

NOVAVAX

April, 2009

Dear Novavax Shareholder:

In every respect, 2008 was a remarkable year for Novavax: we advanced our virus-like-particle (VLP)-based vaccine pipeline, validated our VLP technology, established our manufacturing capabilities and raised new capital. As a result, we launched Phase II clinical trials of our seasonal and pandemic flu vaccine candidates and expanded our pipeline to include potential vaccines against the respiratory syncytial virus (RSV) and varicella zoster virus (VZV).

Preliminary results from both flu vaccine studies are encouraging. In the Phase IIa pandemic flu study, our vaccine against the H5N1 virus produced robust neutralizing antibody titers as well as strong hemagglutinin inhibition (HAI) responses across all three doses tested and was well tolerated. In the Phase IIa seasonal flu study that began in September, we have observed positive safety and immunogenicity results from different doses of our VLP vaccine. In addition to these clinical studies, we reported encouraging results from preclinical studies of two different RSV vaccine candidates and are now selecting one for preclinical testing and eventual human clinical trials.

In parallel with our clinical progress, we completed construction of our vaccine pilot plant in Rockville and are now conducting process scale-up and validation activities. Once completed, this plant will be able to produce more than 10 million doses of our trivalent influenza VLP vaccine annually.

We improved our balance sheet by raising \$18 million in July 2008 through a registered direct offering that brought in strong new investors, such as Abingworth, to Novavax. Several of our existing investors also participated in this financing, demonstrating their support for Novavax's technology and potential.

These achievements were recognized by state and local officials, the Clinton Global Initiative, which honored Novavax's commitment to eradicating infectious disease worldwide, and the Cleveland Clinic, which named Novavax's VLP vaccine technology one of the top ten medical innovations of 2009. They also enabled us to sign a landmark agreement with Cadila Pharmaceuticals to develop and market vaccines in India.

The joint venture with Cadila brings us \$11 million in new capital, expands out international reach and has the potential to accelerate the development of our VLP vaccine candidates and reduce our R&D costs through the use of Cadila's R&D infrastructure. This agreement is consistent with our partnering strategy and reflects our commitment to becoming a premier vaccine innovator and supplier.

We are fortunate to have attracted industry experts in vaccine development and production to our company and board of directors, and I thank them and our entire team for their contributions to our success last year. They continue to demonstrate the clinical and commercial potential of our VLP technology and inspire our work to prevent the spread of infectious diseases worldwide. I look forward to sharing their progress with you in the year ahead.

Sincerely,

Rahul Singhvi

Rahul Singhvi, Sc.D.
President and Chief Executive Officer