

NOVAVAX INC
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April 30, 2007

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**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 the 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:

2) Aggregate number of securities to which transaction applies:

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:

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NOVAVAX, INC.

**NOTICE OF THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD WEDNESDAY, JUNE 20, 2007**

To the Stockholders of Novavax, Inc.:

NOTICE IS HEREBY GIVEN that the 2007 Annual Meeting of Stockholders (the Meeting) of Novavax, Inc., a Delaware corporation (the Company), will be held on Wednesday, June 20, 2007 at 9:00 a.m., local time, at the Company s headquarters at 9920 Belward Campus Drive, Rockville, Maryland 20850 (the Meeting) for the purpose of considering and voting upon the following matters:

1. To elect two directors as Class III directors to serve on the Board of Directors for a three-year term expiring at the 2010 Annual Meeting of Stockholders;
2. To increase the number of shares of the Company s common stock available for issuance under the Novavax, Inc. 2005 Stock Incentive Plan by 3,000,000 shares; and
3. 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 Monday, April 23, 2007 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, 2006, 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 30, 2007

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.

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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, June 20, 2007**

INFORMATION CONCERNING SOLICITATION AND VOTING

General

This Proxy Statement is being furnished to stockholders in connection with the solicitation of proxies by the Board of Directors of Novavax, Inc. (Novavax or the Company) for use at the Annual Meeting of Stockholders to be held on Wednesday, June 20, 2007 at 9:00 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, 2006 are being mailed to stockholders on or about April 30, 2007.

Solicitation

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 may also engage the services of a proxy solicitation firm in conjunction with the Meeting, in which event 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 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.

Certain stockholders who share the same address may receive only one copy of this Proxy Statement and our 2007 Annual Report to Stockholders in accordance with a notice delivered earlier this year 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 request or stop householding, 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 us 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.

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VOTING PROCEDURE AND QUORUM

The Board of Directors has fixed Monday, April 23, 2007, 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 61,905,050 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. A stockholder may vote by mail, Internet or telephone as directed by the enclosed proxy.

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 in favor of the nominees named in Proposal I below and in favor of the amendment to the 2005 Stock Incentive Plan as set forth in Proposal II. The Board of Directors knows of no other matters to be presented for consideration at the Meeting.

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.

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 and 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.

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PROPOSAL I ELECTION OF CLASS III DIRECTORS

Pursuant to the Company's Amended and Restated Certificate of Incorporation, 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 seven members, currently consisting of: Gary C. Evans, John Lambert, John O. Marsh, Jr., Michael A. McManus, Jr., Thomas P. Monath, M.D., Rahul Singhvi and James B. Tananbaum, M.D.

During fiscal 2006, Dr. Thomas Monath was elected by the Board of Directors to serve as a Class III Director and Dr. Jim Tananbaum was elected to serve as a Class II Director by the stockholders at the 2006 Annual Meeting. Mr. Mitchell Kelly resigned from the Board during fiscal 2006 and Mr. Michael Lazarus decided not to stand for election at the 2006 Annual Meeting.

During fiscal 2007, Dr. Denis O'Donnell resigned from the Board and Mr. John Lambert was elected to the Board of Directors as a Class I Director and named Chairman of the Board. Mr. Gary Evans, the previous Chairman, was named Lead Independent Director. Prior to his election to the Board, Mr. Lambert had been a consultant for the Company. Mr. Lambert continues to act as a consultant to the Company.

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 III directors expire at the Meeting. The terms of the Class I and Class II directors will expire at the 2008 and 2009 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.

Two directors are to be elected at the Meeting. The Board of Directors, after recommendation by the Nominating and Corporate Governance Committee, has designated Mr. McManus and Dr. Monath as nominees for reelection as Class III directors of the Company at the Meeting.

If elected, such nominees will serve until the expiration of their terms at the 2010 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.

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

Nominees for Election as Class III Directors

Name	Age	Director Since	Principal Occupation, Other Business Experience and Other Directorships
Michael A. McManus, Jr.	64	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 LQ Corporation, Inc., American Home Mortgage Holdings, Inc. and A. Schulman Inc.
Thomas P. Monath, M.D.	66	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 of two private life science companies Juvaris BioTherapeutics and Xcellerex, Inc.

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

Directors Continuing as Class I Directors

Name	Age	Director Since	Principal Occupation, Other Business Experience and Other Directorships
John Lambert	54	2007	Chairman of the Board of Directors of Novavax since March 2007. Independent consultant with JG Solutions Limited since 2005. President, Chiron Vaccines, a biopharmaceutical company, from 2001 to 2005. Currently the Vice President 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	42	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., culminating as Director with the Merck Manufacturing Division from 1999 to 2004.

