

NOVAVAX INC  
Form PRE 14A  
April 20, 2015

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

**SCHEDULE 14A  
(Rule 14a-101)**

**INFORMATION REQUIRED IN  
PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934**

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 under §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):

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b No fee required.

o 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 the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the 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 the transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

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:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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20 Firstfield Road  
Gaithersburg, MD 20878  
T 240-268-2000  
F 240-268-2100

*www.novavax.com*  
Nasdaq: NVAX

April [ ], 2015

Dear Novavax Stockholder:

You are cordially invited to our Annual Meeting of Stockholders on Thursday, June 18, 2015, beginning at 10:00 a.m., local time, at Novavax offices located at 21 Firstfield Road, Gaithersburg, Maryland 20878. We are pleased to also provide a copy of our 2014 Annual Report to Stockholders with this proxy statement.

Your vote is important, and we hope you will be able to attend the Annual Meeting. You may vote over the Internet, by telephone, or, if you requested to receive printed proxy materials, by mailing a proxy card or voting instruction form. Please review the instructions on each of your voting options described in this proxy statement. Also, please let us know if you plan to attend our Annual Meeting by marking the appropriate box on the enclosed proxy card, if you requested to receive printed proxy materials, or, if you vote by telephone or over the Internet, by indicating your plans when prompted.

We look forward to seeing you there.

Very truly yours,

Stanley C. Erck  
*President and Chief Executive Officer*

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# NOVAVAX, INC. NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON THURSDAY, JUNE 18, 2015

To the Stockholders of Novavax, Inc.:

**NOTICE IS HEREBY GIVEN** that the 2015 Annual Meeting of Stockholders (the Annual Meeting ) of Novavax, Inc., a Delaware corporation (the Company , Novavax , we , or us ), will be held on Thursday, June 18, 2015 at 10:00 a.m., local time, at the Company s offices located at 21 Firstfield Road, Gaithersburg, Maryland 20878 to consider and act upon the following matters:

1. To elect two directors as Class II directors to serve on the board of directors of the Company (the Board ), each for a three-year term expiring at the 2018 Annual Meeting of Stockholders;  
To approve the Company s Second Amended and Restated Certificate of Incorporation (the Amended Charter )
2. which increases the total number of authorized shares of the Company s common stock, \$0.01 par value (the Common Stock ), from 300,000,000 shares to 600,000,000 shares;
3. To approve an amendment to the Company s Amended and Restated By-Laws (the By-Laws ) to adopt a forum selection clause;
4. To approve the Novavax, Inc. 2015 Stock Incentive Plan (the 2015 Stock Plan );
5. To ratify the appointment of Ernst and Young LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2015; and
6. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

The Board has fixed the close of business on April 20, 2015 as the record date for determining stockholders of the Company entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof.

The following Proxy Statement is included with the Company s Annual Report to Stockholders for the fiscal year ended December 31, 2014, which contains financial statements and other information of interest to stockholders.

*By Order of the Board of Directors,*

John A. Herrmann III  
*Senior Vice President, General Counsel & Corporate Secretary*

Gaithersburg, Maryland  
April [ ], 2015

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE PROMPTLY VOTE OVER THE INTERNET OR BY TELEPHONE AS PER THE INSTRUCTIONS ON THE ENCLOSED PROXY OR COMPLETE, SIGN AND DATE THE ENCLOSED PROXY AND MAIL IT PROMPTLY IN THE ACCOMPANYING ENVELOPE. POSTAGE IS NOT NEEDED IF MAILED IN THE UNITED STATES.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS  
FOR THE STOCKHOLDERS ANNUAL MEETING  
TO BE HELD ON JUNE 18, 2015:**

**Notice of Annual Meeting, Proxy Statement, and Annual Report are available free of charge at**  
*<http://www.edocumentview.com/NVAX>.*

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**Novavax, Inc.  
20 Firstfield Road  
Gaithersburg, Maryland 20878**

**PROXY STATEMENT  
For the Annual Meeting of Stockholders  
To Be Held on Thursday, June 18, 2015**

**INFORMATION CONCERNING THE ANNUAL MEETING**

This Proxy Statement ( Proxy Statement ) is being furnished to stockholders in connection with the solicitation of proxies by the Board for use at the 2015 Annual Meeting of Stockholders (the Annual Meeting ) to be held on Thursday, June 18, 2015 at 10:00 a.m. local time at the Company s offices located at 21 Firstfield Road, Gaithersburg, Maryland 20878 and at any adjournments or postponements thereof. This Proxy Statement, the form of proxy, and the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (the Annual Report ) are being made available via the Internet and, upon request, will be mailed to our stockholders on or about May 6, 2015.

**Why am I receiving these materials?**

The Company has made these proxy materials available to you on the Internet or, upon your request, has delivered print versions of these proxy materials to you by mail, in connection with the Company s solicitation of proxies for use at the Annual Meeting. These proxy materials were sent or made available to stockholders on or about May 6, 2015.

You are invited to attend the Annual Meeting and are requested to vote on the proposals described in this Proxy Statement.

**Can I access the materials on the Internet instead of receiving paper copies?**

Stockholders may access the Proxy Statement and the Annual Report via the Internet and vote online ([www.envisionreports.com/NVAX](http://www.envisionreports.com/NVAX)). On or about May 6, 2015, a Notice of Internet Availability of Proxy Materials (the Notice ) was mailed to stockholders of record at the close of business on the record date. We are furnishing our proxy materials to our stockholders on the Internet in lieu of mailing a printed copy of our proxy materials. You will not receive a printed copy of our proxy materials unless you request one. If you would like to receive a printed or electronic copy of the proxy materials, free of charge, you should follow the instructions for requesting such materials in the Notice. The Notice instructs you as to how you may access and review on the Internet all of the important information contained in these proxy materials or request a printed copy of those materials. The Notice also instructs you as to how you may vote your proxy.

The Company encourages stockholders to take advantage of the availability of the proxy materials on the Internet to help reduce the environmental impact of its annual meetings and the cost to the Company associated with the physical printing and mailing of materials.

## **What is householding and how does it affect me?**

The Company has adopted the process called householding for mailing the proxy materials in order to reduce printing and postage costs. Certain stockholders who share the same address may receive only one copy of this Proxy Statement and the Annual Report 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. 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 this Proxy Statement and 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., 20 Firstfield Road, Gaithersburg, Maryland 20878, Attention: Corporate 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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## What is the purpose of the Annual Meeting?

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

To elect two directors as Class II directors to serve on the Board, each for a three-year term expiring at the 2018 Annual Meeting of Stockholders;

To approve the Amended Charter to provide for an increase in the total number of shares of Common Stock that the Company is authorized to issue from 300,000,000 shares to 600,000,000 shares;

To approve an amendment to the By-Laws to adopt a forum selection clause;

To approve the 2015 Stock Plan;

To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015; and

To transact such other business that may properly come before the Annual Meeting or any adjournments or postponements thereof.

In addition, management will report on the Company's performance during fiscal year 2014 and respond to questions from stockholders.

## Will any other business be conducted at the Annual Meeting?

The Company knows of no other matters to be submitted to the stockholders at the Annual Meeting.

## Who is entitled to vote?

The Board has fixed Monday, April 20, 2015, as the record date for determining the stockholders entitled to receive notice of and to vote at the Annual Meeting (the Record Date). The only class of stock of the Company entitled to vote at the Annual Meeting is its Common Stock. Only the record holders of shares of Common Stock at the close of business on the Record Date may vote at the Annual 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 Annual Meeting.

## What is the quorum requirement for the Annual Meeting?

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 Annual Meeting. If a quorum is not present, the stockholders entitled to vote who are present in person or represented by proxy at the Annual Meeting have the power to adjourn the Annual Meeting until a quorum is present, without notice other than an announcement at the Annual 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 Annual Meeting as originally scheduled. Abstentions and broker non-votes will count in determining whether a quorum is present at the Annual 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 on the item.

## How do I vote?

You may vote using any of the following methods:



**Proxy card or voting instruction card.** You may vote by proxy by filling out the proxy card or voting instruction form (if received by mail) and returning it in the envelope provided.

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**By telephone or the Internet.** Stockholders of record may vote by calling 1-800-652-VOTE (8683) or visiting the website [www.envisionreports.com/NVAX](http://www.envisionreports.com/NVAX). The telephone and Internet voting procedures established by the Company for stockholders are designed to authenticate your identity, to allow you to give your voting instructions and to confirm that these instructions have been properly recorded. The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank, or nominee. Therefore, we recommend that you follow the voting instructions in the materials you receive.

**In person at the Annual Meeting.** All stockholders may vote in person at the Annual Meeting. You may also be represented by another person at the Annual Meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank, or nominee and present it to the inspector of election with your ballot when you vote at the meeting.

## **What is the difference between a stockholder of record and a beneficial owner of shares held in street name?**

*Stockholder of Record.* If your shares are registered directly in your name with the Company's transfer agent, Computershare, Inc., you are considered the stockholder of record with respect to those shares, and the proxy materials were sent directly to you by the Company.

*Beneficial Owner of Shares Held in Street Name.* If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in street name, and a notice was forwarded to you by that organization. As a beneficial owner, you have the right to instruct your broker, bank, trustee, or nominee how to vote your shares.

## **How does discretionary voting authority apply?**

All properly executed proxies will be voted in accordance with the instructions of the stockholder. If you are a stockholder of record and you sign and return a proxy card without giving specific instructions, then the persons named as proxy holders, Stanley C. Erck and Barclay A. Phillips, will vote your shares in the manner recommended by the Board on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting, including any floor proposals.

Broker non-votes occur when a beneficial owner of shares held in street name does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed non-routine. Generally, if shares are held in street name, the beneficial owner of the shares is entitled to give voting instructions to the broker or nominee holding the shares. If the beneficial owner does not provide voting instructions, the broker or nominee can still vote the shares with respect to matters that are considered to be routine, but not with respect to non-routine matters. Under the rules and interpretations of the NASDAQ and the New York Stock Exchange, which generally govern this issue regardless of the exchange on which the company is listed, non-routine matters are matters that may substantially affect the rights or privileges of stockholders, such as mergers, stockholder proposals, equity compensation matters, and the election of directors, even if they are not contested.

Most brokers are permitted to vote your shares only with respect to the ratification of the appointment of Ernst & Young LLP as the Company's independent auditor for the year ending December 31, 2015, even if they do not receive instructions from you in a timely manner, so long as they hold your shares in their name and have requested your instructions. Brokers do not have authority, discretionary or otherwise, to vote your shares for the election of directors, increase in the total number of authorized shares, approval of the amendment to the By-Laws, or the approval of the 2015 Stock Plan; unless they receive proper instructions to do so from you in a timely manner.

