
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2016
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____
Commission file number: 000-31659

NOVATEL WIRELESS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation or Organization)

9645 Scranton Road
San Diego, California
(Address of Principal Executive Offices)

86-0824673
(I.R.S. Employer
Identification No.)

92121
(Zip Code)

Registrant's telephone number, including area code: (858) 812-3400

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant's common stock outstanding as of May 4, 2016 was 53,403,419.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

NOVATEL WIRELESS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	March 31, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,261	\$ 12,570
Accounts receivable, net of allowance for doubtful accounts of \$539 at March 31, 2016 and \$601 at December 31, 2015	34,813	35,263
Short-term investments	1,100	1,267
Inventories	48,335	55,837
Prepaid expenses and other	7,141	6,039
Total current assets	99,650	110,976
Property, plant and equipment, net of accumulated depreciation of \$63,556 at March 31, 2016 and \$62,832 at December 31, 2015	8,543	8,812
Rental assets, net	6,318	6,155
Intangible assets, net of accumulated amortization of \$18,875 at March 31, 2016 and \$17,380 at December 31, 2015	43,383	43,089
Goodwill	30,947	29,520
Other assets	21	201
Total assets	\$ 188,862	\$ 198,753
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 25,851	\$ 35,286
Accrued expenses and other current liabilities	32,462	25,613
DigiCore bank facilities	3,305	3,313
Total current liabilities	61,618	64,212
Long-term liabilities:		
Convertible senior notes, net	84,573	82,461
Revolving credit facility	3,400	—
Deferred tax liabilities, net	3,563	3,475
Other long-term liabilities	13,792	18,142
Total liabilities	166,946	168,290
Commitments and Contingencies		
Stockholders' equity:		
Preferred stock, par value \$0.001; 2,000 shares authorized and none outstanding	—	—
Common stock, par value \$0.001; 150,000 shares authorized at March 31, 2016 and December 31, 2015, respectively, 53,379 and 53,165 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	53	53
Additional paid-in capital	503,395	502,337
Accumulated other comprehensive loss	(6,229)	(8,507)
Accumulated deficit	(475,353)	(463,451)
Total stockholders' equity attributable to Novatel Wireless, Inc.	21,866	30,432
Noncontrolling interests	50	31
Total stockholders' equity	21,916	30,463
Total liabilities and stockholders' equity	\$ 188,862	\$ 198,753

See accompanying notes to unaudited condensed consolidated financial statements.

NOVATEL WIRELESS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Net revenues:		
Hardware	\$ 54,161	\$ 53,011
SaaS, software and services	12,783	483
Cost of net revenues:		
Hardware	40,869	40,823
SaaS, software and services	4,892	37
Gross profit	21,183	12,634
Operating costs and expenses:		
Research and development	8,025	10,758
Sales and marketing	7,753	4,224
General and administrative	10,199	5,364
Amortization of purchased intangible assets	928	167
Restructuring charges	622	(164)
Total operating costs and expenses	27,527	20,349
Operating loss	(6,344)	(7,715)
Other income (expense):		
Interest expense, net	(3,928)	(74)
Other expense, net	(1,296)	(17)
Loss before income taxes	(11,568)	(7,806)
Income tax provision	331	20
Net loss	(11,899)	(7,826)
Less: Net income attributable to noncontrolling interests	(5)	—
Net loss attributable to Novatel Wireless, Inc.	\$ (11,904)	\$ (7,826)
Per share data:		
Net loss per share:		
Basic and diluted	\$ (0.22)	\$ (0.17)
Weighted average shares used in computation of basic and diluted net loss per share:		
Basic and diluted	53,251	46,262

See accompanying notes to unaudited condensed consolidated financial statements.

NOVATEL WIRELESS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Net loss	\$ (11,899)	\$ (7,826)
Foreign currency translation adjustment	2,278	—
Total comprehensive loss	<u>\$ (9,621)</u>	<u>\$ (7,826)</u>

See accompanying notes to unaudited condensed consolidated financial statements.

NOVATEL WIRELESS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Cash flows from operating activities:		
Net loss	\$ (11,899)	\$ (7,826)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	3,598	1,196
Amortization of acquisition-related inventory step-up	1,829	51
Provision for bad debts, net of recoveries	(111)	(41)
Provision for excess and obsolete inventory	1,311	206
Share-based compensation expense	1,066	790
Amortization of debt discount and debt issuance costs	2,112	—
Deferred income taxes	88	—
Unrealized foreign currency transaction loss, net	1,171	—
Other	445	—
Changes in assets and liabilities, net of effects from acquisitions:		
Accounts receivable	378	(6,111)
Inventories	3,649	1,449
Prepaid expenses and other assets	(922)	1,152
Accounts payable	(10,063)	(3,601)
Accrued expenses, income taxes, and other	1,010	5,602
Net cash used in operating activities	(6,338)	(7,133)
Cash flows from investing activities:		
Acquisitions, net of cash acquired	—	(9,063)
Purchases of property, plant and equipment	(448)	(111)
Proceeds from the sale of property, plant and equipment	115	—
Purchases of intangible assets	(656)	(224)
Net cash used in investing activities	(989)	(9,398)
Cash flows from financing activities:		
Proceeds from the exercise of warrant to purchase common stock	—	8,644
Net repayments on DigiCore bank facilities	(156)	—
Net borrowings on revolving credit facility	3,400	2,000
Payoff of acquisition-related assumed liabilities	—	(2,633)
Principal payments under capital lease obligations	(273)	—
Principal payments on mortgage bond	(54)	—
Taxes paid on vested restricted stock units, net of proceeds from stock option exercises	(9)	66
Net cash provided by financing activities	2,908	8,077
Effect of exchange rates on cash and cash equivalents	110	(29)
Net decrease in cash and cash equivalents	(4,309)	(8,483)
Cash and cash equivalents, beginning of period	12,570	17,853
Cash and cash equivalents, end of period	\$ 8,261	\$ 9,370
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ 154	\$ 36
Income taxes	\$ 18	\$ 2

See accompanying notes to unaudited condensed consolidated financial statements.

NOVATEL WIRELESS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The information contained herein has been prepared by Novatel Wireless, Inc. (the “Company”) in accordance with the rules of the Securities and Exchange Commission (the “SEC”). The information at March 31, 2016 and the results of the Company’s operations for the three months ended March 31, 2016 and 2015 are unaudited. The condensed consolidated financial statements reflect all adjustments, consisting of only normal recurring accruals, which are, in the opinion of management, necessary for a fair statement of the results of the interim periods presented. These condensed consolidated financial statements and notes hereto should be read in conjunction with the audited financial statements from which they were derived and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015. The accounting policies used in preparing these condensed consolidated financial statements are the same as those described in the Company’s Annual Report on Form 10-K. The results of operations for the interim periods presented are not necessarily indicative of results to be expected for any other interim period or for the year as a whole.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Segment Information

Management has determined that the Company has one reportable segment. The Chief Executive Officer, who is also the Chief Operating Decision Maker, does not manage any part of the Company separately, and the allocation of resources and assessment of performance is based solely on the Company’s consolidated operations and operating results.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent liabilities. Actual results could differ materially from these estimates. Significant estimates include allowance for doubtful accounts receivable, provision for excess and obsolete inventory, valuation of intangible and long-lived assets, valuation of goodwill, valuation of debt obligations, royalty costs, accruals relating to litigation and restructuring, provision for warranty costs, income taxes and share-based compensation expense.

New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (the “FASB”), which are adopted by the Company as of the specified date. Unless otherwise discussed, management believes the impact of recently issued standards, some of which are not yet effective, will not have a material impact on its unaudited condensed consolidated financial statements upon adoption.