Table of Contents**Directors Continuing as Class II Directors**

Name	Age	Director Since	Principal Occupation, Other Business Experience and Other Directorships
Gary C. Evans	49	1998	Currently Lead Independent Director of Novavax, Inc. since March 2007. Chairman of the Board of Directors of Novavax, Inc. 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.	80	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.	44	2006	Managing Director of Prospect Venture Partners II and III, LLC, 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 & Company, Inc. from 1991 to 1993. Currently a director of Jazz Pharmaceuticals, a private biopharmaceutical company and the following publicly traded biopharmaceutical companies: Critical Therapeutics, Inc., Vanda Pharmaceuticals, Inc. and Infinity Pharmaceuticals, Inc.

Certain Relationships and Related Transactions

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 served as directors during 2006, 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 was secured by 166,667 and 95,000 shares of Company Common Stock, respectively owned by the two directors. 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. In addition, during 2002, the Company executed a

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conditional guaranty of a brokerage margin account for Dr. O'Donnell in the amount of \$500,000. Dr. O'Donnell has repaid such margin debt in full and the Company's guaranty has been cancelled and is no longer outstanding.

Following Mr. Kelly's resignation as a director on May 22, 2006, the Company approved an extension of his note. The note continues to accrue interest at 5.07% per annum, remains secured by 95,000 shares of the Company's Common Stock and is payable on December 31, 2007, or earlier to the extent of the net proceeds from any sale of the pledged shares. Following Dr. O'Donnell's resignation as a director on March 20, 2007, the Company entered into discussions, that are ongoing, with Dr. O'Donnell regarding any additional collateral that could be pledged to secure the debt and the timing and method of payment.

There are no family relationships among any of the directors or executive officers (or any nominee therefor) of Novavax. Other than Mr. Lambert, 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). On March 7, 2007, Mr. Lambert was granted 100,000 shares of Restricted Stock Units, which grant is subject to the approval of Proposal II to amend the 2005 Plan to increase the number of shares of Common Stock available for issuance hereunder.

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.

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 will receive \$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 FDA approval and commercialization strategies. This consulting agreement has an initial term of three years.

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 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 2006 or written representations that no reports were required, the Company believes that during 2006 its executive officers, directors and holders of more than 10% of the Company's Common Stock complied with all Section 16(a) filing requirements, except that Dr. Tananbaum, a director of the Company, filed a Form 3 to report his initial ownership one day late.

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

Information Regarding the Board of Directors and Certain Committees

On March 7, 2007, the Board of Directors determined, upon a recommendation by the Nominating and Corporate Governance Committee, that, with the exception of Drs. Singhvi and O'Donnell 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

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Company, all of the members of the Board are independent directors, as that term is defined in Rule 4200(a)(15) of the listing standards of the National Association of Securities Dealers (the NASD).

The Board of Directors met 13 times during 2006 and acted by written consent in lieu of a meeting 6 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. All of the directors then in office attended the 2006 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 directors Mr. Marsh (Chairman), Dr. Monath and Dr. Tananbaum. Dr. O'Donnell and Mr. Lazarus also served on the Compensation Committee during 2006. Each director is a non-employee director, as defined by Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act), an 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 The NASDAQ Stock Market, Inc.

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, recommending 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. The Compensation Committee reviews and evaluates the charter annually to ensure its adequacy and accuracy. In April 2007, the Compensation Committee approved revisions to its charter. During 2006, the Compensation Committee met 7 times and acted by written consent in lieu of a meeting one time.

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 Committee is tasked with meeting at least four times a year, and more frequently if necessary. It 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 has sole authority for and may retain compensation consultants, as it deems appropriate, to assist the Committee with the performance of its duties and

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responsibilities, including sole authority to approve the fees and other retention terms for such consultants. 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 Compensation Committee considers the Chief Executive Officer's recommendations and sets the compensation of the executive officers (other than the Chief Executive Officer) based on such deliberations. The Compensation Committee sets the Chief Executive Officer's compensation in executive session without any member of management present. The Chief Executive Officer and the Senior Director, Human Resources, generally attend Compensation Committee meetings but neither is present for executive session or any discussion of their own compensation.

Compensation Committee Interlocks and Insider Participation

Throughout fiscal 2006, Dr. Lazarus, Mr. Marsh, Dr. Monath, Dr. O'Donnell and Dr. Tananbaum served on the Compensation Committee. None of the members of the Compensation Committee was at any time during 2006 an officer or employee of Novavax. However, Dr. O'Donnell served as Chairman of the Board of Directors of the Company until April 2005. Prior to 2006, 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 2006 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 The NASDAQ Stock Market, Inc. During fiscal 2006, Mr. Kelly also served on the Audit Committee. The Audit Committee met 4 times during the 2006 fiscal year and acted by written consent in lieu of a meeting one time.

