



April 22, 2002

Novatel Wireless Announces First Quarter Results

Company has signed agreements with AT&T Wireless, Dell, Microcell, mm02, Sprint PCS, and Voicestream

SAN DIEGO, CA. - April 22, 2002--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, 2002.

Net revenues for the first quarter were approximately \$7.3 million, which are flat with \$7.3 million in the immediately preceding quarter, nearly double the third quarter and down from \$19.7 million in the same period of the prior year. Costs continue to drop dramatically, resulting in significant improvements to both reported and pro forma bottom line numbers.

Pro forma net loss excluding non-cash charges improved by \$961,000 sequentially and \$5.7 million from the prior year, to \$6.4 million or \$0.11 per share. This compared to a pro forma net loss of \$7.3 million, or \$0.13 per share in the previous quarter and a pro forma net loss of \$12.1 million, or \$0.22 per share in the first quarter of 2001.

Net loss under Generally Accepted Accounting Principles was \$8.0 million, or \$0.13 per basic and diluted share, compared to \$22.4 million, or \$0.41 per basic and diluted share, for the immediately preceding quarter and \$25.3 million, or \$0.47 per basic and diluted share for the first quarter of 2001. In the first quarter of 2002, the Company incurred amortization of deferred stock compensation of \$1.3 million and restructuring costs of \$249,000.

Net loss applicable to common shareholders under Generally Acceptable Accounting Principles was \$16.1 million, or \$0.27 per basic and diluted share, which includes \$ 8.2 million for the accretion of dividends and beneficial conversion feature on the December 2001 Series A Preferred Stock Offering.

"As we enter the second quarter, market conditions are now beginning to strengthen as major carriers worldwide begin to aggressively launch comprehensive 2.5G wireless services," commented John Major, Chairman and Chief Executive Officer of Novatel Wireless. "March sales were solid and 2.5G deployment is clearly growing. These positive trends are starting to translate into stronger orders, as evidenced by the recent receipt of \$5 million in new purchase orders from a major wireless carrier."

"We have made impressive progress and have now signed up three of the top six domestic wireless carriers; four of the top carriers in Europe and Canada; and one of the world's leading PC manufacturers," Mr. Major added. "In total, we have announced over 20 relationships worldwide on 2.5G with leading companies around the globe and are already shipping in volume to many of these partners. Additionally, we are in trials with over 20 customers for CDMA 1xRTT and GPRS as carriers and equipments manufacturers around the world move forward on advanced wireless solutions for their customers." Recent highlights include:

Carrier Deals

- During the quarter, Novatel Wireless announced initial shipments of GSM/GPRS wireless PC modems to Voicestream for use over its nationwide network, with over 7 million subscribers.
- On April 11, Novatel Wireless began commercial shipments to Microcell Solutions of its Merlin G100™ Wireless PC Card Modem. Microcell Solutions Inc., a subsidiary of Microcell Telecommunications Inc., is a leading Canadian provider of PCS under the Fido® brand name with over 1.2 million retail customers in Canada.

Key Contracts and International Distribution

- The Company disclosed that it has signed an agreement with one of the world's leading PC manufacturers, Dell Computer Corporation. Novatel Wireless will provide Dell with the Merlin G201™ PC Card for selected laptops targeted at enterprise and small business customers, delivering a user experience some three times faster than dial up access.
- During the quarter, Novatel Wireless began to commercially ship the Merlin G201 to Brightpoint China Ltd. for GSM/GPRS modems. Brightpoint China is a joint venture between Chinatron Group Holdings Limited and Brightpoint, Inc. In related news, it was announced that the Merlin G201 will be available through CSL, the second largest operator in Hong Kong with over 1 million subscribers.
- Novatel Wireless received type certification from the OFTA in Hong Kong and from Infocomm Development Authority of Singapore.

- In addition, the Company announced a distribution agreement with Brightpoint Wireless Data Services in Australia and New Zealand for the Merlin GSM/GPRS Family of Wireless PC Cards.