What is the difference between a stockholder of record and a beneficial owner of shares held in street name?

In order to minimize the number of broker non-votes, the Company encourages you to vote or to provide voting instructions with respect to each proposal to the organization that holds your shares by carefully following the instructions provided in the proxy card or voting instruction form.

## What are the Board's recommendations?

The Board recommends that you vote your shares:

- FOR the election of Richard H. Douglas, Ph.D. and Gary C. Evans to serve on the Board for a three-year term expiring at the 2018 Annual Meeting of Stockholders (Proposal No. 1);
- FOR the approval of the Amended Charter for the purpose of increasing the total number of shares of Common Stock that the Company is authorized to issue from 300,000,000 shares to 600,000,000 shares (Proposal No. 2);
- FOR the approval of the amendment to the By-Laws for the purpose of adding a forum selection clause (Proposal No. 3);
- FOR the approval of the 2015 Stock Plan (Proposal No. 4); and
- FOR the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015 (Proposal No. 5).

## What is the voting requirement to approve each of the proposals?

*Election of Directors.* Directors are elected by a plurality of the votes. The 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 broker non-votes will have no effect on the result of the vote on this matter.

*Amended Charter.* Approval of the Amended Charter for the purpose of increasing the total number of authorized shares of Common Stock from 300,000,000 shares to 600,000,000 shares requires the affirmative vote of a majority of the shares of Common Stock outstanding and entitled to vote at the Annual Meeting. Abstentions and broker non-votes will have the effect of a negative vote.

*Company By-Laws.* Approval of an amendment to the By-Laws to include a forum selection clause requires the affirmative vote of a majority of the shares of Common Stock outstanding and entitled to vote at the Annual Meeting. Abstentions and broker non-votes will have the effect of a negative vote.

*The 2015 Stock Plan.* Approval of the 2015 Stock Plan requires the affirmative vote of the holders of a majority of the shares of Common Stock present in person or represented by proxy and voting on the matter. Abstentions and broker non-votes will not be counted as shares voting on such matter and accordingly will have no effect on the approval of the matter.

*Ratification of Independent Registered Public Accounting Firm.* The ratification of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year 2015 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 this proposal will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

## **Can I change my vote after I have voted?**

Stockholders may revoke proxies at any time before they are exercised at the Annual 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 Annual Meeting. Attendance at the Annual Meeting will not itself be deemed to revoke a proxy unless the stockholder gives affirmative notice at the Annual Meeting that the stockholder intends to revoke the stockholder's proxy and vote in person.

## **Where can I find the voting results of the Annual Meeting?**

Preliminary voting results will be announced at the Annual Meeting. Final voting results will be tallied by the inspector of election after the taking of the vote at the Annual Meeting. The Company will publish the final voting results in a Current Report on Form 8-K, which the Company is required to file with the Securities and Exchange Commission ( SEC ) within four business days following the Annual Meeting.

## 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 in person, by telephone, or by electronic transmission and/or facsimile transmission. The Company may also utilize the assistance of third parties in connection with our proxy solicitation efforts, and will compensate such third parties for their efforts. The Company has retained Georgeson Inc., to assist in the solicitation of proxies and provide related advice and informational support, for a services fee and the reimbursement of expenses that are not expected to exceed \$15,500 in the aggregate. The Company will also request brokerage houses, custodians, nominees and fiduciaries or other similar organizations 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, custodians, nominees and fiduciaries or other similar organizations for their reasonable expenses in connection with this distribution.

## What is the deadline to propose actions for consideration or to nominate individuals to serve as directors at the 2016 Annual Meeting of Stockholders?

*Stockholder proposals for inclusion in the Company's proxy statement:* Stockholders who wish to present proposals for inclusion in the Company's proxy materials for the Company's 2016 Annual Meeting of Stockholders should follow the procedures prescribed in Rule 14a-8 under the Securities Exchange Act of 1934, as amended, (the Exchange Act) and the Company's By-laws. Those procedures require that the Company receive a stockholder proposal in writing at the Company's principal executive offices no later than January 6, 2016. If the date of next year's annual meeting is changed by more than 30 days from the anniversary date of this year's Annual Meeting (June 18, 2015), then the deadline is the close of business on the 10<sup>th</sup> day following the date on which such notice of the date of the meeting was mailed or public disclosure of the date of such meeting was made, whichever occurs first.

*Other stockholder proposals:* Under the Company's By-laws, stockholders who wish to include a proposal in the Company's 2016 Annual Meeting of Stockholders (but do not wish to include such proposal in the Company's proxy materials) must give the Company timely written notice. To be timely, the Company's By-laws provide that such notice must be received by the Company at its principal executive offices not less than 60 days nor more than 90 days prior to the anniversary date of this year's Annual Meeting (June 18, 2015); provided, however, that in the event that the date of the meeting is more than 30 days before or after the anniversary date of the prior year's annual meeting of the stockholders of the Company, notice by the stockholder to be timely must be so received not later than the close of business on the 10<sup>th</sup> day following the date on which such notice of the date of the meeting was mailed or public disclosure of the date of such meeting was made, whichever occurs first.

In addition to being timely, any such notice 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 annual 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 capital stock and other securities of the Company which are beneficially owned by the stockholder and each Stockholder Associated Person;

any derivative positions held of record or beneficially by the stockholder and any Stockholder Associated Person and whether and the extent to which any hedging or other transactions or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement, or understanding has been made, the effect or intent of which is to

increase or decrease the voting power or economic interest of, such stockholder or any Stockholder Associated Person with respect to the Company's securities; and  
any material interest of the stockholder or any Stockholder Associated Person in such proposal.

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For purposes of this Proxy Statement, a Stockholder Associated Person of any stockholder means (i) any affiliate or associate (as those terms are defined in Rule 12b-2 under the Exchange Act) of the stockholder who owns beneficially or of record any capital stock or other securities of the Company or, through one or more derivative positions, has an economic interest (whether positive or negative) in the price of securities of the Company and (ii) any person acting in concert with such stockholder or any affiliate or associate of such stockholder with respect to the capital stock or other securities of the Company.

Please note that if the stockholder proposes to nominate a director for election to the Company's Board, the procedures described under the caption Nomination Procedures herein relating to director nominations must be followed.



## EXECUTIVE OFFICERS OF THE COMPANY

Our executive officers hold office until the first meeting of the Board following the annual meeting of stockholders and until their successors are duly chosen and qualified, or until they resign or are removed from office in accordance with our By-laws.

Our executive officers and their ages and positions as of April 20, 2015 are as follows:

| Name                   | Age | Title  |
|------------------------|-----|--|
| Stanley C. Erck        | 66  | President and Chief Executive Officer and Director             |
| Barclay A. Phillips    | 52  | Senior Vice President, Chief Financial Officer and Treasurer   |
| Gregory M. Glenn, M.D. | 61  | Senior Vice President, Research and Development                |
| Timothy J. Hahn, Ph.D. | 51  | Senior Vice President, Global Manufacturing Operations         |
| John A. Herrmann III   | 49  | Senior Vice President, General Counsel and Corporate Secretary |
| John J. Trizzino       | 55  | Senior Vice President, Commercial Operations                   |
| Russell P. Wilson      | 55  | Senior Vice President, Business Development                    |

Set forth below is certain information regarding the professional experience of each of the above-named persons.

*Stanley C. Erck* has served as President and Chief Executive Officer since April 2011 and a Director since June 2009, and previously served as Executive Chairman from February 2010 to April 2011. From 2000 to 2008, Mr. Erck served as President and Chief Executive Officer of Iomai Corporation, a developer of vaccines and immune system therapies, which was acquired in 2008 by Intercell AG. He also previously held leadership positions at Procept, a publicly traded immunology company, Integrated Genetics, now part of Sanofi, and Baxter International. Mr. Erck also serves on the board of directors of BioCryst Pharmaceuticals and MaxCyte, Inc. Mr. Erck received a B.S. in Economics from the University of Illinois and a M.B.A. from the University of Chicago.

*Barclay A. Phillips* has served as Senior Vice President, Chief Financial Officer and Treasurer since June 2013. Prior to joining the Company, Mr. Phillips served as Senior Vice President and Chief Financial Officer of Micromet, Inc., which was acquired by Amgen in 2012. Previously, he was Managing Director of Vector Fund Management and a Biotechnology Analyst and Director of Venture Investments at Invesco Funds Group, Inc. Mr. Phillips received a B.A. in Economics from the University of Colorado at Boulder.

*Gregory M. Glenn, M.D.* has served as Senior Vice President, Research and Development since January 2014, and previously served as Senior Vice President, Chief Medical Officer from January 2011 to January 2014, and Senior Vice President and Chief Scientific Officer from July 2010 to January 2011. Prior to joining the Company, Dr. Glenn was the Chief Scientific Officer and founder of Iomai Corporation, which was acquired in 2008 by Intercell AG, an associate in international health at Johns Hopkins University's School of Public Health and a clinical and basic research scientist at Walter Reed Army Institute of Research. Dr. Glenn received a B.A. in Biology and Chemistry from Whitman College and a M.D. from Oral Roberts University School of Medicine. He also completed the Medical Research Fellowship at the Walter Reed Army Institute of Research.

*Timothy J. Hahn, Ph.D.* has served as Senior Vice President, Global Manufacturing Operations since April 2014 and, formerly, Senior Vice President, Manufacturing and Process Development from June 2011 to April 2014. Prior to joining the Company, Dr. Hahn was Vice President of Antibody Manufacturing and later Vice President of Vaccine Manufacturing at MedImmune, LLC, with responsibilities for both U.S. and non-U.S. manufacturing sites. Dr. Hahn spent more than 15 years in vaccine manufacturing with Merck & Co. Dr. Hahn received a B.S. in Chemical

Engineering from Lehigh University and a Ph.D. in Chemical Engineering from Stanford University.

*John A. Herrmann III* has served as Senior Vice President, General Counsel and Corporate Secretary since March 2014, and, formerly, Vice President, General Counsel and Corporate Secretary from March 2010 to March 2014. Prior to joining the Company, Mr. Herrmann was General Counsel at Ore Pharmaceuticals and Deputy General Counsel at Gene Logic before it became Ore Pharmaceuticals. Mr. Herrmann worked as

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Senior Counsel for Celera Genomics and prior to that was Senior Corporate Counsel at Baxter Healthcare in its Renal Division. Mr. Herrmann received a B.A. in Political Science and History from Brown University and a J.D. from the University of Illinois.