The Board has determined that Mr. McManus qualifies as the committee's audit committee financial expert as that term is defined by the rules and regulations of the Securities and Exchange Commission, and is financially sophisticated as required by the listing standards for The NASDAQ Stock Market, Inc.

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. 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. In April 2007, the Audit Committee approved revisions to its charter.

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 attest 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.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee (the Governance Committee) consists of Messrs. Evans (Chairman), Marsh and McManus, Dr. Monath and Dr. Tananbaum, each of whom is an independent

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director as defined by the Exchange Act and the listing standards of The NASDAQ Stock Market, Inc. During fiscal 2006, Dr. Lazarus also served on the Governance Committee. The Governance Committee met 4 times during 2006.

The Governance Committee acts pursuant to a written charter, a copy of which is available on the Company's website at www.novavax.com. The Governance Committee reviews and evaluates the charter annually to ensure its adequacy and accuracy. In April 2007, the Governance Committee approved 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. Submissions 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,

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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 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. During fiscal 2006, Dr. O'Donnell also served on the Government Relations Committee. 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 met one time during 2006.

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, Novavax's Chief Executive Officer,

Chief Financial Officer and Controller (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

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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. In April 2006, the Board approved revisions to the Code of Business Conduct, a copy of which is posted on Novavax's website at 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 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.

Cash Compensation

Mr. Lambert receives an annual retainer of \$30,000 as compensation for his services as a director and as Chairman of the Board and does not receive additional compensation for attending board and committee meetings. Each independent director not employed by Novavax and not serving on a committee receives an annual retainer of \$10,000; the chairs of the Audit, Compensation, Nominating & Corporate Governance and Government Relations Committees receive annual retainers of \$20,000, \$15,000, \$15,000 and \$20,000, respectively; and non-employee directors serving on one or more committees receive an annual retainer of \$12,000. Annual retainers are paid quarterly.

Each independent non-employee director 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 committee member not employed by Novavax 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 2006. For information relating to shares of the Company owned by each of the directors, see Security Ownership of Certain Beneficial Owners and Management below. For information concerning the compensation of directors who are also officers of the Company, see Executive Compensation below.

Equity Awards

In February 2006, the Board of Directors adopted the recommendation of the Compensation Committee and approved the grant to each director not employed by the Company of a non-statutory option under the 2005 Plan, effective

February 17, 2006, to purchase 15,000 shares of the Company's Common Stock in the case of all directors other than Mr. Evans, then the Chairman of the Board, and 50,000 shares of the Company's Common Stock in the case of Mr. Evans, in each case at an exercise price of \$4.60, the closing price of the Common Stock on the effective date. Such grants became vested and exercisable in full on August 17, 2006.

At its meeting on March 7, 2007, the Board granted options to purchase Company Common Stock to each of its directors. The Board granted an option to purchase 100,000 shares of Company Common Stock to Mr. Evans and an

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option to purchase 15,000 shares of Company Common Stock to Mr. Marsh, Mr. McManus, Dr. Monath, Dr. O'Donnell and Dr. Tananbaum. All of the options have an exercise price of \$2.77 per share and will vest in full six months after the date of the grant. In addition, the Board granted Mr. Lambert options to purchase 250,000 shares of Company Common Stock with an exercise price of \$2.77 per share. The options vests in five separate tranches of 50,000 options. In addition, the Board granted Mr. Lambert 100,000 Restricted Stock Units. Each Restricted Stock Unit represents a contingent right to receive one share of Novavax Common Stock. The Restricted Stock Units shall vest in five separate tranches of 20,000 units. Mr. Lambert's options and Restricted Stock Units shall vest upon the occurrence of the following milestones: (i) two tranches vest upon Novavax's achievement of certain performance criteria; (ii) one tranche vests upon Novavax's Common Stock achieving a market price of \$6.00 per share; (iii) one tranche vests upon Novavax's Common Stock achieving a market price of \$10.00 per share; and (iv) one tranche vests on March 7, 2010. The grant of Restricted Stock Units is subject to the approval of the amendment to the 2005 Plan.

Summary Director Compensation Table

The following table sets forth information concerning the compensation paid by the Company by each individual who served as a non-employee director at anytime during fiscal 2006:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)(6)	Non-Stock Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred		Total (\$)
					Earnings (\$)	All Other Compensation (\$)	
Gary C. Evans	50,250	0	194,944	0	0	0	245,194
Mitchell J. Kelly(1)	12,250	0	45,002	0	0	0	57,252
J. Michael Lazurus, M.D.(2)	10,750	0	0	0	0	0	10,750
John O. Marsh, Jr.	37,222	0	45,002	0	0	0	82,224
Michael A. McManus	34,000	0	45,002				