In March 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which affects entities that issue share-based payment awards to their employees. The guidance is designed to identify areas for simplification involving several aspects of accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, an option to recognize gross stock compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. This guidance is effective prospectively for interim and annual periods beginning after December 15, 2017. Early adoption is permitted. The Company is currently assessing the impact of this guidance.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which establishes the principles to report transparent and economically neutral information about the assets and liabilities that arise from leases. This guidance results in the Company providing a more faithful representation of the rights and obligations arising from operating and capital leases by requiring lessees to recognize the lease assets and lease liabilities that arise from leases in the statement of financial position and to disclose qualitative and quantitative information about lease transactions, such as information about variable lease payments and options to renew and terminate leases. This guidance is effective prospectively for interim and annual periods beginning after December 15, 2018. Early adoption is permitted. The Company is currently assessing the impact of this guidance.

In September 2015, the FASB issued ASU 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*, which eliminates the requirement for an acquirer to retrospectively adjust provisional amounts recorded in a business combination to reflect new information about the facts and circumstances that existed as of the acquisition date and that, if known, would have affected the measurement or recognition of amounts initially recognized. As an alternative, the update requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The update requires that the acquirer record, in the financial statements of the period in which adjustments to provisional amounts are determined, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The Company implemented this guidance during the first quarter of 2016. This guidance did not have a material impact on the Company's unaudited condensed consolidated financial statements upon adoption.

In April 2015, the FASB issued ASU 2015-05, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*. Under this standard, if a cloud computing arrangement includes a software license, the software license element of the arrangement should be accounted for consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the arrangement should be accounted for as a service contract. The Company implemented this guidance during the first quarter of 2016. This guidance did not have a material impact on the Company's unaudited condensed consolidated financial statements upon adoption.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which provides guidance for revenue recognition. The new standard will require revenue recognized to represent the transfer of promised goods or services to customers in an amount that reflects the consideration the company expects to receive in exchange for those goods or services. The standard also requires new, expanded disclosures regarding revenue recognition. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers: Deferral of Effective Date*. The standard defers the effective date of adoption of ASU 2014-09 to interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted but not before the original effective date of December 15, 2016. There are two adoption methods available for implementation of this guidance. Under one method, the guidance is applied retrospectively to contracts for each reporting period presented, subject to allowable practical expedients. Under the other method, the guidance is applied only to the most current period presented, recognizing the cumulative effect of the change as an adjustment to the beginning balance of retained earnings, and also requires additional disclosures comparing the results to the previous guidance. The Company is currently evaluating the adoption methods and assessing the impact of this guidance.

2. Acquisitions and Divestitures

Acquisitions

DigiCore Holdings Limited (DBA Ctrack and DigiCore)

On June 18, 2015, the Company entered into a transaction implementation agreement (the "TIA") with DigiCore Holdings, Inc. ("DigiCore"), a company specializing in the research, development, manufacturing, sales and marketing of telematics tools used for fleet and mobile asset management solutions and user-based insurance applications. Ctrack's products and services provide enterprise fleets, international businesses and consumers with solutions for maximizing the security and efficient operation of their global assets.

Pursuant to the terms of the TIA, the Company agreed to acquire 100% of the issued and outstanding ordinary shares of DigiCore (with the exception of certain excluded shares, including treasury shares) for 4.40 South African Rand per ordinary share outstanding; provided that, the total cash consideration could not exceed 1,094,223,363.20 South African Rand (the "Maximum Consideration Amount"). The total cash purchase price was guaranteed, on behalf of the Company, by a registered South African bank. To obtain such guarantee, the Company placed the Maximum Consideration Amount, in South African Rand, into escrow with the South African bank. On October 5, 2015 the transaction closed. Upon consummation of the acquisition, Ctrack became an indirect wholly-owned subsidiary of the Company.

Upon the closing of the transaction, holders of unvested in-the-money DigiCore stock options received stock options to purchase shares of the Company's common stock as replacement awards.

In connection with the acquisition, the Company incurred \$1.7 million in total transaction costs and expenses, all of which were recognized in 2015.

Purchase Price

The total purchase price was approximately \$80.0 million and included a cash payment for all of the outstanding ordinary shares of DigiCore and the purchase of in-the-money vested stock options held by Ctrack employees on the closing date of the transaction and the portion of the fair value of replacement equity awards issued to Ctrack employees that related to services performed prior to the date the transaction closed.

Set forth below is supplemental purchase consideration information related to the Ctrack acquisition (in thousands):

Cash payments	\$	79,365
Fair value of replacement equity awards issued to Ctrack employees for precombination services		623
Total purchase price	\$	79,988

Allocation of Fair Value

The Company accounted for the transaction using the acquisition method and, accordingly, the consideration has been allocated to the tangible and intangible assets acquired and liabilities assumed on the basis of their respective estimated fair values on the acquisition date. Goodwill resulting from this acquisition is largely attributable to the experienced workforce of Ctrack and synergies expected to arise after the integration of Ctrack's products and operations into those of the Company. Goodwill resulting from this acquisition is not deductible for tax purposes. Identifiable intangible assets acquired as part of the acquisition included definite-lived intangible assets for developed technologies, customer relationships and trade names, which are being amortized using the straight-line method over their estimated useful lives, as well as indefinite-lived intangible assets. Liabilities assumed from DigiCore included a mortgage bond and capital lease obligations.

The fair value has been allocated based on the estimated fair values of assets acquired and liabilities assumed as follows (in thousands):

	October 5, 2015	
Cash	\$	2,437
Accounts receivable		15,052
Inventory		11,361
Property, plant and equipment		5,924
Rental assets		6,603
Intangible assets		28,270
Goodwill		29,273
Other assets		5,695
Bank facilities		(2,124)
Accounts payable		(7,446)
Accrued and other liabilities		(15,018)
Noncontrolling interests		(39)
Net assets acquired	\$	79,988

The above fair value allocation is considered preliminary and is subject to revision during the measurement period. Management is in the process of completing its evaluation of obligations related to income tax.

Valuation of Intangible Assets Acquired

The following table sets forth the components of definite-lived intangible assets acquired in connection with the Ctrack acquisition (in thousands):

	Amount Assigned	Amortization Period (in years)
Developed technologies	\$ 10,170	6.0
Trade name	14,030	10.0
Customer relationships	4,070	5.0
Total intangible assets acquired	\$ 28,270	

R.E.R. Enterprises, Inc. (DBA Feeney Wireless)

On March 27, 2015, the Company entered into an asset purchase agreement (“APA”) with R.E.R. Enterprises, Inc. (“RER”) to acquire all of the issued and outstanding shares of RER and its wholly-owned subsidiary and principal operating asset, Feeney Wireless, LLC, an Oregon limited liability company (collectively, “FW”), which develops and sells solutions for the Internet of Things that integrate wireless communications into business processes. This strategic acquisition expanded the Company’s product and solutions offerings to include private labeled cellular routers, in-house designed and assembled cellular routers, high-end wireless surveillance systems, modems, computers and software, along with associated hardware, purchased from major industry suppliers. Additionally, FW’s services portfolio includes consulting, systems integration and device management services.

In connection with the acquisition, the Company incurred \$0.9 million in total costs and expenses, all of which were recognized in 2015.

Purchase Price

The total consideration was approximately \$24.8 million and included a cash payment at closing of approximately \$9.3 million, \$1.5 million of which was placed into an escrow fund to serve as partial security for the indemnification obligations of RER and its former shareholders, the Company’s assumption of \$0.5 million in certain transaction-related expenses incurred by FW, and the future issuance of shares of the Company’s common stock valued at \$15.0 million, payable no later than the tenth business day after the Company files its Annual Report on Form 10-K for the year ended December 31, 2015 with the SEC.

The total consideration of \$24.8 million did not include amounts, if any, payable under an earn-out arrangement pursuant to which the Company may have been required to pay up to an additional \$25.0 million to the former shareholders of RER contingent upon FW’s achievement of certain financial targets for the years ending December 31, 2015, 2016, and 2017 (the “Earn-Out Arrangement”). Such payments, if any, under the Earn-Out Arrangement would have been payable in either cash or shares of the Company’s common stock at the discretion of the Company, and would have been recorded as compensation expense during the service period earned.