*John J. Trizzino* has served as Senior Vice President, Commercial Operations since March 2014. He previously served as the Company's Senior Vice President, Business Development from June 2010 to September 2011, and its Senior Vice President, International and Government Alliances from July 2009 to June 2010. Prior to joining the Company, Mr. Trizzino was the CEO of Immunovaccine from September 2011 to September 2013, the VP, Vaccine Franchise at Medimmune, LLC, the Senior Vice President, Business Development at ID Biomedical, and Vice President, Business Development in the Medical Group of Henry Schein, Inc. following his position as Vice President, General Manager of its GIV division. Mr. Trizzino received a B.S. from Long Island University, CW Post and a M.B.A. from New York University.

*Russell P. Wilson* has served as Senior Vice President, Business Development since November 2011. Mr. Wilson was most recently the Chief Financial Officer at Supernus Pharmaceuticals beginning in 2009. He was previously Senior Vice President, Chief Financial Officer and General Counsel of Iomai Corporation, which was acquired in 2008 by Intercell AG. He was the Acting General Counsel of North American Vaccine, Inc. until its acquisition by Baxter International in 2000. Mr. Wilson received a B.A. in History from Princeton University and received a M.B.A. and J.D. from the University of Virginia.

## **PROPOSAL NO. 1 ELECTION OF CLASS II DIRECTORS**

Pursuant to the Company's charter, the Board may consist of no fewer than three directors, with the specific number to be authorized by the Board from time to time at its discretion. The Board is presently authorized to consist of eight members, currently consisting of the following six individuals: Richard H. Douglas, Ph.D., Stanley C. Erck, Gary C. Evans, Michael A. McManus, Jr., J.D., Rajiv I. Modi, Ph.D., and James F. Young, Ph.D. The Board has not taken action to fill the vacancy resulting from the resignation of John O. Marsh, Jr. J.D effective June 12, 2014. The Board bestowed upon Mr. Marsh the honorary title of Director Emeritus.

The members of the Company's Board are divided into three classes, designated as Class I, Class II, and Class III, each serving staggered three-year terms. The term of the Class II director expires at the Annual Meeting. The terms of the Class I and Class III directors will expire at the 2017 and 2016 Annual Meetings of Stockholders, respectively. A director of any class who is elected by the Board 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, unless otherwise determined by a resolution of the Board. However, existing directors cannot move across classes and, therefore, the number of directors in each class may become temporarily imbalanced.

Two directors are to be elected at the Annual Meeting. After recommendation by the Nominating and Corporate Governance Committee, the Board has designated Dr. Douglas and Mr. Evans as nominees for election as Class II directors of the Company at the Annual Meeting.

If elected, each such nominee will serve until the expiration of his term at the 2018 Annual Meeting of Stockholders and until his successor is elected and qualified. Dr. Douglas and Mr. Evans have consented to being named in this Proxy Statement and to serve if elected. The Board has no reason to believe that Dr. Douglas and Mr. Evans 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 Annual Meeting. Accordingly, votes withheld and broker non-votes will not have any effect on the election of a director.

Information on the nominees follows:

## Nominees for Election as Class II Directors

Name, Age, and  
Year First Elected  
Director

Principal Occupation, Business Experience, Other Directorships or  
Significant Affiliations, and Qualifications

Richard H. Douglas,  
Ph.D.  
62  
2010

Former Senior Vice President Corporate Development, Genzyme Corporation. From 1989 to 2011, Dr. Douglas led Genzyme Corporation's Corporate Development team, and was involved in numerous acquisitions, licenses, financings, joint ventures, and strategic alliances. From 1982 until its merger with Genzyme Corporation in 1989, Dr. Douglas served in science and corporate development capacities at Integrated Genetics. Dr. Douglas was a postdoctoral fellow in Leroy Hood's laboratory at the California Institute of Technology. Dr. Douglas serves on the University of Michigan Technology Transfer National Advisory Board. Dr. Douglas received a Ph.D. from the University of California, Berkeley in biochemistry and a B.S. in chemistry from the University of Michigan. We believe that Dr. Douglas is well-suited to serve on our Board due to his significant business experience and scientific background.

Gary C. Evans  
57  
1998

Chairman of the Board and Chief Executive Officer of Magnum Hunter Resources Corporation, a NYSE Amex listed oil and gas company, since May 2009, and Chairman, President, Chief Executive Officer and Founder of GreenHunter Energy, Inc., a NYSE Amex listed alternative energy company, since 2007. Former Lead Independent Director of Novavax, Inc. from March 2007 until April 2011, and Chairman of the Board of Directors of Novavax, Inc. from April 2005 until March 2007. Mr. Evans was Chairman, President and Chief Executive Officer of Magnum Hunter Resources, Inc., a NYSE listed oil and gas exploration and production company, from 1995 to 2005, and Chairman and Chief Executive Officer of its predecessor, Hunter Resources, Inc., from 1985 to 1995. Mr. Evans is currently an Individual Trustee of TEL Offshore Trust, a publicly listed oil and gas trust and serves on the Board of the Maguire Energy Institute at Southern Methodist University. Mr. Evans is a serial entrepreneur, having founded, grown and provided successful exit strategies for several companies; in 2004 he was recognized by Ernst & Young as the Southwest Area 2004 Entrepreneur of the Year in the Energy Sector and was inducted into the World Hall of Fame for Ernst & Young Entrepreneurs. We believe that Mr. Evans is well-suited to serve on our Board due to his entrepreneurial experience in the development of several companies as well as his extensive leadership experience and his aptitude for reading and understanding financial statements.

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Information on the continuing directors follows:

## Directors Continuing as Class I Directors

| Name, Age, and<br>Year First Elected Director | Principal Occupation, Business Experience, Other Directorships or<br>Significant Affiliations, and Qualifications  |
|---|--|
| <p>Stanley C. Erck<br/>66<br/>2009</p>        | <p>President and Chief Executive Officer of Novavax, Inc., since April 2011. Former Executive Chairman of Novavax, Inc. from February 2010 until April 2011, and a Director since June 2009. From 2000 to 2008, Mr. Erck served as President, Chief Executive Officer and Director of Iomai Corporation, a vaccine development company, which was acquired in 2008 by Intercell. Prior to that, Mr. Erck previously held leadership positions at Procept, a publicly traded immunology company, Integrated Genetics, now known as Genzyme Corporation, and Baxter International. Mr. Erck serves as a member of the boards of BioCryst Pharmaceuticals and MaxCyte, Inc. We believe that Mr. Erck is well-suited to serve on our Board due to his leadership experience in the biotechnology industry, having held CEO positions for several companies, and his extensive experience of serving on other companies boards.</p> |
| <p>Rajiv I. Modi, Ph.D.<br/>54<br/>2009</p>   | <p>Managing Director of Cadila Pharmaceuticals, Ltd. ( Cadila ), a company organized in India, since 1995. Dr. Modi was elected to the Board based upon his relationship with the Company s largest stockholder at the time. As of April 20, 2015, Satellite Overseas (Holdings) Limited, a subsidiary of Cadila, holds approximately [ ]% of the Company s outstanding Common Stock. Dr. Modi serves as a member of the boards of other Cadila group companies. We believe that Dr. Modi is well-suited to serve on our Board due to his extensive leadership experience, as well as technical expertise in the development and manufacturing of pharmaceutical products. He also brings broad experience in international joint ventures and pharmaceutical sales.</p>   |

## Directors Continuing as Class III Directors

| Name, Age, and<br>Year First Elected Director        | Principal Occupation, Business Experience, Other Directorships or<br>Significant Affiliations, and Qualifications  |
|--|--|
| <p>Michael A. McManus, Jr., J.D.<br/>72<br/>1998</p> | <p>President and Chief Executive Officer of Misonix, Inc., a medical device company, since October 1998. Mr. McManus served as President, Chief Executive Officer and Director of New York Bancorp Inc. from 1991 through March 1998. He also served as President and Chief Executive Officer of Home Federal Savings Bank, the principal subsidiary of New York Bancorp Inc., from February 1995 through March 1998. From 1990 through November 1991, Mr. McManus was President and Chief Executive Officer of Jamcor Pharmaceuticals Inc. Mr. McManus served as an Assistant to the President of the United States from 1982 to 1985 and held positions with Pfizer Inc. and Revlon Group. Mr. McManus</p> |

served in the U.S. Army Infantry from 1968 through 1970. Mr. McManus serves as a member of the board of directors of A. Schulman Inc. Mr. McManus is a recipient of the Ellis Island Medal of Honor. Mr. McManus received a B.A. in economics from the University of Notre Dame and a J.D. from the Georgetown University Law Center. We believe that Mr. McManus is well-suited to serve on our Board due to his successful growth and development of businesses and products and, as chief executive officer of two public companies, his significant experience in governance, legal, and risk management, and reading and understanding financial statements.

Name, Age, and  
Year First Elected Director

James F. Young, Ph.D.  
62  
2010

Principal Occupation, Business Experience, Other Directorships or Significant Affiliations, and Qualifications  
Former President, Research and Development, MedImmune, Inc. Dr. Young has been Chairman of the Board since April 2011 and a Director of Novavax, Inc. since April 2010. Dr. Young held the position of President, Research and Development, at MedImmune, Inc. from 2000 until 2008 and previously served as Executive Vice President, Research and Development from 1999 to 2000, Senior Vice President from 1995 to 1999, and as Senior Vice President, Research and Development from 1989 to 1995. Dr. Young currently sits on the board of directors of 3-V Biosciences, Inc., a privately-held biopharmaceutical company developing novel antiviral therapeutics, and is the chairman of the board of MicroCoal Technologies Inc., a company developing clean-coal technology. We believe that Dr. Young is well-suited to serve on our Board due to his over 30 years of experience in the fields of molecular genetics, microbiology, immunology, and pharmaceutical development. In addition, Dr. Young brings extensive scientific background and experiences, particularly in the areas of vaccine research and development.

**FOR PROPOSAL 1, THE BOARD RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE ELECTION OF THE NOMINEES.**



**PROPOSAL NO. 2**  
**APPROVAL OF THE COMPANY'S AMENDED CHARTER**  
**WHICH INCREASES**  
**THE TOTAL NUMBER OF SHARES OF ITS COMMON**  
**STOCK THAT THE COMPANY IS**  
**AUTHORIZED TO ISSUE FROM 300,000,000 SHARES**  
**TO 600,000,000 SHARES.**

Stockholders are being asked to approve the Amended Charter, which increases the number of authorized shares of Common Stock from three hundred million (300,000,000) shares to six hundred million (600,000,000) shares. On March 5, 2015, the Board approved the Amended Charter, subject to stockholder approval, and directed that this Amended Charter be submitted to a vote of the Company's stockholders at this Annual Meeting. The Board has determined that the Amended Charter is in the best interests of the Company and its stockholders and recommends approval by the stockholders.

