material breach by the Company of any provision of the Severance Plan; or
7. the failure of the Company to obtain an agreement, satisfactory to the employee, from any successors and assigns to assume and agree to perform the obligations created under this Plan as a result of a Change in Control.

**Change in Control** means (i) a sale, lease, license or other disposition of all or substantially all of the assets of the Company; (ii) a consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization, own less than fifty percent (50%) of the outstanding voting power of the surviving entity and its parent following the consolidation, merger or reorganization; (iii) any transaction or series of related transactions involving a person or entity, or a group of affiliated persons or entities (but excluding any employee benefit plan or related trust sponsored or maintained by the Company or an affiliate) in which such persons or entities that were not stockholders of the Company immediately prior to their acquisition of Company securities as part of such transaction become the owners, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction and other than as part of a private financing transaction by the Company; or (iv) a Change in the Incumbent Board (as defined below). For purposes of the Severance Plan, a Change in the Incumbent Board shall occur if the existing members of the Board on the date this Plan is initially adopted by the Board (the "Incumbent Board") cease to constitute at least a majority of the members of the Board, provided, however, that any new Board member shall be considered a member of the Incumbent Board for this purpose if the appointment or election (or nomination for such election) of the new Board member was approved or recommended by a majority vote of the members of the Incumbent Board who are then still in office.

### Regular Termination Benefits

In addition to the benefits described above, the Named Executive Officers are also entitled to certain payments and benefits upon termination of employment that are provided on a non-discriminatory basis to salaried employees generally upon termination of employment. These include:

- Accrued salary and vacation pay;
- Life insurance; and
- Distribution of plan balances under the Company's 401(k) plan.

### POTENTIAL PAYMENTS UPON TERMINATION

#### Termination without Cause

Each of the Named Executive Officers have arrangements with Novavax that provide for a cash severance payment if the executive is terminated without "cause." All vested and exercisable stock options must be exercised within three months following the termination date. If such termination had occurred on December 31, 2008, the Company would have made the following payments:

Executive	Severance Payment
Rahul Singhvi	\$425,000
Len Stigliano	\$129,653
Raymond Hage	\$125,156
Penny Heaton	\$292,905
James Robinson	\$236,127

Cause is defined to mean (i) the executive's willful failure or refusal to perform in all material respects the services required by him; (ii) executive's willful failure or refusal to carry out any proper and material direction by the President and CEO or Board of Directors with respect to the services to be rendered by him or the manner of rendering such services; (iii) executive's willful misconduct or gross negligence in the performance of his duties; (iv) executive's commission of an act of fraud, embezzlement or theft or felony involving moral turpitude; (v) executive's use of confidential information, other than for the benefit of the Company in the course of rendering services to the Company; or (vi) a breach of executive's non-competition obligations.

### Termination for Good Reason

Each of the Named Executive Officers have employment agreements with Novavax that provide for a lump sum cash severance payment if the executive terminates his employment for good reason. All vested and exercisable stock options must be exercised within three months following the termination date. If such termination had occurred on December 31, 2008, the Company would have made the following payments:

Executive	Severance Payment
Rahul Singhvi	\$425,000
Len Stigliano	\$129,653
Raymond Hage	\$125,156
Penny Heaton	\$292,905
James Robinson	\$236,127

Good Reason is defined to mean the Company's material reduction or diminution of executive's responsibilities and authority, other than for cause, without his consent.

### Termination for Cause

In the event a Named Executive Officer is terminated for cause, the Company has no further obligation to the executive other than the obligation to pay any unpaid base salary accrued through the termination date. All vested and exercisable stock options must be exercised within three months following the termination date.

### Termination as a Result of Death or Disability

In the event a Named Executive Officer is terminated for death or disability, the Company has no further obligation to the executive other than the obligation to pay any unpaid base salary accrued through the termination date. If the executive dies while in the employ of the Company (or within three months after the date on which the executive ceases to be an employee) vested and exercisable options may be exercised by the executive's estate for one year following the executive's death. If the executive becomes disabled while in the employ of the Company, vested and exercisable options may be exercised by the executive for a period of one year after the executive ceases to be an employee due to a disability.

### Termination in Connection with a Change in Control

Each of the Named Executive Officers participate in the Severance Plan. The following table sets forth the payments the Company would have made had the Named Executive Officers been terminated in connection with a Change in Control in accordance with the Severance Plan:

Name	Benefit	Amount
Rahul Singhvi	Severance Payment	\$ 850,000
	Bonus(1)	\$ 255,000
	Equity Awards(2)	\$ 141,500
	Health Insurance Benefits(3)	\$ 32,157
	Total	<u>\$1,137,157</u>
Len Stigliano	Severance Payment	\$ 259,305
	Bonus(1)	\$ 103,722
	Equity Awards(2)	\$ 0
	Health Insurance Benefits(3)	\$ 15,994
	Total	<u>\$ 379,021</u>
Raymond Hage	Severance Payment	\$ 250,312
	Bonus(1)	\$ 100,125
	Equity Awards(2)	\$ 19,800
	Health Insurance Benefits(3)	\$ 16,078
	Total	<u>\$ 386,315</u>
Penny Heaton	Severance Payment	\$ 292,905
	Bonus(1)	\$ 117,162
	Equity Awards(2)	\$ 15,749
	Health Insurance Benefits(3)	\$ 4,895
	Total	<u>\$ 430,711</u>
James Robinson	Severance Payment	\$ 236,127
	Bonus(1)	\$ 94,451
	Equity Awards(2)	\$ 44,099
	Health Insurance Benefits(3)	\$ 16,078
	Total	<u>\$ 390,755</u>

(1) Bonus equals 100% of the Named Executive Officer's target annual bonus award.