Set forth below is supplemental purchase consideration information related to the FW acquisition (in thousands):

Cash payments	\$	9,268
Future issuance of common stock		15,000
Other assumed liabilities		509
Total purchase price	\$	<u>24,777</u>

On January 5, 2016, the Company and RER amended certain payment terms of the APA. Under the amended agreement, the \$1.5 million placed into escrow on the date of acquisition was released to RER and its former shareholders on January 8, 2016, and the \$15.0 million that was payable in shares of the Company’s common stock in March 2016 will now be paid in five cash installments over a four-year period, beginning in March 2016. In addition, the Earn-Out Arrangement has been amended as follows: (a) any amount earned under the Earn-Out Arrangement for the achievement of financial targets for the year ended December 31, 2015 will now be paid in five cash installments over a four-year period, beginning in March 2016 and (b) in replacement of the potential earn-out contingent upon FW’s achievement of certain financial targets for the years ended December 31, 2016 and 2017 the Company will issue to the former shareholders of RER approximately 2.9 million shares of the Company’s common stock in three equal installments over a three-year period, beginning in March 2017, contingent upon the retention of certain key personnel.

The total amount earned pursuant to the Earn-Out Arrangement upon FW’s achievement of certain financial targets for the year ended December 31, 2015 was \$6.1 million.

Allocation of Fair Value

The Company accounted for the transaction using the acquisition method and, accordingly, the consideration has been allocated to the tangible and intangible assets acquired and liabilities assumed on the basis of their respective estimated fair values on the acquisition date as set forth below. Goodwill resulting from this acquisition is largely attributable to the experienced workforce of FW and synergies expected to arise after the integration of FW's products and operations into those of the Company. Goodwill resulting from this acquisition is deductible for tax purposes. Identifiable intangible assets acquired as part of the acquisition included definite-lived intangible assets for developed technologies, customer relationships, and trademarks, which are being amortized using the straight-line method over their estimated useful lives, as well as indefinite-lived intangible assets, including in-process research and development. Liabilities assumed from FW included a term loan and capital lease obligations. The term loan and certain capital lease obligations were paid in full by the Company immediately following the closing of the acquisition on March 27, 2015.

The fair value has been allocated based on the estimated fair values of assets acquired and liabilities assumed as follows (in thousands):

	March 27, 2015
Cash	\$ 205
Accounts receivable	3,331
Inventory	10,008
Property, plant and equipment	535
Intangible assets	18,880
Goodwill	3,949
Other assets	544
Accounts payable	(7,494)
Accrued and other liabilities	(1,916)
Deferred revenues	(270)
Note payable	(2,575)
Capital lease obligations	(420)
Net assets acquired	<u>\$ 24,777</u>

Valuation of Intangible Assets Acquired

The following table sets forth the components of intangible assets acquired in connection with the FW acquisition (dollars in thousands):

	Amount Assigned	Amortization Period (in years)
Definite-lived intangible assets:		
Developed technologies	\$ 3,660	6.0
Trademarks	4,700	10.0
Customer relationships	8,500	10.0
Indefinite-lived intangible assets:		
In-process research and development	2,020	
Total intangible assets acquired	<u>\$ 18,880</u>	

Pro Forma Summary

The unaudited consolidated pro forma results for the three months ended March 31, 2016 and 2015 are set forth in the table below (in thousands). These pro forma consolidated results combine the results of operations of the Company, Ctrack and FW as though Ctrack and FW had been acquired as of January 1, 2015 and include amortization charges for the acquired intangibles for both acquisitions and interest expense related to the Company's borrowings to finance the Ctrack acquisition. The pro forma financial information is presented for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of 2015.

	Three Months Ended March 31,	
	2016	2015
Net revenues	\$ 66,944	\$ 75,921
Net loss	\$ (11,899)	\$ (11,008)

Divestiture

On April 11, 2016, subsequent to the balance sheet date, the Company signed a definitive asset purchase agreement with Telit Technologies (Cyprus) Limited and Telit Wireless Solutions, Inc. (collectively, "Telit") pursuant to which the Company would sell, and Telit would acquire, certain hardware modules and related assets for an initial purchase price of \$11.0 million in cash, subject to adjustment in connection with the terms of the agreement. The Company also has the potential to receive an additional cash payment of approximately \$3.8 million from Telit within 90 days of the closing of the transaction related to the purchase of module product inventory from the Company.

3. Balance Sheet Details

Inventories

Inventories consist of the following (in thousands):

	March 31, 2016	December 31, 2015
Finished goods	\$ 41,506	\$ 47,094
Raw materials and components	6,829	8,743
Total inventories	<u>\$ 48,335</u>	<u>\$ 55,837</u>

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following (in thousands):

	March 31, 2016	December 31, 2015
Royalties	\$ 2,996	\$ 2,740
Payroll and related expenses	5,653	4,406
Warranty obligations	989	932
Market development funds and price protection	2,635	2,805
Professional fees	3,168	1,060
Deferred revenue	1,306	1,836
Restructuring	955	1,044
Acquisition-related liabilities	7,912	5,274
Other	6,848	5,516
Total accrued expenses and other current liabilities	<u>\$ 32,462</u>	<u>\$ 25,613</u>

Accrued Warranty Obligations

Accrued warranty obligations activity during the three months ended March 31, 2016 was as follows (in thousands):

Warranty liability at December 31, 2015	\$	932
Additions charged to operations		350
Deductions from liability		(293)
Warranty liability at March 31, 2016	\$	989

4. Intangible Assets

The balances in goodwill and intangible assets were primarily a result of the Company's acquisitions of Ctrack, FW and Enfora, Inc. See Note 4, *Intangible Assets*, in the Company's 2015 Annual Report on Form 10-K for a discussion of the components of goodwill and additional information regarding intangible assets.

5. Fair Value Measurement of Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). A fair value measurement reflects the assumptions market participants would use in pricing an asset or liability based on the best available information. These assumptions include the risk inherent in a particular valuation technique (such as a pricing model) and the risks inherent in the inputs to the model.

The Company classifies inputs to measure fair value using a three-level hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The categorization of financial instruments within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) and is defined as follows:

Level 1: Pricing inputs are based on quoted market prices for identical assets or liabilities in active markets (e.g., NYSE or NASDAQ). Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Pricing inputs include benchmark yields, trade data, reported trades and broker dealer quotes, two-sided markets and industry and economic events, yield to maturity, Municipal Securities Rule Making Board reported trades and vendor trading platform data. Level 2 includes those financial instruments that are valued using various pricing services and broker pricing information including Electronic Communication Networks and broker feeds.

Level 3: Pricing inputs include significant inputs that are generally less observable from objective sources, including the Company's own assumptions.

The Company reviews the fair value hierarchy classification on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. There have been no transfers of assets or liabilities between fair value measurement classifications during the three months ended March 31, 2016.

The following table summarizes the Company's financial instruments measured at fair value on a recurring basis in accordance with the authoritative guidance for fair value measurements as of March 31, 2016 (in thousands):

	Balance as of March 31, 2016	Level 1
Assets:		
Cash equivalents		
Money market funds	\$ 35	\$ 35
Total cash equivalents	35	35
Short-term investments	1,100	1,100
Total assets at fair value	\$ 1,135	\$ 1,135

The following table summarizes the Company's financial instruments measured at fair value on a recurring basis in accordance with the authoritative guidance for fair value measurements as of December 31, 2015 (in thousands):

	Balance as of December 31, 2015	Level 1
Assets:		
Cash equivalents		
Money market funds	\$ 35	\$ 35
Total cash equivalents	35	35
Short-term investments	1,267	1,267
Total assets at fair value	\$ 1,302	\$ 1,302

Other Financial Instruments

The Company's financial assets and liabilities are carried at fair value or at amounts that, because of their short-term nature, approximate current fair value, with the exception of its \$120.0 million in 5.50% convertible senior notes due on June 15, 2020 (the "Convertible Notes") (see Note 6). The Company carries its Convertible Notes at amortized cost. The debt and equity components of the Convertible Notes were measured using Level 3 inputs and are not measured on a recurring basis. The fair value of the liability component of the Convertible Notes, which approximated its carrying value on the valuation date due to the recent issuance of such Convertible Notes, was \$84.6 million as of March 31, 2016.