The current Amended and Restated Certificate of Incorporation, as amended (the "Current Charter") authorizes the issuance of up to 300,000,000 shares of Common Stock, each with a par value of \$0.01 per share. As of the close of business on April 20, 2015, [ ] shares of Common Stock were outstanding. In addition, as of the close of business on April 20, 2015, the Company had [ ] shares of Common Stock subject to outstanding stock options granted under the 2005 Stock Plan, [ ] shares of Common Stock subject to outstanding stock options granted under the 2015 Stock Plan (subject to approval by the Company's stockholders of the 2015 Stock Plan and the Amended Charter) and [ ] shares reserved for issuance pursuant to the Company's Employee Stock Purchase Plan ("ESPP"). This means that as of April 20, 2015, the Company had just [ ] shares of Common Stock available for corporate purposes, including, among other things, the issuance of stock options and stock splits by way of dividend. The Current Charter also authorizes the issuance of 2,000,000 shares of preferred stock, none of which are currently issued or outstanding. The Amended Charter will not increase or otherwise affect the Company's authorized preferred stock or otherwise affect any other provisions of the Current Charter.

### **Purpose of the Amended Charter**

The Board believes it is in the best interest of the Company to increase the number of authorized shares of Common Stock in order to give the Company greater flexibility in considering and planning for future potential business needs.

With the exception of the Company's routine practice of granting stock options to employees and, in certain instances, its consultants, the Company has no current commitment, arrangement, understanding, or agreement regarding the issuance of the additional shares of Common Stock resulting from the proposed increase in authorized shares. The additional shares of Common Stock will be available for issuance by the Board for various corporate purposes, including but not limited to, grants under employee stock plans, financings, potential strategic transactions, including mergers, acquisitions, strategic partnerships, joint ventures, divestitures, business combinations, stock splits, stock dividends, as well as other general corporate transactions.

Having this additional authorized Common Stock available for future use will allow the Company to issue additional

shares of Common Stock without the expense and delay of arranging a special meeting of stockholders.

## **Possible Effects of the Amended Charter and Additional Anti-takeover Consideration**

If the Amended Charter is approved, the additional authorized shares would be available for issuance at the discretion of the Board and without further stockholder approval, except as may be required by law or the rules of the NASDAQ.

The additional shares of authorized Common Stock would have the same rights and privileges as the shares of Common Stock currently issued and outstanding. The adoption of the Amended Charter would not have any immediate dilutive effect on the proportionate voting power or other rights of existing stockholders. Shares of

Common Stock issued otherwise than for a stock split may decrease existing stockholders' percentage equity ownership and, depending on the price at which they are issued, could be dilutive to the voting rights of existing stockholders and have a negative effect on the market price of the Common Stock. The Common Stock carries no preemptive rights to purchase additional shares of Common Stock.

The Company cannot provide assurances that any such transactions will be consummated on favorable terms or at all, that they will enhance stockholder value or that they will not adversely affect the Company's business or the trading price of our stock.

The Company has not proposed the increase in the number of authorized shares of Common Stock with the intention of using the additional authorized shares for anti-takeover purposes, but the Company would be able to use the additional shares to oppose a hostile takeover attempt or delay or prevent changes in control or management of the Company. For example, without further stockholder approval, the Board could sell shares of Common Stock in a private transaction to purchasers who would oppose a takeover or favor the current Board. Although this proposal to increase the authorized number of shares of Common Stock has been prompted by business and financial considerations and not by the threat of any known or threatened hostile takeover attempt, stockholders should be aware that approval of this proposal could facilitate future efforts by the Company to oppose changes in control of the Company and perpetuate the Company's management, including transactions in which the stockholders might otherwise receive a premium for their shares over then current market prices.

If the Company's stockholders approve the Amended Charter, the Board will have authority to file with the Secretary of State of Delaware the Amended Charter. The Amended Charter will become effective on the date it is filed. The Board reserves the right to abandon or delay the filing of the Amended Charter even if it is approved by our stockholders. The Amended Charter, which differs from the Current Charter only with respect to the number of authorized shares of Common Stock, is attached to this proxy statement as Appendix A. To illustrate the proposed amendments on Appendix A, language that is struck through is proposed to be deleted from the Current Charter, and language that is underlined is proposed to be added to the Current Charter.

Neither Delaware law, the Company's Amended Charter, nor the Company's By-laws provides for appraisal or other similar rights for dissenting stockholders in connection with this proposal. Accordingly, the Company's stockholders will have no right to dissent and obtain payment for their shares.

The affirmative vote of a majority of the outstanding shares of Common Stock is required to approve the Amended Charter. Accordingly, abstentions and broker non-votes will have the effect of a negative vote

**FOR PROPOSAL NO. 2, THE BOARD RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE AMENDED CHARTER AS SET FORTH HEREIN WHICH INCREASES THE TOTAL NUMBER OF SHARES OF ITS COMMON STOCK THAT THE COMPANY IS AUTHORIZED TO ISSUE FROM 300,000,000 SHARES TO 600,000,000 SHARES.**

# PROPOSAL NO. 3

## APPROVAL OF AN AMENDMENT TO THE COMPANY'S BY-LAWS TO INCLUDE A FORUM SELECTION CLAUSE.

Our Board has deemed it advisable and in the best interests of the Company to amend the By-Laws, subject to stockholder approval, to add a provision making the State of Delaware the exclusive forum for certain disputes. The Board also resolved to submit to stockholders, and to recommend that stockholders approve, a proposal to add such a provision to the By-Laws.

Under the proposed amendment, a new Section 5.9 will be added to the By-laws that will restrict the following disputes to the forum of the courts of the State of Delaware: (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or the Amended Charter or the By-Laws, (iv) any action to interpret, apply, enforce or determine the validity of the Amended Charter or the By-Laws or (v) any action asserting a claim governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware, or, if the Court of Chancery of the State of Delaware does not have jurisdiction, the Superior Court of the State of Delaware.

Our Board supports this amendment to the By-Laws because it will assist the Company in avoiding multiple lawsuits in multiple jurisdictions regarding the same matter. Requiring such claims to be brought in a single forum will help ensure consistent consideration of the issues by courts with expertise in the applicable laws, and will promote efficiency and costs-savings in the resolution of such claims; all to the benefit of the Company's stockholders. Our Board believes the courts of the State of Delaware are best suited to address disputes given the Company's incorporation in Delaware and the Delaware courts' reputation for expertise in corporate law matters. The Board also believes that the courts of the State of Delaware have deep experience and expertise when resolving disputes involving complex corporate issues.

The full text of the amendment is:

**5.9. Forum for Adjudication of Disputes.** Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or the Certificate of Incorporation or these By-laws, (iv) any action to interpret, apply, enforce or determine the validity of the Certificate of Incorporation or these By-laws or (v) any action asserting a claim governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware, or, if the Court of Chancery of the State of Delaware does not have jurisdiction, the Superior Court of the State of Delaware (each, a Covered Action). Any person purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be (i) deemed to have notice of and consented to the provisions of this Section 5.9, and (ii) deemed to have waived any argument relating to the inconvenience of the forums referenced above in connection with any action or proceeding described in this Section 5.9.

If any Covered Action is filed in a court other than the Court of Chancery of the State of Delaware or the Superior

Court of the State of Delaware (a Foreign Action ) in the name of any stockholder, such stockholder shall be deemed to have consented to (i) the personal jurisdiction of the Court of Chancery of the State of Delaware and the Superior Court of the State of Delaware in connection with any action brought in any such courts to enforce the first paragraph of this Section 5.9 (an Enforcement Action ) and (ii) having service of process made upon such stockholder in any such Enforcement Action by service upon such stockholder s counsel in the Foreign Action as agent for such stockholder. Furthermore, except to the extent prohibited by any provision of the Delaware General Corporation Law or the Certificate of Incorporation, in the event that any stockholder shall initiate or assert a Foreign Action without the written consent of the Corporation, then each such stockholder shall be obligated jointly and severally to reimburse the Corporation and any officer or director of the Corporation made a party to such proceeding for all fees, costs and expenses of every kind and description (including, but not limited to, all reasonable attorneys fees and other litigation

expenses) that the parties may incur in connection with any successful motion to dismiss, stay or transfer such Foreign Action based upon non-compliance with this Section 5.9.

If any provision or provisions of this Section 5.9 shall be held to be invalid, illegal or unenforceable as applied to any person or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provision(s) in any other circumstance and of the remaining provisions of this Section 5.9 (including, without limitation, each portion of any sentence of this Section 5.9 containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons and circumstances shall not in any way be affected or impaired thereby.

**FOR PROPOSAL NO. 3, THE BOARD RECOMMENDS THAT STOCKHOLDERS  
VOTE FOR THE AMENDMENT TO THE BY-LAWS AS SET FORTH HEREIN TO INCLUDE  
A FORUM SELECTION CLAUSE.**

## PROPOSAL NO. 4

# APPROVAL OF THE NOVAVAX, INC. 2015 STOCK INCENTIVE PLAN

At the Annual Meeting, stockholders will be asked to approve the adoption of the 2015 Stock Incentive Plan (the 2015 Stock Plan ), including the shares of Common Stock reserved for issuance under the 2015 Stock Plan and the material terms of certain performance awards granted under the 2015 Stock Plan. Our current equity plan, our Amended and Restated 2005 Stock Incentive Plan (the 2005 Stock Plan ), was originally adopted by the Board on February 24, 2005 and approved by our stockholders on May 4, 2005, with amendments thereto approved by stockholders on June 20, 2007, June 15, 2011, June 11, 2012, June 13, 2013, and June 12, 2014. Our 2005 Stock Plan expired on February 23, 2015 and, therefore, we are no longer able to grant awards under the 2005 Stock Plan. In order to enable the Company to grant equity awards, on March 5, 2015, the Board adopted the 2015 Stock Plan, which will become effective upon receiving stockholder approval at this Annual Meeting.

The Board believes that equity grants are an essential element of the Company's compensation program. Stockholder approval of the 2015 Stock Plan would allow us to continue to attract and retain high quality and high performing directors, executives and other employees with equity incentives. Based upon its review and consideration of:

the Company's historic rates of equity award issuances;  
the dilutive impact to stockholders;  
equity plan guidelines established by certain institutional investors and proxy advisory firms; and  
advice provided by LCG Group Compensation & HR Consulting ( LCG ), the Compensation Committee's independent consultant,  
the Board approved the 2015 Stock Plan and the shares of Common Stock authorized for issuance under it.

The Board believes that the 2015 Stock Plan will promote the interests of our stockholders and is consistent with principals of good corporate governance including:

*Independent Committee:* The 2015 Stock Plan will be administered by the Compensation Committee and its authorized delegates. The Compensation Committee is composed entirely of independent directors who meet the NASDAQ Global Select Market ( NASDAQ ) standards for independence and who meet the definitions of "outside directors" for purposes Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code ) and "non-employee directors" under Rule 16b-3(b)(3) of the Exchange Act.