Technology Partnerships

- On March 14, Novatel Wireless and TrellisWare Technologies, Inc. signed a technology agreement to apply TrellisWare's GSM/GPRS technologies to the Novatel Wireless family of access solutions. This solution will enhance the capacity of wireless networks and increase data throughput in areas with marginal signal conditions for an improved user experience.
- On March 20, Novatel Wireless announced their wireless compatibility with Palm, Inc.'s new m515 and m130 color handhelds.
- On March 26, the Company was chosen to participate in the Microsoft Mobility Partner Advisory Council, and on April 11 announced receipt of the Microsoft Designed for Windows Logo for Merlin G200 Series Wireless PC Card Modems.

As planned, we cleaned up our balance sheet, paying down over \$5.4 million in current liabilities and debt during the quarter," Melvin Flowers, Chief Financial Officer added. "Cash flow was positive in March and cash used for operations dropped to approximately \$5.3 million for the quarter. Product margins and gross margins, despite a change in product mix and the roll-out of our latest technology, were substantially improved from the same period last year. Moving forward, we expect to increase these margins significantly, while continuing to decrease costs. On this note, we reduced SG&A by 61% or \$4.3 million from the prior year period and closed the quarter with over \$14 million in cash, despite increasing Account Receivables and inventory by almost \$3.5 million to reflect strong March orders."

Novatel Wireless will host a conference call for analysts and investors to discuss its quarterly results at 5:00 p.m. EDT on April 22th, 2002. 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, INC.

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 Handheld Modems, Merlin™ Family of Wireless PC Card Modems, Sage® Wireless Serial Modems, Lancer 3W™ Family of Ruggedized Modems and Expedite™ Family of Wireless Embedded Modems. 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.

Note to Editors: The Novatel Wireless logo, Minstrel, Merlin, Sage, Lancer 3W and Expedite are trademarks of Novatel Wireless, Inc. Minstrel and Sage are registered with the U.S. Patent and Trademark Office. All other brands, products and company names mentioned herein are trademarks of their respective holders. This release may contain forward-looking statements, which are made pursuant to the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks and uncertainties. A number of important factors could cause actual results to differ materially from those in the forward-looking statements. These factors include risks relating to technological changes, continued acceptance of Novatel Wireless' products and dependence on intellectual property rights. These factors, as well as other factors that could cause actual results to differ materially, are discussed in more detail in Novatel Wireless' filings with the United States Securities and Exchange Commission and other regulatory agencies.

NOVATEL WIRELESS, INC.
CONSOLIDATED BALANCE SHEETS

| | (Unaudited) March 31, 2002 | December 31, 2001 |
|---|----------------------------------|----------------------|
| ASSETS: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 14,137,000 | \$ 29,229,000 |
| Accounts receivable, net | 9,432,000 | 6,706,000 |
| Accounts receivable – related parties | 539,000 | 778,000 |
| Inventories | 7,452,000 | 6,470,000 |
| Prepaid expenses and other | 1,984,000 | 2,194,000 |
| Total current assets | 33,544,000 | 45,377,000 |
| Property and equipment, net | 6,805,000 | 7,744,000 |
| Intangible assets | 6,559,000 | 6,596,000 |
| Other assets | 192,000 | 192,000 |
| | \$ 47,100,000 | \$ 59,909,000 |
| LIABILITIES AND STOCKHOLDERS' EQUITY: | | |
| Current liabilities: | | |
| Accounts payable | \$ 10,930,000 | \$ 12,321,000 |
| Accrued liabilities | 2,148,000 | 2,261,000 |
| Current portion of inventory purchase commitments | 5,000,000 | 11,749,000 |
| Line of credit | 2,081,000 | 1,560,000 |
| Restructuring accrual | 1,474,000 | 1,764,000 |
| Deferred revenues | 286,000 | 336,000 |
| Current portion of capital lease obligations | 162,000 | 159,000 |
| Total current liabilities | 22,081,000 | 30,150,000 |
| Long-term inventory purchase commitments | 2,000,000 | 4,000,000 |
| Capital lease obligations, net of current portion | 130,000 | 171,000 |
| Convertible and redeemable Series A preferred stock | 1,071,000 | 161,000 |
| Stockholders' equity: | | |
| Common stock | 67,000 | 55,000 |
| Additional paid-in capital | 218,738,000 | 208,649,000 |
| Deferred stock-based compensation | (3,942,000) | (6,341,000) |
| Accumulated Deficit | (193,045,000) | (176,936,000) |
| Total stockholders' equity | 21,818,000 | 25,427,000 |
| | \$ 47,100,000 | \$ 59,909,000 |