6. Debt

Revolving Credit Facility

On October 31, 2014, the Company entered into a five-year senior secured revolving credit facility in the amount of \$25.0 million (the "Revolver") with Wells Fargo Bank, National Association, as lender. Concurrently with the acquisition of FW, the Company amended the Revolver to include FW as a borrower and Loan Party, as defined by the agreement. On November 17, 2015, the Revolver was amended to increase the maximum borrowing capacity to \$48.0 million.

The amount of borrowings that may be made under the Revolver is based on a borrowing base comprised of a specified percentage of eligible receivables. If, at any time during the term of the Revolver, the amount of borrowings outstanding under the Revolver exceeds the borrowing base then in effect, the Company is required to repay such borrowings in an amount sufficient to eliminate such excess. The Revolver includes \$3.0 million available for letters of credit.

The Company may borrow funds under the Revolver from time to time, with interest payable monthly at a base rate determined by using the daily three month LIBOR rate, plus an applicable margin of 3.00% to 3.50% depending on the Company's liquidity as determined on the last day of each calendar month. The Revolver is secured by a first priority lien on substantially all of the assets of the Company and certain of its subsidiaries, subject to certain exceptions and permitted liens. The Revolver includes customary representations and warranties, as well as customary reporting and financial covenants.

There was \$3.4 million outstanding on the Revolver at March 31, 2016. There was no balance outstanding on the Revolver at December 31, 2015. Based on the Company's eligible receivables at March 31, 2016, the Company has available borrowings of approximately \$12.1 million. As of March 31, 2016, the Company was in compliance with all financial covenants contained in the credit agreement.

Convertible Senior Notes

On June 10, 2015, the Company issued \$120.0 million aggregate principal amount of Convertible Notes. The Company incurred issuance costs of approximately \$3.9 million. The Company used a portion of the proceeds from the offering to finance its acquisition of Ctrack, to pay fees and expenses related to the acquisition, and for general corporate purposes.

The Convertible Notes are governed by the terms of an indenture, dated June 10, 2015, entered into between the Company, as issuer, and Wilmington Trust, National Association, as trustee. The Convertible Notes are senior unsecured obligations and bear interest at a rate of 5.50% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2015. The Convertible Notes will mature on June 15, 2020, unless earlier repurchased or converted. The Convertible Notes will be convertible into cash, shares of the Company's common stock, or a combination thereof, at the election of the Company, at an initial conversion price of \$5.00 per share of the Company's common stock.

The Convertible Notes consisted of the following at March 31, 2016 (in thousands):

Liability component:

Principal	\$	120,000
Less: unamortized debt discount and debt issuance costs		(35,427)
Net carrying amount	\$	84,573
Equity component	\$	38,305

The Company determined the expected life of the debt was equal to the five-year term of the Convertible Notes. The effective interest rate on the liability component was 17.79% for the three months ended March 31, 2016. The following table sets forth total interest expense recognized related to the Convertible Notes during the three months ended March 31, 2016 (in thousands):

Contractual interest expense	\$	1,650
Amortization of debt discount		1,980
Amortization of debt issuance costs		132
Total interest expense	\$	3,762

7. Share-based Compensation

The Company included the following amounts for share-based compensation awards in the unaudited condensed consolidated statements of operations (in thousands):

	Three Months Ended March 31,	
	2016	2015
Cost of revenues	\$ 52	\$ 21
Research and development	249	215
Sales and marketing	210	40
General and administrative	555	514
Total	\$ 1,066	\$ 790

Stock Options

The following table summarizes the Company's stock option activity (in thousands):

Outstanding — December 31, 2014	3,065
Granted	6,657
Exercised	(273)
Canceled	(3,364)
Outstanding — December 31, 2015	6,085
Granted	952
Exercised	(1)
Canceled	(312)
Outstanding — March 31, 2016	6,724
Exercisable — March 31, 2016	1,389

Restricted Stock Units

The following table summarizes the Company's restricted stock unit ("RSU") activity (in thousands):

Non-vested at December 31, 2014	1,629
Granted	1,043
Vested	(927)
Forfeited	(785)
Non-vested at December 31, 2015	960
Granted	2,914
Vested	(279)
Forfeited	(25)
Non-vested at March 31, 2016	3,570

Employee Stock Purchase Plan

During the three months ended March 31, 2016 and 2015, the Company recognized \$0.1 million and \$0.1 million, respectively, of stock-based compensation expense related to the employee stock purchase plan.

8. Geographic Information and Concentrations of Risk

Geographic Information

The following table details the Company's concentration of net revenues by geographic region based on shipping destination:

	Three Months Ended March 31,	
	2016	2015
United States and Canada	76.8%	96.1%
Latin America	0.2	3.2
Europe, Middle East, Africa and other	21.5	0.7
Asia and Australia	1.5	—
	100.0%	100.0%

Concentrations of Risk

Historically, a significant portion of the Company's net revenues comes from a small number of customers. For the three months ended March 31, 2016 and 2015, sales to the Company's largest customer accounted for 52.7% and 47.5%, respectively, of net revenues.

9. Earnings Per Share

Basic earnings per share ("EPS") excludes dilution and is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock using the treasury stock method. Potentially dilutive securities (consisting of warrants, stock options, RSUs and ESPP withholdings calculated using the treasury stock method) are excluded from the diluted EPS computation in loss periods and when the applicable exercise price is greater than the market price on the period end date as their effect would be anti-dilutive.

The calculation of basic and diluted EPS was as follows (in thousands, except per share data):

	Three Months Ended March 31,	
	2016	2015
Net loss attributable to Novatel Wireless, Inc.	\$ (11,904)	\$ (7,826)
Weighted-average common shares outstanding	53,251	46,262
Basic and diluted net loss per share	\$ (0.22)	\$ (0.17)

For the three months ended March 31, 2016 and 2015, the computation of diluted EPS excluded 10,574,618 shares and 5,483,254 shares, respectively, related to warrants, stock options, RSUs and the ESPP as their effect would have been anti-dilutive.

10. Commitments and Contingencies

Legal

The Company is, from time to time, party to various legal proceedings arising in the ordinary course of business. For example, the Company is currently named as a defendant or co-defendant in some patent infringement lawsuits in the U.S. and is indirectly participating in other U.S. patent infringement actions pursuant to its contractual indemnification obligations to certain customers. Based on an evaluation of these matters and discussions with the Company's intellectual property litigation counsel, the Company currently believes that liabilities arising from or sums paid in settlement of these existing matters, if any, would not have a material adverse effect on its consolidated results of operations or financial condition.

Indemnification

In the normal course of business, the Company periodically enters into agreements that require the Company to indemnify and defend its customers for, among other things, claims alleging that the Company's products infringe third-party patents or other intellectual property rights. The Company's maximum exposure under these indemnification provisions cannot be estimated but the Company does not believe that there are any matters individually or collectively that would have a material adverse effect on its financial condition, results of operation or cash flows.

11. Income Taxes

The Company's effective income tax rate for the three months ended March 31, 2016 and 2015 was 2.9% and 0.3%, respectively, which is significantly lower than the statutory tax rate primarily due to offsetting increases in the Company's deferred tax asset valuation allowances.

During the three months ended March 31, 2016, the Company recognized an increase of \$2.8 million in its valuation allowance primarily related to its U.S.-based deferred tax amounts, resulting from carryforward net operating losses generated during the three months ended March 31, 2016.