*Shareholder approval is required for additional shares.* The 2015 Stock Plan does not contain an annual "evergreen" provision. The 2015 Stock Plan authorizes a fixed number of shares and, as such, shareholder approval is required to issue any additional shares under awards under the plan. This gives our stockholders the opportunity to provide direct input on our equity compensation programs.

*Limits on awards.* The 2015 Stock Plan limits the number of shares of Common Stock that may be awarded through stock options, stock appreciation rights ( SARs ) and other awards that may be granted to any person in any calendar year and contains a separate limit that applies to awards granted to our non-employee directors.

*No discounted stock options or SARs.* All stock options and SARs under the 2015 Stock Plan must have an exercise price or base value that is not less than the fair market value of a share of Common Stock on the date of grant.

*Performance awards.* Under the 2015 Stock Plan, the Compensation Committee may grant performance-based awards, including awards that are intended to satisfy the requirements of the exception for qualified performance-based compensation under Section 162(m) of the Code ( Section 162(m) ).





*No repricing.* Other than in connection with a corporate transaction affecting the Company, the 2015 Stock Plan prohibits any repricing of stock options or SARs without obtaining stockholder approval in accordance with NASDAQ requirements.

*Awards subject to recoupment.* Awards under the 2015 Stock Plan are subject to recoupment in accordance with any applicable Company clawback or recoupment policy that may be adopted by the Company or as otherwise required by law or applicable listing standards.

*No liberal share recycling.* Shares retained or withheld by or delivered to the Company to satisfy the purchase or exercise price of (or withholding taxes applicable to) an award and the total number of shares subject to a SAR any portion of which is settled in shares reduce the number of shares available for issuance under the 2015 Stock Plan. In addition, the number of shares available for delivery under the 2015 Stock Plan will not be increased by any shares that have been delivered under the 2015 Stock Plan that are subsequently repurchased using proceeds directly attributable to stock option exercises.

## Background Information on Proposed Share Pool

If the 2015 Stock Plan is approved, a total of 25,000,000 shares of Common Stock will be available for awards under the 2015 Stock Plan (the Proposed Share Pool ) which includes 4,620,369 shares of Common Stock that were available for issuance under our 2005 Stock Plan immediately prior to its expiration on February 23, 2015. In determining the size of the Proposed Share Pool, our Board considered the importance of equity awards in our compensation program, our historic rates of equity award issuances (commonly referred to as our burn rate ) and the potential dilutive effect to our stockholders. The following discussion provides information on the shares subject to outstanding awards under our 2005 Stock Plan as of the date our Board adopted the 2015 Stock Plan, and on the Proposed Share Pool. This information is intended to provide stockholders with additional context for evaluating the Proposed Share Pool.

## Fiscal 2014 Equity Grants

Since its adoption in 2005, we have granted equity awards only under our 2005 Stock Plan. In fiscal 2014, the Company granted stock options under the 2005 Stock Plan covering a total of 6,418,000 shares and restricted stock covering a total of 15,000 shares. Our fiscal year 2014 burn rate was determined to be 2.8%.

## Potential Dilution

The following table provides information regarding the number of shares subject to each type of outstanding award under our 2005 Stock Plan, the number of shares under the Proposed Share Pool and the dilutive impact of each to our stockholders as of March 5, 2015.

|  | Number<br>of shares | As a<br>percentage<br>of stock<br>outstanding<br>on<br>a fully<br>diluted<br>basis |   |
|--|---------------------|--|---|
| Outstanding stock options  | 16,530,711          | 6.5  | % |
| Outstanding restricted stock   | 15,000              | 0.0  | % |
| Total shares subject to outstanding awards under the 2005 Stock Plan | 16,545,711          | 6.5  | % |
| Proposed Share Pool for future awards under the 2015 Stock Plan      | 25,000,000          | 8.9  | % |

Total 41,545,711 14.8 %

As indicated by the numbers in the table above, as of March 5, 2015, the date our Board adopted the 2015 Stock Plan, the potential dilution under our 2005 Stock Plan was 6.5%. If the 2015 Stock Plan is approved, our potential dilution will be 14.8%.

## Reasons for Seeking Stockholder Approval

Our Board believes that the ability to grant equity compensation has been, and will continue to be, essential to the Company's ability to attract and retain the highest quality and highest performing employees and directors. Our Board also believes that equity compensation motivates our employees, including our executive officers, and our directors to contribute to the achievement of our corporate objectives and encourages the alignment of their interests with the interests of our stockholders. After a review of its routine historical practice and an estimation of the Company's future growth, the Company believes that the availability of 25,000,000 shares of Common Stock under the Proposed Share Pool would provide a sufficient number of shares to enable the Company to continue to make awards at historical average annual rates for the next three (3) years. The Compensation Committee determined that reserving shares sufficient for approximately three (3) years of new awards at historical grant rates is in line with the practice of our peer public companies.

In addition, approval of the 2015 Stock Plan by our stockholders would preserve our ability to grant stock options, stock appreciation rights and performance-based stock awards under the 2015 Stock Plan that may qualify as "qualified performance-based compensation" within the meaning of Section 162(m). Section 162(m) disallows a deduction to any publicly held corporation and its affiliates for certain compensation paid to "covered employees" in a taxable year to the extent that compensation to a covered employee exceeds \$1 million. However, compensation that satisfies the requirements of an exception for "qualified performance-based compensation" is not subject to this deduction limitation. For compensation awarded under a plan to fit within this exception under Section 162(m), among other things, the following terms must be disclosed to and approved by the stockholders before the compensation is paid: (i) a description of the employees eligible to receive such awards; (ii) a per-person limit on the number of shares subject to stock options, stock appreciation rights and performance-based stock awards that may be granted to any employee under the plan in any year; and (iii) a description of the business criteria underlying the performance goals on the basis of which performance-based awards may be granted (or become vested or exercisable). Although stockholder approval is one of the requirements of the exception to the deductibility limits under Section 162(m), even with stockholder approval, the Board and Compensation Committee cannot guarantee that awards under the 2015 Stock Plan will be deductible as qualified performance-based compensation under Section 162(m). In addition, the Compensation Committee has and will continue to have authority to pay or provide compensation (including under the 2015 Stock Plan, if approved by stockholders) that is not deductible under Section 162(m) in order to maintain a competitive compensation program and provide compensation that will attract and retain highly qualified executives.

## Summary of the 2015 Stock Plan

The following summary describes the material terms of the 2015 Stock Plan. This summary of the 2015 Stock Plan is not a complete description of all provisions of the 2015 Stock Plan and is qualified in its entirety by reference to the 2015 Stock Plan, which is filed as an appendix to this Proxy Statement.

*Purpose; Term.* The purpose of the 2015 Stock Plan is to secure for the Company and its stockholders the benefits arising from capital stock ownership by employees, officers, and directors of, as well as consultants and advisors to, the Company, its parents and its subsidiaries. Unless sooner terminated in accordance with its terms, the 2015 Stock Plan will terminate upon the close of business on March 4, 2025.

*Administration.* The 2015 Stock Plan is administered by the Compensation Committee and its authorized delegates. Subject to the terms of the 2015 Stock Plan, the Compensation Committee has the following authority: to determine the individuals to whom, and the time or times at which, awards are made, the number of shares of Common Stock subject to each award, and the terms of all awards and all award agreements; to construe the plan and the award agreements under the plan; to prescribe the forms, rules and procedures relating to the plan; to accelerate the time at

which awards may become vested or exercisable; to determine the form of settlement of awards (whether in cash, shares of Common Stock, or other property); and to make all other determinations and take all other actions that are, in the Compensation Committee's judgment, necessary or desirable for the administration of the 2015 Stock Plan. The Compensation Committee's construction and interpretation of the terms and provisions of the 2015 Stock Plan and any award agreement are final and conclusive.

*Shares Reserved.* Subject to adjustment as described below, the number of shares of Common Stock reserved for issuance under the 2015 Stock Plan is 25,000,000 shares (which includes 4,620,369 shares that were available under the 2005 Stock Plan immediately prior to its expiration on February 23, 2015). Shares of Common Stock underlying any award made under the 2015 Stock Plan to the extent the award expires, terminates or is forfeited, in whole or in part, without the issuance of shares will become available for issuance again under the 2015 Stock Plan. Shares of Common Stock that are retained or withheld by or delivered to the Company to satisfy any purchase or exercise price or tax withholding obligation, and the total number of shares of Common Stock subject to a SAR any portion of which is settled in shares of Common Stock will be treated as issued under the 2015 Stock Plan. The shares available for issuance under the 2015 Stock Plan will not be increased by any shares that have been delivered under the 2015 Stock Plan that are subsequently repurchased using the proceeds directly attributable to stock option exercises.

*Maximum Number of Shares Available under ISOs.* The maximum aggregate number of shares that may be issued under the 2015 Stock Plan upon the exercise of ISOs is 25,000,000.

*Individual Limits.* The maximum number of shares of Common Stock subject to stock options and the maximum number of shares of Common Stock subject to SARs that may be granted to any person in any calendar year is, in each case, 2,000,000 shares. The maximum number of shares subject to other awards that may be granted to any person in any calendar year is 1,000,000 shares.

*Non-Employee Director Limits.* A participant in the 2015 Stock Plan who is a non-employee member of our Board may not receive awards under the 2015 Stock Plan in any calendar year in excess of the greater of an aggregate of 750,000 shares of Common Stock. This limit does not apply to any award or shares of Common Stock granted pursuant to a director's election to receive shares of Common Stock in lieu of cash fees.

*Eligible Participants.* The Compensation Committee may select recipients of awards from among key employees, officers, or directors of, or consultants or advisors to the Company and its parents and subsidiaries who are expected to contribute to the Company's future growth and success. Eligibility for stock options intended to be incentive stock options within the meaning of Section 422 of the Code is limited to employees of the Company or its parents and subsidiaries, in accordance with Section 422 of the Code. As of April 16, 2015, 329 employees, two consultants, and four directors are eligible to participate in the 2015 Stock Plan.

*Awards.* The 2015 Stock Plan provides for grants of stock options, restricted stock, unrestricted stock, SARs, stock units, restricted stock units, and performance awards. Dividend equivalents may also be provided in connection with awards under the 2015 Stock Plan.

*Restricted and Unrestricted Stock.* A restricted stock award is an award of stock subject to forfeiture restrictions, while an unrestricted stock award is not subject to restrictions.

