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## Novatel Wireless Revises Guidance for First Quarter 2001

SAN DIEGO, CA.—March 28, 2001--Novatel Wireless, Inc. (Nasdaq: NVTL), a provider of wireless data communications access solutions, announced today that it has revised its guidance for the first quarter ending March 31, 2001. The Company lowered estimates for first quarter revenues to a range of \$18 to \$20 million and expects to incur a net loss before special charges of \$(0.22) to \$(0.23) per share. The Company continues to expect to break even in the fourth quarter of this year, in part due to an aggressive cost reduction program designed to save more than \$6.0 million annually.

"We are revising our forecasts for the first quarter in response to a continued slowdown in the economy," said John Major, Chairman and Chief Executive Officer of Novatel Wireless. "While disappointing, this softness does not affect our ability to execute our plan as a world leader in wireless connectivity. We are encouraged that our customer base continues to expand and that certain segments of our business continue to grow rapidly."

During the first quarter of 2001, the Company broadened its product base, introducing a number of new products. Sales of CDPD PC cards and OEM modules are expected to increase strongly in the first quarter, growing approximately 50% from the immediately preceding fourth quarter. Additionally, Novatel Wireless succeeded at diversifying its customer base, recently adding many leaders in the telecommunications world. Over the last three months alone, Novatel Wireless has announced new supply, marketing and distribution arrangements with a number of leading companies, including Verizon Wireless, Sprint, Nortel Networks, U.S. Robotics, Northrop Grumman, Tech Data and Chinatron. Based on growth from new customers, the Company's new orders are expected to exceed shipments in the first quarter and no customer is currently expected to account for more than 20% of total sales in the first quarter.

"Despite the revised forecasts, we expect to post 160% year-over-year growth and strong sequential growth for CDPD, PC card and OEM products," Mr. Major added. "This is a testament to our success in growing our customer base. Based on this progress and the fact that orders are expected to exceed shipments in the first quarter, we expect modest sequential revenue growth in the second quarter and stronger sales in the second half of the year. 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. These new introductions and our growing list of leading corporate partners are further evidence of our market leadership and strong technology."

Based on its revised outlook, Novatel Wireless will undertake an aggressive corporate restructuring to keep the Company on track to hit profitability in the fourth quarter of this year. While Novatel Wireless will continue to invest heavily in research and development, this new program will allow the Company to quickly streamline operations and realign its activities to focus on better serving its customers by, among other things, moving certain order fulfillment and other manufacturing-related activities to its contract manufacturers.

As part of the restructuring the Company plans to reduce its workforce by approximately 80 contract workers and full time positions. The reductions will not impact the Company's account management or research and development activities.

As a result of this restructuring, Novatel Wireless anticipates realizing cost saving of over \$6.0 million per year and will take a one-time overall charge of \$4.0 to \$5.0 million in the first quarter of fiscal year 2001. The workforce reductions are expected to be completed in the Company's second quarter.

"This restructuring is a logical next step in our move toward contract manufacturing and aligning personnel around profit contribution and improved efficiency," said Melvin Flowers, Chief Financial Officer of Novatel Wireless. "We are committed to moving rapidly toward profitability while we continue to invest heavily in R&D and reach new customers and new markets."

Novatel Wireless will host a conference call for analysts and investors to discuss this press release on March 29, 2001 at 8:30 a.m. EDT. 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](http://www.novatelwireless.com). Following the live Web cast, an archived version will be available on the Novatel Wireless Web site for 5 days.

### Safe Harbor Statement

This release contains forward-looking statements, which are made pursuant to the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. In particular, this release includes statements about expected future revenue. 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, including risks and uncertainties that may cause Novatel Wireless to have different actual future revenue. These factors include risks and uncertainties relating to the current economic

slowdown, fluctuations in demand for existing and new products, the need to successfully introduce and market new products, the effect of competition, technological changes, continued acceptance of Novatel Wireless' products and dependence on intellectual property rights. This release also contains forward-looking statements about Novatel Wireless' plan to reduce operating expenses, the expected resulting savings, and Novatel Wireless' expectations that it will incur a one-time charge in the first quarter of fiscal year 2001. These statements are also subject to risks and uncertainties, including the ability of Novatel Wireless to identify and eliminate expenses effectively, possible fluctuations in future expenses and significant expenses that may need to be incurred but that are unforeseen at this time. 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.

#### 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<sup>®</sup> Family of Wireless Handheld Modems, Merlin<sup>™</sup> Family of Wireless PC Card Modems, Sage<sup>®</sup> Wireless Serial Modems, Lancer 3W<sup>™</sup> Family of Ruggedized Modems and Expedite<sup>™</sup> 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](http://www.novatelwireless.com) or call 888-888-9231.