Pursuant to Internal Revenue Code ("IRC") Sections 382 and 383, annual use of the Company's net operating loss and research and development credit carryforwards may be limited in the event a cumulative change in ownership of more than 50% occurs within a three-year period. The Company is in the process of completing an IRC Section 382 analysis, and the Company expects to have this analysis completed within the next six months.

12. Restructuring

In September 2013, the Company commenced certain restructuring initiatives including the closure of the Company's development site in Calgary, Canada, and the consolidation of certain supply chain management activities (the "2013 Initiatives"). The 2013 Initiatives are expected to be completed when the facility leases expire in December 2016.

On August 3, 2015, the Company approved a restructuring initiative to better position the Company to operate in current market conditions and more closely align operating expenses with revenues, which included employee severance costs and facility exit related costs. In the fourth quarter of 2015, the Company commenced certain initiatives relating to the reorganization of executive level management, which included, among other actions, the replacement of the former Chief Executive Officer (collectively, the "2015 Initiatives"). The Company continued these initiatives in the first quarter of 2016 with a reduction-in-force and the completion of the closure of its facility in Richardson, TX. The 2015 Initiatives are expected to be completed when the Richardson, TX lease expires in June 2020.

The Company accounts for facility exit costs in accordance with ASC 420, *Exit or Disposal Cost Obligations*, which requires that a liability for such costs be recognized and measured initially at fair value on the cease-use date based on remaining lease rentals, adjusted for the effects of any prepaid or deferred items recognized, reduced by the estimated sublease rentals that could be reasonably obtained even if the Company does not intend to sublease the facilities.

The Company is required to estimate future sublease income and future net operating expenses of the facilities, among other expenses. The most significant of these estimates relate to the timing and extent of future sublease income which reduce lease obligations, and the probability that such sublease income will be realized. The Company based estimates of sublease income, in part, on information from third party real estate experts, current market conditions and rental rates, an assessment of the time period over which reasonable estimates could be made, and the location of the respective facility, among other factors. Further adjustments to the facility exit liability accrual will be required in future periods if actual exit costs or sublease income differ from current estimates. Exit costs recorded by the Company under these provisions are neither associated with, nor do they benefit, continuing activities.

The following table sets forth activity in the restructuring liability for the three months ended March 31, 2016 (in thousands):

	Balance at December 31, 2015	Costs Incurred	Payments	Non-cash	Translation Adjustment	Balance at March 31, 2016	Cumulative Costs Incurred to Date	Total Expected Restructuring Costs
<u>2013 Initiatives</u>								
Employee Severance Costs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,986	\$ 3,986
Facility Exit Related Costs	72	—	(19)	—	—	53	2,625	2,630
<u>2015 Initiatives</u>								
Employee Severance Costs	1,330	526	(865)	—	16	1,007	4,117	4,117
Facility Exit Related Costs	328	96	(86)	159	—	497	477	500
Total	<u>\$ 1,730</u>	<u>\$ 622</u>	<u>\$ (970)</u>	<u>\$ 159</u>	<u>\$ 16</u>	<u>\$ 1,557</u>	<u>\$ 11,205</u>	<u>\$ 11,233</u>

The balance of the restructuring liability at March 31, 2016 consists of approximately \$1.0 million in current liabilities and \$0.6 million in long-term liabilities.

As used in this report on Form 10-Q, unless the context otherwise requires, the terms “we,” “us,” “our,” the “Company” and “Novatel Wireless” refer to Novatel Wireless, Inc., a Delaware corporation, and its wholly owned subsidiaries.

Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). You should not place undue reliance on these statements. These forward-looking statements include statements that reflect the views of our senior management with respect to our current expectations, assumptions, estimates and projections about Novatel Wireless and our industry. These forward-looking statements speak only as of the date of this report. We disclaim any undertaking to publicly update or revise any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Statements that include the words “may,” “could,” “should,” “would,” “estimate,” “anticipate,” “believe,” “expect,” “preliminary,” “intend,” “plan,” “project,” “outlook,” “will” and similar words and phrases identify forward-looking statements. Forward-looking statements address matters that involve risks and uncertainties that could cause actual results to differ materially from those anticipated in these forward-looking statements as of the date of this report. We believe that these factors include those related to:

- our ability to compete in the market for wireless broadband data access products, products relating to the Internet of Things (“IoT”), and telematics, vehicle tracking and fleet management products;
- our ability to develop and timely introduce new products successfully;
- our dependence on a small number of customers for a substantial portion of our revenues;
- our ability to execute on our corporate development activities without distracting or disrupting our business operations;
- our ability to integrate the operations of R.E.R. Enterprises, Inc. (“RER”) and its wholly-owned subsidiary and principal operating asset, Feeney Wireless, LLC (collectively, “FW”), DigiCore Holdings Limited (“DigiCore” or “Ctrack”), and any business, products, technologies or personnel that we may acquire in the future, including: (i) our ability to retain key personnel from the acquired company or business and (ii) our ability to realize the anticipated benefits of the acquisition;
- our ability to introduce and sell new products that comply with current and evolving industry standards and government regulations;
- our ability to develop and maintain strategic relationships to expand into new markets;
- our ability to properly manage the growth of our business to avoid significant strains on our management and operations and disruptions to our business;
- our reliance on third parties to procure components and manufacture our products;
- our ability to accurately forecast customer demand and order the manufacture and timely delivery of sufficient product quantities;
- our reliance on sole source suppliers for some components used in our products;
- the continuing impact of uncertain global economic conditions on the demand for our products;
- our ability to be cost competitive while meeting time-to-market requirements for our customers;
- our ability to meet the product performance needs of our customers in both mobile broadband and IoT markets;
- demand for broadband wireless access to enterprise networks and the Internet;
- demand for fleet and vehicle management software-as-a-service telematics solutions;
- our dependence on wireless telecommunication operators delivering acceptable wireless services;
- the outcome of any pending or future litigation, including intellectual property litigation;
- infringement claims with respect to intellectual property contained in our products;
- our continued ability to license necessary third-party technology for the development and sale of our products;
- the introduction of new products that could contain errors or defects;
- doing business abroad, including foreign currency risks;

- our ability to make focused investments in research and development; and
- our ability to hire, retain and manage additional qualified personnel to maintain and expand our business.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this and other reports we file with or furnish to the Securities and Exchange Commission (“SEC”), including the information in “Item 1A. Risk Factors” in Part I of our Annual Report on Form 10-K for the year ended December 31, 2015. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate.

Trademarks

“Novatel Wireless”, the Novatel Wireless logo, “MiFi”, “MiFi Intelligent Mobile Hotspot”, “MiFi OS”, “MiFi Powered”, “MiFi Home”, “MobiLink”, “Ovation”, “Expedite” and “MiFi Freedom. My Way.” are trademarks or registered trademarks of Novatel Wireless, Inc. “Enfora”, the Enfora logo, “Spider”, “Enabling Information Anywhere”, “Enabler” and “N4A” are trademarks or registered trademarks of Enfora, Inc. “FW”, “Crossroads” and the Feeney Wireless logo are trademarks or registered trademarks of Feeney Wireless, LLC. “DigiCore”, “Ctrack” and the Ctrack logo are trademarks or registered trademarks of DigiCore Holdings Limited. Other trademarks, trade names or service marks used in this report are the property of their respective owners.

Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

The following information should be read in conjunction with the condensed consolidated financial statements and the accompanying notes included in Part I, Item 1 of this report, as well as the audited consolidated financial statements and accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2015 contained in our Annual Report on Form 10-K for the year ended December 31, 2015.

Business Overview

We are a leader in the design and development of products and solutions that simplify IoT, delivering innovative hardware and cloud-based, SaaS services to carriers, distributors, retailers, OEMs and vertical markets worldwide. Our products and solutions provide anywhere, anytime communications and analytics for consumers and businesses of all sizes, with approximately 534,000 global subscribers, including 164,000 subscribers within the fleet management vertical of telematics.