*Stock Options and SARs.* The 2015 Stock Plan provides for the grant of incentive stock options, non-statutory stock options and SARs. Stock options entitle the holder to acquire shares of Common Stock upon payment of the exercise price. A SAR is a right entitling the holder upon exercise to receive an amount (payable in cash or in shares of Common Stock of equivalent value) equal to the excess of the fair market value of the shares of Common Stock subject to the SAR over the base value from which appreciation under the SAR is to be measured. The exercise price of a stock option, and the base value against which a SAR is to be measured, may not be less than the fair market value (or, in the case of an incentive stock option granted to a ten percent stockholder, 110% of the fair market value) of a share of Common Stock on the date of grant. The Compensation Committee will determine when stock options or SARs become exercisable and the terms on which such awards remain exercisable. Stock options and SARs will generally have a maximum term of ten years (or, in the case of an incentive stock option granted to a ten percent stockholder, five years); however, in general, if (i) a participant holds an outstanding but unexercised stock option or SAR on the date that is ten years from the date of grant (or, in the case of a stock option or SAR with a maximum

term of less than ten years, the last day of such maximum term) and has not exercised such stock option or SAR as of the regular closing time of the exchange on which the

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Common Stock is traded on the last day of the applicable term of the stock option or SAR, (ii) on such date the Common Stock is publicly traded, and (iii) at such time the fair market value of a share of Common Stock is greater than the exercise price or base value applicable to such stock option or SAR, such stock option or SAR to the extent then vested and exercisable will be automatically exercised on the last day of the applicable term and the number of shares of Common Stock otherwise to be delivered upon exercise of the stock option or SAR will be reduced by, in the case of a stock option, a number of shares having a fair market value equal to the aggregate exercise price of the stock option being exercised and, in the case of a stock option or SAR, a number of shares having a fair market value equal to the amount necessary to satisfy any applicable tax withholding obligation (but not in excess of the minimum tax withholding required by law).

*Stock Units.* A stock unit award is denominated in shares of Common Stock and entitles the recipient to receive stock or cash measured by the value of the shares in the future. The delivery of Common Stock or cash under a stock unit may be subject to the satisfaction of performance or other vesting conditions.

*Performance Awards.* A performance award is an award of a stock option, SAR, restricted stock, or restricted stock unit the vesting, settlement or exercisability of which is subject to specified performance criteria.

*Termination of Employment or Service.* The Compensation Committee determines the effect of the termination of employment or service on an award. Unless otherwise provided by the Compensation Committee, upon a termination of employment or service, all unvested stock options and SARs will terminate, all other unvested awards will be forfeited, and vested stock options and SARs then held by the participant will remain exercisable for a period of three months, or twelve months in the case of death or disability, following such termination of employment or, in each case, until the applicable expiration date, if earlier. All stock options and SARs held by a participant, whether vested or unvested, immediately prior to the participant's termination of employment or service will terminate if such termination is for cause.

*Performance Criteria.* The 2015 Stock Plan provides that grants of performance awards may be made based upon and subject to achieving performance objectives over a specified performance period. Performance criteria for awards that are intended to qualify for the performance-based compensation exception under Section 162(m) are limited to an objectively determinable measure or measures of performance relating to any or any combination of the following (measured either absolutely or by reference to an index or indices and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof): sales; revenue; assets; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation, amortization or equity expense, whether or not on a continuing operations or an aggregate or per share basis; return on equity, investment, capital, capital employed or assets; one or more operating ratios; operating income or profit, including on an after-tax basis; net income; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; stock price; stockholder return; sales of particular products or services; customer acquisition or retention; acquisitions and divestitures (in whole or in part); joint ventures, strategic alliances, licenses or collaborations; spin-offs, split-ups and the like; reorganizations; recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings; manufacturing or process development; or achievement of clinical trial or research objectives, regulatory or other filings or approvals or other product development milestones. A performance criterion and any targets with respect thereto determined by the Compensation Committee need not be based upon an increase, a positive or improved result or avoidance of loss.

To the extent consistent with the requirements for satisfying the performance-based compensation exception under Section 162(m), the Compensation Committee may provide in the case of any award intended to qualify for such exception that one or more of the performance objectives applicable to the award will be adjusted in an objectively determinable manner to reflect events (for example, the impact of charges for restructurings, discontinued operations, mergers, acquisitions, extraordinary items, and other unusual or non-recurring items, and the cumulative effects of tax or accounting changes, each as defined by U.S. generally accepted accounting principles) occurring during the performance period that affect the applicable performance objectives.





*Non-transferability of Awards.* In general, awards under the 2015 Stock Plan may not be transferred except by will or the laws of descent and distribution, unless, in the case of awards other than incentive stock options, expressly permitted in the agreement evidencing the award. Awards other than incentive stock options may be transferred pursuant to a domestic relations order (within the meaning of Rule 16a-12 of the Exchange Act).

*Recovery of Compensation.* The Compensation Committee may cancel, rescind, withhold or otherwise limit or restrict any award at any time under the 2015 Stock Plan if the participant is not in compliance with the provisions of the 2015 Stock Plan or the award or if the participant breaches any agreement with the Company with respect to non-competition, non-solicitation or confidentiality. The Compensation Committee also may recover any award or payments or gain in respect of any award under the 2015 Stock Plan in accordance with any applicable Company clawback or recoupment policy, as such policy may be in effect from time to time, or as otherwise required by applicable law or applicable stock exchange listing standards.

*Adjustment Provisions.* If the outstanding shares of Common Stock are exchanged for a different number or kind of shares or other securities of the Company or increased or decreased as a result of any recapitalization, reclassification, stock dividend, stock split or reverse stock split, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Common Stock or other securities, an appropriate and proportionate adjustment will be made to (a) the maximum number and kind of shares reserved for issuance under the 2015 Stock Plan, (b) the maximum number of shares that can be issued upon exercise of incentive stock options under the 2015 Stock Plan, (c) the limitations on the number of shares of Common Stock that may be delivered through awards granted to any person in any calendar year and the limitations on awards granted to our non-employee directors, (d) the number and kind of shares or other securities subject to any then outstanding awards under the 2015 Stock Plan, and (e) the exercise or purchase prices (or base values) relating to awards and any other provision of awards affected by such change, without (in the case of stock options or SARs) changing the aggregate exercise price (or base values) for such awards.

*Change in Control.* In the event of a corporate transaction (as defined in the 2015 Stock Plan), the Compensation Committee may provide for any one or more of the following actions: the continuation, assumption or substitution of outstanding awards by the acquiring or succeeding corporation (or an affiliate thereof), the cash-out of outstanding awards, the accelerated vesting or delivery of shares under awards, or the termination of awards that are not exercised prior to the consummation of the transaction. Except as the Compensation Committee may otherwise provide in any case, all awards will terminate automatically or, in the case of restricted stock, will be forfeited automatically upon the consummation of a covered transaction other than awards that are assumed by the acquiring or succeeding corporation. In general, a corporate transaction under the 2015 Stock Plan means consolidation, merger, combination or reorganization of the Company, the sale, lease or other disposition of all or substantially all of the assets of the Company, a transaction or series of related transactions involving a person or entity, or a group of affiliated persons or entities in which such persons or entities 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, or a dissolution or liquidation of the Company.

The Compensation Committee may also provide for accelerated vesting or exercisability of awards upon the occurrence of a change in the incumbent board, which, in general, will be deemed to occur if the existing members of the Board on the date the 2015 Stock Plan is adopted by the Board (or existing members of the Board on a later date whose appointment, election or nomination for election was endorsed by the incumbent board) cease to constitute at least a majority of the members of the Board.

*Prohibition on Repricing.* Except in connection with certain corporate transactions involving the Company, the Company may not, without obtaining stockholder approval, amend the terms of outstanding stock options or SARs to reduce the exercise price or base value of such awards, cancel outstanding stock options or SARs in exchange for stock options or SARs with an exercise price or base value that is less than the exercise price or base value applicable

to the original award, or cancel outstanding stock options or SARs that have an exercise price or base value greater than the fair market value of a share of Common Stock on the date of such cancellation in exchange for cash or other consideration.

*Plan Amendments and Termination.* The Board may at any time, and from time to time, modify or amend the 2015 Stock Plan in any respect, except that any such modification or amendment will be subject to stockholder approval to the extent required by applicable tax or securities laws or stock exchange listing requirements and no such modification or amendment may adversely affect the rights under an award previously granted to a participant without such participant's consent. The Compensation Committee may amend outstanding award agreements only with the consent of the affected participant, except that the Administrator, without the consent of the affected participant, may amend or modify the terms and provisions of the 2015 Stock Plan and of any outstanding incentive stock options granted under the 2015 Stock Plan to the extent necessary to qualify any or all such stock options as incentive stock options or to the extent necessary to ensure the qualification of the 2015 Stock Plan under Rule 16b-3 (if then applicable) or compliance with, or exemption from, Section 409A of the Code.

The Board may at any time suspend or terminate the 2015 Stock Plan except that any such suspension or termination may not adversely affect the rights under an award previously granted to a participant while the 2015 Stock Plan is in effect without the consent of the affected participant.

## **Federal Income Tax Consequences**

The following is a summary of some of the material federal income tax consequences associated with the grant and exercise of awards under the 2015 Stock Plan under current federal tax laws and certain other tax considerations associated with awards under the 2015 Stock Plan. The summary does not address tax rates or non-U.S., state, or local tax consequences, nor does it address employment-tax or other federal tax consequences except as noted.

*Restricted Stock.* A participant who is awarded or purchases shares subject to a substantial risk of forfeiture generally does not have income until the risk of forfeiture lapses. When the risk of forfeiture lapses, the participant has ordinary income equal to the excess of the fair market value of the shares at that time over the purchase price, if any, and a corresponding deduction is generally available to the Company. However, a participant may make an election under Section 83(b) of the Code to be taxed on restricted stock when it is acquired rather than later, when the substantial risk of forfeiture lapses. An 83(b) election must be made not later than thirty (30) days after the transfer of the shares to the participant and must satisfy certain other requirements. A participant who makes an effective 83(b) election will realize ordinary income equal to the fair market value of the shares as of the time of acquisition less any price paid for the shares. A corresponding deduction will generally be available to the Company. Fair market value for this purpose is determined without regard to the forfeiture restrictions. If a participant makes an effective 83(b) election, no additional income results by reason of the lapsing of the restrictions.

For purposes of determining capital gain or loss on a sale of shares awarded under the 2015 Stock Plan, the holding period in the shares begins when the participant realizes taxable income with respect to the transfer. The participant's tax basis in the shares equals the amount paid for the shares plus any income realized with respect to the transfer. However, if a participant makes an effective 83(b) election and later forfeits the shares, the tax loss realized as a result of the forfeiture is limited to the excess of what the participant paid for the shares (if anything) over the amount (if any) realized in connection with the forfeiture.