(2) Represents the value of all unvested equity awards at the closing price on December 31, 2008, minus any applicable exercise price. As described above, depending on when the options were granted, certain options are Single Trigger Options and others are Double Trigger Options. For the purpose of this table, the Company has assumed that both the Change in Control and the termination occurred on December 31, 2008.

(3) Reflects the premiums for health, dental and vision coverage under the Company's group health insurance program. Amounts are based on the premiums in effect at December 31, 2008.

## COMPENSATION COMMITTEE REPORT

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

### COMPENSATION COMMITTEE

John O. Marsh, Chairman  
Thomas P. Monath  
James B. Tananbaum

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

## AUDIT COMMITTEE REPORT

The Audit Committee has reviewed and discussed the Company's audited financial statements with management. The Audit Committee has discussed with Grant Thornton LLP, the Company's independent registered public accounting firm, the matters required to be discussed by Statement of Auditing Standards No. 61, "Communication with Audit Committees" (as currently in effect), which includes, among other items, matters related to the conduct of the audit of the Company's financial statements. The Audit Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of its examinations, its evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting. The Audit Committee has also received the written disclosures and the letter from Grant Thornton LLP required by Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees" (as currently in effect) relating to the firm's independence from the Company and its related entities, discussed with Grant Thornton LLP its independence from the Company, and considered the compatibility of the firm's provision of non-audit services with maintaining its independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Company's Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, for filing with the Securities and Exchange Commission.

### AUDIT COMMITTEE

Michael A. McManus, Jr., Chairman

Gary C. Evans

John O. Marsh, Jr.

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

## ADDITIONAL INFORMATION

### Transaction of Other Business

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

\* \* \*

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

*By the Order of the Board of Directors*



Jennifer Miller  
Corporate Secretary

April 16, 2009

**Certificate of Amendment to the  
Amended and Restated Certificate of Incorporation of Novavax, Inc.**

CERTIFICATE OF AMENDMENT  
OF THE  
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION  
OF  
NOVAVAX, INC.

(Pursuant to Section 242 of the  
General Corporation Law of the State of Delaware)

Novavax, Inc. (the "Corporation"), a corporation duly organized and validly existing under the General Corporation Law of the State of Delaware, hereby files this Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Corporation and hereby certifies as follows:

A. At a meeting of the Board of Directors on March 30, 2009, the Board of Directors of the Corporation, a resolution was duly adopted, pursuant to Sections 141(f) and 242 of the Delaware General Corporation Law, setting forth an amendment to the Amended and Restated Certificate of Incorporation of the Corporation and declaring the amendment to be advisable.

B. Article FOURTH of the Amended and Restated Certificate of Incorporation is hereby amended by striking the first sentence thereof and substituting the following sentence:

"The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) two hundred million (200,000,000) shares of Common Stock, \$.01 par value per share ("Common Stock"), and (ii) two million (2,000,000) shares of Preferred Stock, \$.01 par value per share ("Preferred Stock"), which may be issued from time to time in one or more series as set forth in Part B of this Article FOURTH."

C. The stockholders of the Corporation duly approved the proposed amendment at an annual meeting of the stockholders of the Corporation in accordance with the provisions of Section 242(b) of the Delaware General Corporation Law.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be duly executed effective as of the \_\_\_ day of \_\_\_\_\_, 2009.

**NOVAVAX, INC.**

By: \_\_\_\_\_  
Name:  
Title:



▼ IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼



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**Proxy — NOVAVAX, INC.**

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**Annual Meeting of Stockholders  
May 13, 2009**

**THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS**

The undersigned stockholder of Novavax, Inc. hereby appoints Rahul Singhvi and Raymond Hage and each of them, attorneys, agents and proxies, with the power of substitution to each, to vote all shares of Common Stock that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Novavax, Inc., to be held at the Company's headquarters located at 9920 Belward Campus Drive, Rockville, Maryland 20850 on Wednesday, May 13, 2009 at 10:00 a.m., local time, and at any adjournments thereof.

The shares represented by this proxy will be voted as directed by the undersigned. **IF NO CONTRARY INSTRUCTIONS ARE INDICATED, THIS PROXY WILL BE VOTED FOR (1) THE ELECTION OF THE NOMINEES NAMED IN THIS PROXY FOR CLASS II DIRECTORS, (2) THE RATIFICATION OF GRANT THORNTON LLP, AN INDEPENDENT REGISTERED ACCOUNTING FIRM, AS THE INDEPENDENT AUDITOR OF THE COMPANY FOR THE YEAR ENDING DECEMBER 31, 2009, (3) THE APPROVAL OF AN AMENDMENT TO THE COMPANY'S AMENDED & RESTATED CERTIFICATE OF INCORPORATION, AS AMENDED, TO INCREASE THE AUTHORIZED SHARES OF COMMON STOCK, AND (4) IN THE DISCRETION OF THE PROXYHOLDER AS TO ANY OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING.**

**If you vote by telephone or the Internet, please DO NOT mail back this proxy card.**

Important notice regarding the availability of proxy materials for the Annual Meeting of Stockholders to be held on May 13, 2009. The Company's Proxy Statement for the 2009 Annual Meeting of Stockholders and the Company's Annual Report to Stockholders for the fiscal year ended December 31, 2008 are available at [www.novavax.com/proxy2009](http://www.novavax.com/proxy2009).