We have invented and reinvented ways which the world stays connected and accesses information. With multiple first-to-market innovations, a strong and growing portfolio of hardware and software innovations for IoT, we have been advancing technology and driving industry transformation for over 20 years. We invented and patented the award-winning global MiFi® brand of mobile hotspots and MiFi technology platform for IoT. It is this proven expertise and commitment to quality and innovation that make us the preferred global partner of operators, distributors, system integrators, businesses and consumers.

Our Sources of Revenue

SaaS, Software and Services

Through our acquisitions of DigiCore on October 5, 2015, and of FW on March 27, 2015, our product portfolio was further expanded to include additional product offerings for fleet and vehicle telematics, stolen vehicle recovery, usage-based insurance, IoT integration services and solutions, and applications software and SaaS services. Our SaaS delivery platforms include Ctrack® platforms, which provide asset, fleet, vehicle, and SaaS telematics, and FW's Crossroads, which provides easy IoT device management and service enablement. We sell our SaaS, software and services solutions through our direct sales force and through distributors.

Ctrack specializes in the research, design, development, manufacturing, sales and support of technologically advanced solutions for the vehicle tracking, fleet management and insurance telematics verticals for an international client base. With more than 30 years of innovation, technical and implementation experience, Ctrack provides advanced machine-to-machine communication and telematics solutions that add value to its global base of customers with mobile assets. Ctrack's operations span over more than 50 countries on six continents with approximately 1,000 employees and 370,000 subscribers. Through successful global acquisitions and by identifying strong and capable distributors, Ctrack has been able to establish a strong presence in high-growth, low-penetration, developed markets such as the United Kingdom, Netherlands and Australia, and emerging markets such as Asia, Africa and Latin America.

Ctrack's end-to-end research, design, development, manufacture, sales and support of tailored solutions for customers is serviced by a global network of staff and team members. Ctrack develops a range of asset management and monitoring systems using GPS satellite positioning, GSM cellular communication systems and other advanced communication and sensor technologies. The result is products and solutions ranging from basic track-and-trace with stolen vehicle response services for the consumer market to complete integrated enterprise-level solutions for large fleet owners under the Ctrack brand.

Our SaaS, Software and Services customer base includes fleet transportation companies, vehicle insurance companies, public and private telecommunications entities, commercial companies, and both state and federal government agencies.

Hardware

We provide intelligent wireless hardware products for the worldwide mobile communications market. Our hardware products address multiple vertical markets for our customers including fleet and commercial telematics, after-market telematics, remote monitoring and control, security and connected home, and wireless surveillance systems. Our broad range of products principally includes intelligent mobile hotspots, wireless routers for IoT, USB modems, integrated telematics and mobile tracking hardware devices, which are supported by applications software and cloud services designed to enable customers to easily analyze data insights and also configure and manage our hardware remotely. Our products currently operate on every major cellular wireless technology platform. Our mobile hotspots are actively used by millions of customers annually to provide subscribers with secure and convenient high-speed access to corporate, public and personal information through the Internet and enterprise networks. Our wireless routers and USB modems serve as gateways to the rapidly growing and underpenetrated IoT segment. Our telematics and mobile tracking hardware devices collect and control critical vehicle data and driver behaviors, and can reliably deliver that information to the cloud, all managed by our services enablement platform that includes the N4A™ Communications and Management Software and N4A Device Manager.

We sell our intelligent mobile hotspots primarily to wireless operators either directly or through strategic relationships. Our mobile-hotspot customer base is comprised of wireless operators, including Verizon Wireless, Inc. (“Verizon Wireless”), AT&T, Inc. (“AT&T”), and Sprint Corporation (“Sprint”), as well as distributors and various companies in other vertical markets.

We sell our wireless routers for IoT and integrated telematics and mobile tracking hardware devices through our direct sales force and through distributors. The customer base for our wireless routers for IoT and integrated telematics and mobile tracking hardware devices is comprised of transportation companies, industrial companies, manufacturers, application service providers, system integrators and distributors, and enterprises in various industries, including fleet and vehicle transportation, energy and industrial automation, security and safety, medical monitoring and government.

The hardware used in our solutions is produced by contract manufacturers. Their services include component procurement, assembly, testing, quality control and fulfillment. Our contract manufacturers include AsiaTelco Technologies Co., Inventec Appliances Corporation, Hon Hai Precision Industry Co., Ltd. and Production Logix CC. Under our manufacturing agreements, contract manufacturers provide us with services including component procurement, product manufacturing, final assembly, testing, quality control and fulfillment.

Our hardware products are managed through a structured life cycle process, from identifying initial customer requirements through development and commercial introduction to eventual phase-out. During product development, emphasis is placed on innovation, time-to-market, performance, meeting industry standards and customer product specifications, ease of integration, cost reduction, manufacturability, quality and reliability.

Merger, Acquisition and Divestiture Activities

Acquisitions

DigiCore Holdings Limited (DBA Ctrack)

On June 18, 2015, we entered into a transaction implementation agreement (the “TIA”) with DigiCore. Pursuant to the terms of the TIA, we acquired 100% of the issued and outstanding ordinary shares of DigiCore (with the exception of certain excluded shares, including treasury shares) for 4.40 South African Rand per ordinary share outstanding.

On October 5, 2015 (the “Closing Date”), the transaction was completed. The total purchase price was approximately \$80.0 million and included (i) cash consideration of \$79.4 million for all of the outstanding ordinary shares of DigiCore and the purchase of in-the-money vested stock options held by Ctrack employees on the closing date and (ii) \$0.6 million for the portion of the fair value of replacement equity awards issued to Ctrack employees that related to services performed prior to the Closing Date. Upon consummation of the acquisition, Ctrack became an indirect wholly-owned subsidiary of the Company.

R.E.R. Enterprises, Inc. (DBA Feeney Wireless)

On March 27, 2015, the Company entered into an asset purchase agreement (“APA”) with FW to acquire all of the issued and outstanding shares of FW. The total consideration was approximately \$24.8 million and included a cash payment at closing of approximately \$9.3 million, including \$1.5 million which was placed into an escrow fund to serve as partial security for the indemnification obligations of RER and its former shareholders, the Company’s assumption of \$0.5 million in certain transaction-related expenses incurred by FW, and the future issuance of shares of our common stock valued at \$15.0 million to RER’s former shareholders, payable no later than the tenth business day after we file our Annual Report on Form 10-K for the year ended December 31, 2015 with the SEC.

The total consideration of \$24.8 million paid by the Company for FW did not include amounts, if any, payable under an earn-out arrangement pursuant to which we may have been required to pay up to an additional \$25.0 million to the former shareholders of RER contingent upon FW’s achievement of certain financial targets for the years ending December 31, 2015, 2016, and 2017 (the “Earn-Out Arrangement”). Such payments, if any, under the Earn-Out Arrangement would have been payable in either cash or shares of the Company’s common stock at the discretion of the Company, and would have been recorded as compensation expense during the service period earned.

On January 5, 2016, the Company and RER amended certain payment terms of the APA related to the Company’s acquisition of RER (the “RER Amendment”). Under the RER Amendment, the \$1.5 million placed into escrow on the date of acquisition was released to RER and its former shareholders on January 8, 2016, and the \$15.0 million that was payable in shares of our common stock in March 2016 will now be paid in five cash installments over a four-year period, beginning in March 2016. Under the RER Amendment, the Earn-Out Arrangement has been amended as follows: (a) any amount earned under the Earn-Out Arrangement for the achievement of financial targets for the year ended December 31, 2015 will now be paid in five cash installments over a four-year period, beginning in March 2016 and (b) in replacement of the potential earn-out contingent upon FW’s achievement of certain financial targets for the years ended December 31, 2016 and 2017, we will issue

to the former shareholders of RER approximately 2.9 million shares of our common stock in three equal installments over a three-year period, beginning in March 2017, contingent upon FW's retention of certain key personnel. Consideration due to former shareholders of RER under the Earn-Out Arrangement will be treated as compensation expense during the service period earned.