*Incentive Stock Options.* In general, a participant realizes no taxable income upon the grant or exercise of an incentive stock option. However, the exercise of an incentive stock option may result in an alternative minimum tax liability to the participant. With some exceptions, a disposition of shares purchased under an incentive stock option within two years from the date of grant or within one year after exercise produces ordinary income to the participant (and generally a deduction to the Company) equal to the value of the shares at the time of exercise less the exercise price. Any additional gain recognized on the disposition is treated as a capital gain, for which the Company is not entitled to a deduction. If the participant does not dispose of the shares until after the expiration of these one and two-year

holding periods, any gain or loss recognized upon a subsequent sale is treated as a long-term capital gain or loss, for which the Company is not entitled to a deduction.

*Non-statutory stock options.* In general, a participant has no taxable income upon the grant of a non-statutory stock option but realizes income in connection with exercise of the option in an amount equal to the excess (at time of exercise) of the fair market value of the shares acquired upon exercise over the exercise

price. A corresponding deduction is generally available to the Company. Upon a subsequent sale or exchange of the shares, any recognized gain or loss is treated as a capital gain or loss for which the Company is not entitled to a deduction. An incentive stock option that is exercised more than three months after termination of employment (other than termination by reason of death) is generally treated as a non-statutory stock option. Incentive stock options are also treated as non-statutory stock options to the extent they first become exercisable by an individual in any calendar year for shares having a fair market value (determined as of the date of grant) in excess of \$100,000.

*SARs.* The grant of a SAR does not itself result in taxable income, nor does taxable income result merely because a SAR becomes exercisable. In general, a participant who exercises a SAR for shares of stock or receives payment in cancellation of a SAR will have ordinary income equal to the amount of any cash and the fair market value of any stock received. A corresponding deduction is generally available to the Company.

*Restricted Stock Units.* The grant of a restricted stock unit does not itself generally result in taxable income. Instead, the participant is taxed upon delivery of the underlying shares (and a corresponding deduction is generally available to the Company). If the shares delivered are restricted for tax purposes, the participant will be subject to the rules described above for restricted stock.

*Section 162(m).* As described above under Reasons for Seeking Stockholder Approval, Section 162(m) generally disallows a deduction to a publicly held corporation and its affiliates for certain compensation paid to a covered employee in a taxable year in excess of \$1 million, unless the compensation satisfies the requirements of the performance-based compensation exception under Section 162(m). Stock options, SARs and certain performance awards under the 2015 Stock Plan are generally intended to satisfy the requirements of this exception. However, as discussed above, the Committee will have discretionary authority to grant awards under the 2015 Stock Plan that do not satisfy the requirements of this exception.

*Certain Change in Control Payments.* Under Section 280G of the Code, the vesting or accelerated exercisability of stock options or the vesting and payment of other awards in connection with a change in control of a corporation may be required to be valued and taken into account in determining whether participants have received compensatory payments contingent on the change in control in excess of certain limits. If these limits are exceeded, a substantial portion of amounts payable to the participant, including income recognized by reason of the grant, vesting or exercise of awards, may be subject to an additional 20% federal tax and may be non-deductible to the Company.

## **New Plan Benefits**

On March 5, 2015, the Board approved, subject to stockholder approval of the 2015 Stock Plan, the grant of the stock option awards described in the table below. If our stockholders do not approve the 2015 Stock Plan, these awards will terminate. On April 16, 2015, the closing price of our common stock as reflected on the NASDAQ was \$8.23.

Except with respect to awards shown in the table below, awards under the 2015 Stock Plan are subject to the discretion of the Compensation Committee and, therefore, are not determinable at this time. The Compensation Committee has full discretion to determine the shares subject to awards to be granted to participants under the 2015 Stock Plan, subject to the limits described above under *Summary of the 2015 Stock Plan Individual Limits* and *Non-employee Director Limits*.

| Name and Position   | Number of Units |
|---|-----------------|
| Stanley C. Erck<br>President and CEO                            | 900,000         |
| Barclay A. Phillips<br>SVP, Chief Financial Officer & Treasurer | 200,000         |
| Gregory M. Glenn, M.D.<br>SVP, Research and Development         | 300,000         |
| Timothy J. Hahn, Ph.D.<br>SVP, Global Manufacturing Operations  | 150,000         |
| Russell P. Wilson<br>SVP, Business Development                  | 200,000         |
| Executive Officer Group   | 2,150,000       |
| Non-Executive Director Group                                    | 220,000         |
| Non-Executive Officer Employee Group                            | 4,584,438       |

### Required Vote

Approval of the 2015 Stock Plan requires the affirmative vote of the holders of a majority of the shares of Common Stock present in person or represented by proxy and voting on the matter. Abstentions and broker non-votes will not be counted as shares voting on such matter and accordingly will have no effect on the approval of this Proposal No. 3.

**FOR PROPOSAL NO. 4, THE BOARD RECOMMENDS THAT  
STOCKHOLDERS VOTE FOR THE ADOPTION OF THE NOVAVAX, INC.  
2015 STOCK INCENTIVE PLAN.**

**PROPOSAL NO. 5**  
**RATIFICATION OF THE APPOINTMENT OF ERNST &**  
**YOUNG LLP AS THE**  
**COMPANY S INDEPENDENT REGISTERED PUBLIC**  
**ACCOUNTING FIRM**  
**FOR THE FISCAL YEAR ENDING DECEMBER 31, 2015**

The Audit Committee, comprised solely of independent directors, has appointed the firm Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015. The Board recommends that the stockholders of the Company ratify this appointment. Although ratification is not required by the Company's By-laws or otherwise, the Company believes that it is advisable to give stockholders an opportunity to ratify this selection.

On April 24, 2014, the Audit Committee selected Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2014, and notified Grant Thornton LLP of its dismissal as the Company's independent registered public accounting firm. The Company formally engaged Ernst & Young LLP on May 7, 2014.

The report of Grant Thornton LLP on the Company's consolidated financial statements as of and for the year ended December 31, 2013 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the fiscal year ended December 31, 2013 and subsequent interim period through May 7, 2014, there were no (a) disagreements (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K) with Grant Thornton LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Grant Thornton LLP, would have caused Grant Thornton LLP to make reference to the subject matter thereof in connection with its reports for such years; or (b) reportable events, as described under Item 304(a)(1)(v) of Regulation S-K.

In connection with its acquisition of Isonova AB in 2013, the Company consulted with and received advice from Ernst & Young that the Company considered in making decisions as to the accounting treatment of the acquisition. However, all such activities were completed in 2013 and were subsequently reviewed by Grant Thornton LLP in its audit of the Company's annual financial statements for the fiscal year ending December 31, 2013. Except as noted here, during the fiscal year ended December 31, 2013 and the subsequent interim period through May 7, 2014, neither the Company, nor anyone on its behalf, consulted Ernst & Young LLP regarding (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's consolidated financial statements, and no written report or oral advice was provided to the Company by Ernst & Young LLP that Ernst & Young LLP concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue or (ii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and related instructions) or a reportable event (as that term is defined in Item 304(a)(1)(v) of Regulation S-K).

The affirmative vote of the majority of the shares present in person or represented by proxy at the Annual Meeting and voting on the proposal shall constitute ratification of the appointment of Ernst & Young LLP. If the appointment of

Ernst & Young 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 its stockholders. If the stockholders, however, do not ratify the appointment, the Audit Committee will reconsider whether to retain Ernst & Young LLP, but may proceed with the retention of Ernst & Young LLP if it deems it to be in the best interest of the Company and its stockholders.

Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting and will have an opportunity to address the Annual Meeting if they desire to do so and are expected to be able to respond to appropriate questions from stockholders.



## Fees and Services

The following table shows the fees billed by Ernst & Young LLP for professional services rendered as the Company's independent registered public accounting firm during the 2014 and 2013 fiscal years. Ernst & Young LLP replaced Grant Thornton LLP as our independent registered public accounting firm effective May 7, 2014.

| Fee Category       | Ernst & Young LLP |      |
|--------------------|-------------------|------|
|                    | 2014              | 2013 |
|                    | (\$)              | (\$) |
| Audit Fees         | 364,454           |      |
| Audit-Related Fees |                   |      |
| Tax Fees           |                   |      |
| All Other Fees     |                   |      |
| Total Fees         | 364,454           |      |

The following table shows the fees billed by Grant Thornton LLP for professional services rendered as the Company's independent registered public accounting firm during the 2014 and 2013 fiscal years. Ernst & Young LLP replaced Grant Thornton LLP as our independent registered public accounting firm effective May 7, 2014.

| Fee Category       | Grant Thornton LLP    |                        |
|--------------------|-----------------------|------------------------|
|                    | 2014                  | 2013                   |
|                    | (\$)                  | (\$)                   |
| Audit Fees         | 57,828 <sup>(1)</sup> | 496,151 <sup>(2)</sup> |
| Audit-Related Fees |                       | 191,079 <sup>(3)</sup> |
| Tax Fees           | 9,450                 | 111,431 <sup>(4)</sup> |
| All Other Fees     |                       |                        |
| Total Fees         | 67,278                | 798,661                |

(1) Includes \$45,828 for services related to the Company's issuance of Quarterly Report on Form 10-Q for the three months ended March 31, 2015.

(2) Includes \$63,851 for services related to the Company's issuance of securities and \$55,900 related to various regulatory filings required in connection with the Company's acquisition of Isconova AB.

(3) Includes \$189,785 for the financial and tax due diligence services related to the Company's acquisition of Isconova AB and fees for review of the Company's compliance with Federal Acquisition Regulations relating to the Company's contract with the Department of Health and Human Services, Biomedical Advanced Research and Development Authority (HHS BARDA).

(4) Includes \$73,148 for services related to the Company's net operating losses (NOLs) study under IRC Section 382. *Audit Fees.* Consists of fees for professional services rendered in connection with the audit of the Company's annual consolidated financial statements for 2014 and 2013 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 subsidiary. All material tax fees were pre-approved by the Audit Committee.

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

## Audit Committee Pre-Approval Policies and Procedures

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 exceed the pre-approved amount, 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, quarterly statement reviews, 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, in advance of its meeting, the Audit Committee agrees to the engagement letter, the engagement will be formally accepted by the Audit 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, with the exception of certain services of limited financial expense for which the Audit Committee has authorized the Chairman and the Chief Financial Officer to hire at their discretion. Generally, 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 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 and, in certain limited instances, to its Chief Financial Officer, who are each responsible for reporting any pre-approval decisions to the Audit Committee at its next scheduled meeting. Except as noted above, 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 services provided to the Company by each independent registered public accounting firm engaged during the fiscal years ended December 31, 2014 and 2013.