NOVATEL WIRELESS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

| | (Unaudited) | |
|--|-----------------------|------------------------|
| | Three months ended | |
| | March 31, | |
| | 2002 | 2001 |
| Revenue | \$ 7,272,000 | \$ 18,257,000 |
| Revenue - related parties | | 1,480,000 |
| Total revenue | <u>7,272,000</u> | <u>19,737,000</u> |
| Cost of revenue | 6,719,000 | 23,587,000 |
| Cost of revenue - related parties | | 1,334,000 |
| Total cost of revenue | <u>6,719,000</u> | <u>24,921,000</u> |
| Gross margin | <u>553,000</u> | <u>(5,184,000)</u> |
| Operating costs and expenses: | | |
| Research and development | 4,148,000 | 6,622,000 |
| Sales and marketing | 1,419,000 | 4,635,000 |
| General and administrative | 1,310,000 | 2,387,000 |
| Restructuring charges | 249,000 | 3,900,000 |
| Amortization of deferred stock compensation* | 1,343,000 | 3,319,000 |
| Total operating costs and expenses | <u>8,469,000</u> | <u>20,863,000</u> |
| Operating loss | (7,916,000) | (26,047,000) |
| Other income (expense): | | |
| Interest income | 104,000 | 807,000 |
| Interest expense | (142,000) | (64,000) |
| Other, net | | (2,000) |
| Net loss | <u>\$ (7,954,000)</u> | <u>\$ (25,306,000)</u> |
| Net loss applicable to common stockholders | \$ (16,109,000) | \$ (25,306,000) |
| Weighted average shares used in computation of basic and diluted net loss per common share | 59,321,623 | 54,103,324 |
| Basic and diluted net loss per common share | \$ (0.27) | \$ (0.47) |
| (*) Amortization of deferred stock compensation: | | |
| Cost of revenue | 280,000 | 125,000 |
| Research and development | 97,000 | 331,000 |
| Sales and marketing | 94,000 | 322,000 |
| General and administrative | <u>872,000</u> | <u>2,541,000</u> |
| | <u>\$ 1,343,000</u> | <u>\$ 3,319,000</u> |

NOVATEL WIRELESS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Pro forma, Excluding Amortization of Deferred Compensation, Restructuring and Inventory Expenses)

| | (Unaudited) | |
|--|-----------------------|------------------------|
| | Three months ended | |
| | March 31, | |
| | 2002 | 2001 |
| Revenue | \$ 7,272,000 | \$ 18,257,000 |
| Revenue - related parties | | 1,480,000 |
| Total revenue | <u>7,272,000</u> | <u>19,737,000</u> |
| Cost of revenue | 6,719,000 | 17,587,000 |
| Cost of revenue - related parties | | 1,334,000 |
| Total cost of revenue | <u>6,719,000</u> | <u>18,921,000</u> |
| Gross margin | <u>553,000</u> | <u>816,000</u> |
| Operating costs and expenses: | | |
| Research and development | 4,148,000 | 6,622,000 |
| Sales and marketing | 1,419,000 | 4,635,000 |
| General and administrative | 1,310,000 | 2,387,000 |
| Total operating costs and expenses | <u>6,877,000</u> | <u>13,644,000</u> |
| Operating loss | (6,324,000) | (12,828,000) |
| Other income (expense): | | |
| Interest income | 104,000 | 807,000 |
| Interest expense | (142,000) | (64,000) |
| Other, net | | (2,000) |
| Net loss | <u>\$ (6,362,000)</u> | <u>\$ (12,087,000)</u> |
| Shares used in computation of pro forma basic and diluted net loss per share | 59,321,623 | 54,103,324 |
| Pro forma basic and diluted net loss per share | \$ (0.11) | \$ (0.22) |