



April 24, 2001

Novatel Wireless Announces First Quarter Results

Restructuring Designed to Realize Cost Savings of \$22 Million Annually

SAN DIEGO, CA. - April 24, 2001--Novatel Wireless, Inc. (Nasdaq: NVTL), a leading provider of wireless data communications access solutions, today reported financial results for the first quarter ended March 31, 2001.

Net revenues for the first quarter of 2001 were \$19.7 million, a 189% increase from the \$6.8 million reported for the first quarter of 2000. Pro forma net loss, excluding restructuring and non-cash charges and a provision for excess and obsolete inventory, for the first quarter was \$12.1 million, or \$0.22 per share, compared to a pro forma net loss of \$6.1 million, or \$0.16 per share for the first quarter of 2000.

In the first quarter, Novatel Wireless enacted its previously announced restructuring program, designed to realize cost saving of over \$22 million per year. As part of this program the Company is reducing its workforce by over 100 full-time and temporary positions and took a one-time overall restructuring charge of \$3.9 million in the first quarter. Additionally, the first quarter includes a \$6 million provision for excess and obsolete inventory.

"As we discussed on March 28th, our first quarter sales were impacted by the continued softness in the global economy," commented John Major, Chairman and Chief Executive Officer of Novatel Wireless. "At the same time, we had the second highest revenue total in our company history and are seeing strong demand in many segments of our business. As one indication of that, new orders in the quarter substantially exceeded shipments in the quarter. As another, sales of our MerlinTM Wireless PC cards for CDPD networks increased strongly in the first quarter, growing 475% from the immediately preceding fourth quarter. We believe this reflects continued demand for innovative connectivity solutions in the wireless world."

Over the last three months, Novatel Wireless has announced new supply, marketing and distribution arrangements with a number of leading companies, including Compaq, GoAmerica, Wireless Web Connect, Verizon Wireless, Sprint, Nortel Networks, U.S. Robotics, Northrop Grumman, Tech Data and Chinatron.

"We continue to have success diversifying our customer base and no customer accounted for more than 20% of sales in the first quarter," Mr. Major continued "We anticipate rolling out our new high-speed GPRS products in the second quarter and CDMA 1xRTT products in the second half of the year. We continue to see new opportunities to partner with and sell through leading telecommunications companies around the world."

Reported net loss, including a one-time restructuring charge, the provision for excess inventory and stock-based compensation, was \$25.3 million, or \$0.47 per share, compared to \$7.4 million, or \$0.74 per share, in the same period of 2000.

"We have aggressively restructured the Company to better utilize our contract manufacturing partners and to align our costs with current demand," added Melvin Flowers, Chief Financial Officer. "In upcoming quarters, we will focus on improving our gross margins and lowering S,G&A cost. With this restructuring, we believe that we can reach break-even by the end of 2001."

Novatel Wireless will host a conference call for analysts and investors to discuss its quarterly results at 5:00 p.m. EDT on April 24, 2001. Open to the public, a live Web cast of the conference call will be accessible from the "Investor Relations" section of Novatel Wireless's Web site (www.novatelwireless.com). Following the live Web cast, an archived version will be available on the Novatel Wireless Web site for 5 days.

About Novatel Wireless

Novatel Wireless, Inc. is a leading provider of wireless data modems and software for use with handheld computing devices and portable personal computers. The Company delivers innovative and comprehensive solutions that enable businesses and consumers to access personal, corporate and public information through email, enterprise networks and the Internet. Novatel Wireless also offers wireless data modems and custom engineering services for hardware integration projects in a wide range of vertical applications. The Novatel Wireless product portfolio includes the Minstrel[®] family of Wireless Palmtop Modems, MerlinTM Wireless PC Cards, Sage[®] Wireless Serial Modems, Lancer 3WTM Wireless 3 Watt Modems and ExpediteTM family of Wireless Embedded Modules. Headquartered in San Diego, California, Novatel Wireless is listed on the Nasdaq Stock Market (Nasdaq: NVTL). For more information, please visit the Novatel Wireless web site: www.novatelwireless.com or call 888-888-9231.

Safe Harbor Under the Private Securities Litigation Reform Act of 1995:

The results of operations for the quarter ending March 31, 2000 are not necessarily indicative of the results that may be expected for any other future period. Period-to-period comparisons of results of operations should not be relied upon as indications of future performance. Certain statements made in this news release are forward-looking statements and, in some cases, can be identified by terms such as "may," "will," "expect," "plan," "believe," "estimate," "predict" or the like. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. Factors that may cause future results to differ materially include, among other things: the timing of new product releases, our success in developing and producing new products, market acceptance of our products, competitive pressures including competition for limited source components and consistency of orders from significant customers. These and other risk factors that may affect Novatel Wireless's financial results in the future are discussed in Novatel Wireless's filings with the Securities and Exchange Commission. Novatel Wireless undertakes no obligation to update any forward-looking statements.