**FOR PROPOSAL 5, THE BOARD RECOMMENDS THAT STOCKHOLDERS VOTE FOR  
THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS  
THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2015**

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Except as noted below, the following table sets forth certain information as of April 20, 2015, unless otherwise indicated, with respect to the beneficial ownership of our Common Stock by (i) each person (including any group) known to the Company to beneficially own more than 5% of the outstanding shares of our Common Stock, (ii) each director of the Company or nominee for director, (iii) each of the Named Executive Officers of the Company as identified in the Summary Compensation Table below, and (iv) all directors and executive officers of the Company as a group.

| Name of Beneficial Owner <sup>(1)</sup>                                      | Shares of<br>Common<br>Stock<br>Beneficially<br>Owned <sup>(2)</sup> | Percentage of<br>Class<br>Outstanding <sup>(3)</sup> |
|--|--|--|
| FMR LLC <sup>(4)</sup>   | 24,702,866   | [ ]  |
| BlackRock, Inc. <sup>(5)</sup>   | 16,281,679   | [ ]  |
| T. Rowe Price Associates, Inc. <sup>(6)</sup>                                | 12,377,102   | [ ]  |
| Directors, Nominees, and Executive Officers                                  |  |  |
| Richard H. Douglas, Ph.D. <sup>(7)</sup>                                     | 380,000  | *  |
| Gary C. Evans. <sup>(8)</sup>  | 631,979  | *  |
| Michael A. McManus, Jr. J.D. <sup>(9)</sup>                                  | 237,590  | *  |
| Rajiv I. Modi, Ph.D. <sup>(10)</sup>   | 7,500,000  | [ ]  |
| James F. Young, Ph.D. <sup>(11)</sup>  | 890,000  | *  |
| Stanley C. Erck. <sup>(12)</sup>   | 2,255,278  | *  |
| Barclay A. Phillips. <sup>(13)</sup>   | 149,544  | *  |
| Gregory M. Glenn, M.D. <sup>(14)</sup>                                       | 645,516  | *  |
| Timothy J. Hahn, Ph.D. <sup>(15)</sup>                                       | 479,235  | *  |
| John A. Herrmann III. <sup>(16)</sup>  | 358,983  | *  |
| John J. Trizzino <sup>(17)</sup>   | 103,611  | *  |
| Russell P. Wilson <sup>(18)</sup>  | 383,689  | *  |
| All directors and executive officers as a group (12 persons) <sup>(19)</sup> | 14,015,425   | [ ]  |

\*

Less than 1%.

- (1) Each beneficial owner named in the table above (except as otherwise indicated in the footnotes below) has an address in c/o Novavax, Inc., 20 Firstfield Road, Gaithersburg, Maryland 20878. Beneficial ownership is determined in accordance with the rules and regulations of the SEC and includes voting or investment power with respect to shares of the Company's Common Stock. Unless otherwise indicated, each beneficial owner 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 of Common Stock beneficially owned, including shares that may be acquired by such person or group within 60 days of April 20, 2015 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.
- (2) Percentages have been calculated based on [ ] shares of the Company's Common Stock outstanding as of April 20, 2015.
- (3)
- (4)

As reported by FMR LLC on Schedule 13G as filed on February 13, 2015. FMR LLC is a parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G). Beneficial ownership (and other information in this footnote) is as of December 31, 2014. FMR LLC has the sole voting power with respect to 2,605 shares of common stock. Edward C. Johnson 3d (Chairman of FMR LLC), Abigail P. Johnson (Vice Chairman of FMR LLC) and FMR LLC, through its wholly-owned subsidiaries and registered investment advisers, FMR Co., Inc. and Strategic Advisors, Inc., are the beneficial owners of 24,702,866 shares of common stock. Neither FMR LLC nor Edward C. Johnson 3d nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the investment companies (the Funds ) registered under the Investment Company Act of 1940, which power resides with the Funds Boards of Trustees. FMR Co., Inc. carries out the voting of the shares under written guidelines established by the Funds Boards of Trustees. Select Biotechnology Portfolio has sole voting

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power and beneficial ownership over 14,411,821 shares of common stock. The principal office address of FMR LLC is 245 Summer Street, Boston, MA 02210.

(5) As reported by BlackRock, Inc. ( BlackRock ) on Schedule 13G/A as filed on January 29, 2015. BlackRock is a parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G). Beneficial ownership (and other information in this footnote) is as of December 31, 2014. BlackRock, Inc. beneficially owns 16,281,679 shares of common stock, for which it has sole voting power with respect to 15,734,110 shares of common stock and sole dispositive power with respect to 16,281,679 shares of common stock. The principle office address of BlackRock, Inc. is 55 East 52<sup>nd</sup> Street, New York, NY 10022.

(6) As reported by T. Rowe Price Associates, Inc. ( Price Associates ) on Schedule 13G as filed on February 12, 2015. Price Associates is an investment adviser registered under the Investment Advisers Act of 1940. Beneficial ownership (and other information in this footnote) is as of December 31, 2014. Price Associates beneficially owns 12,377,102 shares of common stock, for which it has sole voting power with respect to 1,804,448 shares of common stock and sole dispositive power with respect to 12,377,102 shares of common stock. The principle office address of T. Rowe Price Associates, Inc. is 100 E. Pratt Street, Baltimore, MD 21202.

(7) Includes 130,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 20, 2015.

(8) Includes 310,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 20, 2015. 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.

(9) Includes 115,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 20, 2015.

(10) Consists of 7,500,000 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.

(11) Includes 465,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 20, 2015.

(12) Includes 2,157,500 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 20, 2015.

(13) Includes 112,500 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 20, 2015.

(14) Includes 645,250 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 20, 2015.

(15) Includes 368,750 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 20, 2015.

(16) Includes 332,500 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 20, 2015.

(17) Includes 75,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 20, 2015.

(18) Includes 318,750 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 20, 2015.

(19) Includes 5,030,250 shares of Common Stock issuable upon the exercise of options exercisable within 60 days of April 20, 2015.

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## INFORMATION REGARDING THE BOARD OF DIRECTORS, CERTAIN COMMITTEES AND CORPORATE GOVERNANCE MATTERS

On March 5, 2015, the Board determined, upon a recommendation by the Nominating and Corporate Governance Committee, that, with the exception of Dr. Modi and Mr. Erck, all of the members of the Board are independent directors, as that term is defined in the NASDAQ listing standards. Mr. Erck is currently the President and Chief Executive Officer of the Company. Dr. Modi is not an independent director due to his interest in Cadila and the joint venture it has with the Company, as described in the section titled Certain Relationships and Related Transactions.

The Board met six (6) times during 2014 and acted by written consent in lieu of a meeting three (3) times. In addition, the non-employee directors met six (6) 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 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 provides 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. Drs. Douglas and Young and Messrs. Erck and McManus attended the 2014 Annual Meeting of Stockholders.

### Leadership Structure and Risk Oversight

The Board has elected to separate the roles of Chief Executive Officer and Chairman of the Board. On April 19, 2011, Mr. Erck was elected to the role of President and Chief Executive Officer and Dr. Young was elected as Chairman of the Board. Mr. Erck served as Executive Chairman from February 2010 until April 19, 2011. Before being elected as Chairman of the Board, Dr. Young served as a member of the Board from April 2010 until April 19, 2011.

The Chief Executive Officer and Chairman work closely together to execute the strategic plan of the Company. The Chairman mentors and advises the senior scientific team, provides an extensive network of contacts, and reports regularly to the Board. The Company believes that the combination of Mr. Erck as the President and Chief Executive Officer and Dr. Young as the Chairman of the Board is an effective leadership structure for the Company. The additional avenues of communication between the Board and management associated with having Dr. Young serve as Chairman provides the basis for the proper functioning of the Board and its oversight of management.

Management of the Company is primarily responsible for managing the risks Novavax faces in the ordinary course of operating the business. The Board actively oversees potential risks and risk management activities by receiving operational and strategic presentations from management, which include discussions of key risks to the business. In addition, the Board has delegated risk oversight to each of its key committees within their areas of responsibility. For example, the Audit Committee assists the Board in its risk oversight function by reviewing and discussing with management the system of disclosure controls and internal controls over financial reporting and discusses the key risks facing the Company and the processes or actions being taken to mitigate those risks. The Nominating & Corporate Governance Committee assists the Board in its risk oversight function by periodically reviewing and discussing with management important compliance and quality issues. The Compensation Committee assists the Board in its risk oversight function by overseeing strategies with respect to incentive compensation programs and key employee retention issues. The Board committees are chaired by independent directors and, at each Board meeting, each of the committee chairmen delivers a report to the full Board on the activities and decisions made by the

committees at recent meetings. There is also a significant amount of cross-over of the membership of the various committees, allowing information to flow freely outside of a full board meeting.



## Board Committees

The Board currently has four standing committees: an Audit Committee, a Compensation Committee, a Finance Committee, and a Nominating and Corporate Governance Committee. In addition to the descriptions below, please refer to the Compensation Committee Report and the Audit Committee Report included in this Proxy Statement. The members of the committees are shown below.

| Director                      | Audit Committee | Compensation Committee | Finance Committee | Nominating and Corporate Governance Committee |
|-------------------------------|-----------------|------------------------|-------------------|---|
| Richard H. Douglas, Ph.D.     | Member          | Member                 | Member            |   |
| Stanley C. Erck               |                 |                        | Member            |   |
| Gary C. Evans                 | Member          |                        | Chair             | Chair   |
| Michael A. McManus, Jr., J.D. | Chair           | Member                 | Member            | Member  |
| Rajiv I. Modi, Ph.D.          |                 |                        |                   |   |
| James F. Young, Ph.D.         |                 | Chair                  |                   | Member  |

### Audit Committee

Each Audit Committee member 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 Code, and an independent director, as defined by the listing standards of the NASDAQ. 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 of the NASDAQ. The Audit Committee met eight (8) times in 2014 and acted by written consent in lieu of a meeting one (1) time.

The Audit Committee acts pursuant to a written charter as adopted by the Board. A current 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. In 2014, the Audit Committee reviewed and approved its charter in its current form.

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 Audit 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 both the Company's management and its independent auditor collectively and, at times, independently and without the other present, and meets in executive session without management or the independent auditor present.

### **Compensation Committee**

Each Compensation Committee member 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 Code, and an independent director, as defined by the listing standards of the NASDAQ, including the heightened standards that apply to compensation committee members. The Compensation Committee is tasked with meeting at least four times during the year, and more frequently, if necessary. During 2014, the Compensation Committee met six (6) times and did not act by written consent in lieu of a meeting.

The Compensation Committee acts pursuant to a written charter, a current copy of the charter is available 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 2014, the Compensation Committee reviewed and approved its charter in its current form.

The Compensation Committee reviews and recommends salaries and other compensatory benefits for the employees, executive officers, and directors of Novavax. The Compensation Committee also recommends actions to administer the Company's equity incentive plans and recommends stock option grants and other awards for employees, executive officers, and directors of Novavax.

As set forth in its charter, the Compensation 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 t