The total amount earned pursuant to the Earn-Out Arrangement upon FW's achievement of certain financial targets for the year ended December 31, 2015 was approximately \$6.1 million.

Divestiture

On April 11, 2016, we signed a definitive asset purchase agreement with Telit Technologies (Cyprus) Limited and Telit Wireless Solutions, Inc. (collectively, "Telit") pursuant to which we would sell, and Telit would acquire, certain hardware modules and related assets for an initial purchase price of \$11.0 million in cash, subject to adjustment in connection with the terms of the agreement. The initial purchase price of \$11.0 million includes \$9.0 million that was paid to the Company on the closing date of the transaction, \$1.0 million to be retained by Telit and paid to the Company in equal quarterly installments over a two-year period in connection with the provision by the Company of certain transition services and \$1.0 million to be retained by Telit and paid to the Company following the satisfaction of certain conditions by the Company, including the assignment of specified contracts and the delivery of certain certifications and approvals. The Company also has the potential to receive an additional cash payment of approximately \$3.8 million from Telit within 90 days of the closing of the transaction. This additional cash payment will be applied to the purchase of module product inventory from the Company. Of the approximately \$3.8 million payment, \$1.0 million will be retained by Telit and paid to the Company in equal quarterly installments over the two-year period following the closing date in connection with the provision by the Company of certain transition services. In addition to the above, the Company may be entitled to receive a subsequent earn-out payment following the closing of the transaction if certain conditions are met.

Factors Which May Influence Future Results of Operations

Net Revenues. We believe that our future net revenues will be influenced largely by the speed and breadth of the demand for wireless access to data through the use of next generation networks, including demand for 3G and 4G products, 3G and 4G data access services, demand for fleet and vehicle management SaaS telematics solutions, customer acceptance of our new products that address these markets, including our MiFi line of intelligent mobile hotspots, and our ability to meet customer demand. Factors that could potentially affect customer demand for our products include the following:

- economic environment and related market conditions;
- increased competition from other wireless data device suppliers and fleet and vehicle telematics solutions, as well as suppliers of emerging devices that contain a wireless data access feature;
- demand for broadband access services and networks;
- rate of change to new products;
- timing of deployment of 4G networks by wireless operators;
- decreased demand for 3G and 4G products;
- product pricing; and
- changes in technologies.

Our revenues are also significantly dependent upon the availability of materials and components used in our products.

We anticipate introducing additional products during the next twelve months, including 4G broadband-access products, IoT solutions and software applications and platforms. We continue to develop and maintain strategic relationships with wireless and computing industry leaders like QUALCOMM Incorporated, Verizon Wireless, AT&T, Sprint and major software vendors. Through strategic relationships, we have been able to maintain market penetration by leveraging the resources of our channel partners, including their access to distribution resources, increased sales opportunities and market opportunities.

Cost of Net Revenues. All costs associated with our contract manufacturers, as well as distribution, fulfillment and repair services, are included in our cost of net revenues. Cost of net revenues also includes costs of delivering SaaS services, warranty costs, amortization of intangible assets, royalties, operations overhead, costs associated with our cancellation of purchase orders, costs related to outside services and costs related to inventory adjustments, including the FW and Ctrack acquisition-related amortization of the fair value of inventory, as well as any write downs for excess and obsolete inventory. Inventory adjustments are impacted primarily by demand for our products, which is influenced by the factors discussed above.

Operating Costs and Expenses. We will likely develop new products to serve our existing and future markets, resulting in increased research and development expenses. We have incurred these expenses in the past and expect to continue to incur these expenses in future periods prior to recognizing net revenues from sales of these products.

Our operating costs consist of three primary categories: research and development; sales and marketing; and general and administrative costs.

Research and development is at the core of our ability to produce innovative, leading-edge products. These expenses consist primarily of engineers and technicians who design and test our highly complex products and the procurement of testing and certification services.

Sales and marketing expense consists primarily of our sales force and product-marketing professionals. In order to maintain strong sales relationships, we provide co-marketing, trade show support, product training and demo units for merchandising. We are also engaged in a wide variety of activities, such as awareness and lead generation programs as well as product marketing. Other marketing initiatives include public relations, seminars and co-branding with partners.

General and administrative expenses include primarily corporate functions such as accounting, human resources, legal, administrative support, and professional fees. This category also includes the expenses needed to operate as a publicly-traded company, including compliance with the Sarbanes-Oxley Act of 2002, as amended, SEC filings, stock exchange fees, and investor relations expense. Although general and administrative expenses are not directly related to revenue levels, certain expenses such as legal expenses and provisions for bad debts may cause significant volatility in future general and administrative expenses.

We have undertaken certain restructuring activities and cost reduction initiatives in an effort to better align our organizational structure and costs with our strategy. Restructuring charges consist primarily of severance costs incurred in connection with the reduction of our workforce and facility exit related costs.

As part of our business strategy, we review, and intend to continue to review, acquisition opportunities that we believe would be advantageous or complementary to the development of our business, such as the acquisitions of FW and Ctrack. Given our current cash position and recent losses, any additional acquisitions we make would likely involve issuing stock and/or borrowing additional funds in order to provide the purchase consideration for the acquisitions. If we make any additional acquisitions, we may incur substantial expenditures in conjunction with the acquisition process and the subsequent assimilation of any acquired business, products, technologies or personnel.

Critical Accounting Policies and Estimates

In the notes to our consolidated financial statements and in “Item 7-Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our 2015 Annual Report on Form 10-K, we have disclosed those accounting policies that we consider to be significant in determining our results of operations and financial condition. There have been no material changes to those policies that we consider to be significant since the filing of our 2015 Annual Report on Form 10-K. The accounting principles used in preparing our unaudited condensed consolidated financial statements conform in all material respects to accounting principles generally accepted in the United States of America (“GAAP”).

Results of Operations

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015

Net revenues. Net revenues for the three months ended March 31, 2016 were \$66.9 million, an increase of \$13.5 million, or 25.1%, compared to the same period in 2015.

The following table summarizes net revenues by type (in thousands):

	Three Months Ended March 31,		Change	
	2016	2015	\$	%
Hardware	\$ 54,161	\$ 53,011	\$ 1,150	2.2%
SaaS, software and services	12,783	483	12,300	*
Total	\$ 66,944	\$ 53,494	\$ 13,450	25.1%

* Not meaningful.

Hardware. The increase in hardware net revenues is primarily a result of the acquisitions of Ctrack and FW, offsetting a decline in the legacy Novatel Wireless hardware business as the company continued its efforts to focus on its most profitable products.

SaaS, software and services. The increase in SaaS, software and services net revenues is primarily a result of our acquisitions of Ctrack and FW.

Cost of net revenues. Cost of net revenues for the three months ended March 31, 2016 was \$45.8 million, an increase of \$4.9 million, or 12.0%, compared to \$40.9 million for the same period in 2015.

The following table summarizes cost of net revenues by type (in thousands):

	Three Months Ended March 31,		Change	
	2016	2015	\$	%
Hardware	\$ 40,869	\$ 40,823	\$ 46	0.1%
SaaS, software and services	4,892	37	4,855	*
Total	\$ 45,761	\$ 40,860	\$ 4,901	12.0%

* Not meaningful.

Hardware. The increase in hardware cost of net revenues is primarily a result of the increase in net revenues as well as the inclusion of non-cash purchase accounting adjustments. Excluding these non-cash adjustments, the underlying profitability of the hardware product portfolio would have increased more meaningfully.

SaaS, software and services. The increase in SaaS, software and services cost of net revenues is primarily a result of our acquisitions of Ctrack and FW and the associated increase in SaaS, software and services revenues.