NOVATEL WIRELESS, INC.
CONSOLIDATED BALANCE SHEETS

	(Unaudited) March 31, 2001	December 31, 2000
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 46,336,000	\$ 66,826,000
Accounts receivable, net	9,203,000	8,093,000
Accounts receivable – related party	—	7,446,000
Inventories	14,782,000	7,783,000
Due from contract manufacturers	5,020,000	5,340,000
Prepaid expenses and other	2,565,000	3,388,000
Total current assets	77,906,000	98,876,000
Property and equipment, net	12,379,000	8,986,000
Intangible assets	3,108,000	2,260,000
Other assets	566,000	702,000
TOTAL ASSETS	<u>\$ 93,959,000</u>	<u>\$ 110,824,000</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT):		
Current liabilities:		
Accounts payable	\$ 26,445,000	\$ 23,829,000
Accrued liabilities	3,872,000	5,390,000
Restructuring accrual	3,900,000	—
Deferred revenue	1,755,000	1,996,000
Current portion of capital lease obligations	165,000	182,000
Total current liabilities	36,137,000	31,397,000
Capital lease obligations, net of current portion	178,000	205,000
Shareholders' equity (deficit):		
Common stock	54,000	54,000
Additional paid in capital	183,709,000	183,300,000
Deferred stock-based compensation	(14,915,000)	(18,234,000)
Accumulated Deficit	(111,204,000)	(85,898,000)
Total shareholders' equity (deficit)	57,644,000	79,222,000
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 93,959,000</u>	<u>\$ 110,824,000</u>

NOVATEL WIRELESS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)
Three months ended
March 31,

	2001	2000
Revenue	\$ 18,257,000	\$ 6,837,000
Revenue - related party	1,480,000	—
Total revenue	19,737,000	6,837,000
Cost of revenue**	23,587,000	7,865,000
Cost of revenue - related party	1,334,000	—
Total cost of revenue	24,921,000	7,865,000
Gross margin	(5,184,000)	(1,028,000)
Operating costs and expenses:		
Research and development	6,622,000	2,076,000
Sales and marketing	4,635,000	2,319,000
General and administrative	2,387,000	946,000
Restructuring charges	3,900,000	—
Amortization of deferred stock compensation*	3,319,000	120,000
Total operating expenses	20,863,000	5,461,000
Operating loss	(26,047,000)	(6,489,000)
Other income (expense):		
Interest income	807,000	215,000
Interest expense	(64,000)	(11,000)
Other, net	(2,000)	17,000
Net loss	\$ (25,306,000)	\$ (6,268,000)
Net loss applicable to common stockholders	\$ (25,306,000)	\$ (7,369,000)
Weighted average shares used in computation of basic and diluted net loss per common share	54,103,324	10,019,994
Basic and diluted net loss per common share	\$ (0.47)	\$ (0.74)
Shares used in computation of pro forma basic and diluted net loss per share	54,103,324	38,483,475
Pro forma basic and diluted net loss per share	\$ (0.22)	\$ (0.16)
(*) Amortization of deferred stock compensation:		
Cost of revenue	125,000	—
Research and development	331,000	—
Sales and marketing	322,000	—
General and administrative	2,541,000	120,000

(**) Includes \$6 Million Excess and Obsolete Inventory Provision

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NOVATEL WIRELESS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Pro forma, Excluding Amortization of Deferred Compensation, Restructuring and Inventory Expenses)

(Unaudited)

Three months ended

March 31,

	2001	2000
Revenue	\$ 18,257,000	\$ 6,837,000
Revenue - related party	1,480,000	—
Total revenue	19,737,000	6,837,000
Cost of revenue	17,587,000	7,865,000
Cost of revenue - related party	1,334,000	—
Total cost of revenue	18,921,000	7,865,000
Gross margin	816,000	(1,028,000)
Operating costs and expenses:		
Research and development	6,622,000	2,076,000
Sales and marketing	4,635,000	2,319,000
General and administrative	2,387,000	946,000
Total operating expenses	13,644,000	5,341,000
Operating loss	(12,828,000)	(6,369,000)
Other income (expense):		
Interest income	807,000	215,000
Interest expense	(64,000)	(11,000)
Other, net	(2,000)	17,000
Net loss	\$ (12,087,000)	\$ (6,148,000)
Shares used in computation of pro forma basic and diluted net loss per share	54,103,324	38,483,475
Pro forma basic and diluted net loss per share	\$ (0.22)	\$ (0.16)

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