Gross profit. Gross profit for the three months ended March 31, 2016 was \$21.2 million, or a gross margin of 31.6%, compared to \$12.6 million, or a gross margin of 23.6%, for the same period in 2015. The increase in gross profit was primarily a result of the changes in net revenues and cost of net revenues as discussed above. The increase in gross margin was primarily a result of the diversification of the revenue base with the more highly profitable SaaS, software and services business as well as the increase in profitability of the hardware portfolio.

Research and development expenses. Research and development expenses for the three months ended March 31, 2016 were \$8.0 million, or 12.0% of net revenues, compared to \$10.8 million, or 20.1% of net revenues, for the same period in 2015. Research and development expenses decreased for the three months ended March 31, 2016 as compared to the same period in 2015 primarily due to reduction of headcount and associated expenses as we rationalized our product portfolio to focus on the more profitable products, partially offset by our acquisitions of Ctrack and FW with their associated research and development expenses.

Sales and marketing expenses. Sales and marketing expenses for the three months ended March 31, 2016 were \$7.8 million, or 11.6% of net revenues, compared to \$4.2 million, or 7.9% of net revenues, for the same period in 2015. The increase was primarily a result of the acquisitions of Ctrack and FW, partially offset by our cost containment initiatives.

General and administrative expenses. General and administrative expenses for the three months ended March 31, 2016 were \$10.2 million, or 15.2% of net revenues, compared to \$5.4 million, or 10.0% of net revenues, for the same period in 2015. General and administrative expenses increased for the three months ended March 31, 2016 primarily a result of the acquisitions of Ctrack and FW, partially offset by our cost containment initiatives.

Amortization of purchased intangible assets. The amortization of purchased intangible assets for the three months ended March 31, 2016 and 2015 was \$0.9 million and \$0.2 million, respectively. Amortization of purchased intangible assets for the three months ended March 31, 2016 includes the amortization of intangible assets purchased through the acquisitions of Ctrack and FW. Amortization of purchased intangible assets for the three months ended March 31, 2015 includes the amortization of intangible assets purchased through the acquisition of FW for the period following the March 27, 2015 date of acquisition through March 31, 2015.

Restructuring charges. Restructuring expenses for the three months ended March 31, 2016 were \$0.6 million and predominantly consisted of severance costs incurred in connection with the reduction of our workforce, as well as facility exit related costs. During the three months ended March 31, 2015, we recorded a reduction of \$0.2 million in restructuring charges, primarily related to a re-evaluation of our expected remaining restructuring accrual for severance and facility exit related costs.

Interest expense, net. Interest expense, net for the three months ended March 31, 2016 was \$3.9 million, compared to \$74,000 for the same period in 2015. The increase in interest expense is primarily a result of the interest expense related to the Convertible Notes that we issued during the second quarter of 2015, which includes the amortization of the debt discount and debt issuance costs.

Other expense, net. Other expense, net, for the three months ended March 31, 2016 was \$1.3 million, compared to \$17,000 for the same period in 2015. The increase in other expense is a result of an unrealized foreign currency loss on an outstanding intercompany loan that Ctrack has with one of its wholly-owned subsidiaries, which is re-measured at each reporting period, and the effect of exchange rates on cash and cash equivalents during the period.

Income tax provision. Income tax expense for the three months ended March 31, 2016 was \$0.3 million as compared to \$20,000 for the same period in 2015. The increase in income tax expense is primarily due to certain of our profitable subsidiaries in foreign jurisdictions.

Net income attributable to noncontrolling interests. For the year ended March 31, 2016, net income attributable to noncontrolling interests was \$5,000. We did not have any noncontrolling interests during the three months ended March 31, 2015.

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash and cash equivalents and cash generated from operations.

Revolving Credit Facility

On October 31, 2014, we entered into a senior secured revolving credit facility in the amount of \$25.0 million with Wells Fargo Bank, National Association (the “Revolver”). On November 17, 2015, the Revolver was amended to increase the maximum borrowing capacity to \$48.0 million. The amount of borrowings that may be made under the Revolver are based on a borrowing base and are comprised of a specified percentage of eligible receivables. If, at any time during the term of the Revolver, the amount of borrowings outstanding under the Revolver exceeds the borrowing base then in effect, we would be required to repay such borrowings in an amount sufficient to eliminate such excess. The Revolver includes \$3.0 million of availability for letters of credit. At March 31, 2016, the outstanding balance on the Revolver was \$3.4 million. Based on our eligible receivables at March 31, 2016, we have available borrowings of approximately \$12.1 million.

Convertible Senior Notes

On June 10, 2015, we issued \$120.0 million of Convertible Notes, which are governed by the terms of an indenture between us, as issuer, and Wilmington Trust, National Association, as trustee. The Convertible Notes are senior unsecured obligations and bear interest at a rate of 5.50% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2015. The Convertible Notes will mature on June 15, 2020, unless earlier repurchased or converted. The Convertible Notes will be convertible into cash, shares of our common stock, or a combination thereof, at our election, at an initial conversion price of \$5.00 per share of our common stock.

RER Amendment

Pursuant to the RER Amendment, we are obligated to pay a total of \$15.0 million in five cash installments over a four-year period, beginning in March 2016. We are also obligated to pay a total of \$6.1 million over a four-year period, beginning in March 2016, related to the Earn-Out Arrangement. We believe that our cash and cash equivalents and our availability under the Revolver, together with anticipated cash flows from operations, will be sufficient to meet these obligations.

Historical Cash Flows

The following table summarizes our condensed consolidated statements of cash flows for the periods indicated (in thousands):

	Three Months Ended March 31,	
	2016	2015
Net cash used in operating activities	\$ (6,338)	\$ (7,133)
Net cash used in investing activities	(989)	(9,398)
Net cash provided by financing activities	2,908	8,077
Effect of exchange rates on cash and cash equivalents	110	(29)
Net decrease in cash and cash equivalents	(4,309)	(8,483)
Cash and cash equivalents, beginning of period	12,570	17,853
Cash and cash equivalents, end of period	\$ 8,261	\$ 9,370

Operating activities. Net cash used in operating activities was \$6.3 million for the three months ended March 31, 2016 compared to \$7.1 million for the same period in 2015. Net cash used in operating activities for the three months ended March 31, 2016 was primarily attributable to the net loss in the period along with a decrease in accounts payable, partially offset by the non-cash charges for depreciation and amortization, including the amortization of the acquisition-related inventory step up and debt discount and debt issuance costs, inventory provision and share-based compensation expense. Net cash used in operating activities for the three months ended March 31, 2015 was attributable to the net loss in the period, partially offset

by an increase in accounts receivable and non-cash charges for depreciation and amortization and share-based compensation expense.

Investing activities. Net cash used in investing activities during the three months ended March 31, 2016 was \$1.0 million compared to \$9.4 million used in investing activities for the same period in 2015. Cash used in investing activities during the three months ended March 31, 2016 was primarily related to our accounting system upgrade and the capitalization of certain costs related to the research and development of software to be sold in our solutions. Cash used in investing activities during the three months ended March 31, 2015 was primarily related to our acquisition of FW.

Financing activities. Net cash provided by financing activities during the three months ended March 31, 2016 was \$2.9 million, compared to net cash provided by financing activities of \$8.1 million for the same period in 2015. Net cash provided by financing activities during the three months ended March 31, 2016 was primarily related to our drawn down on the Revolver. Net cash provided by financing activities during the three months ended March 31, 2015 was primarily related to proceeds received from the exercise of the 2014 Warrant and borrowings under our Revolver in connection with the FW acquisition, partially offset by the payoff of the FW assumed credit line and certain capital lease obligations.

Other Liquidity Needs

As of March 31, 2016, we had available cash and cash equivalents totaling \$8.3 million and working capital of \$38.0 million. We also had availability for borrowings under the Revolver. Borrowings under this facility are secured by a first priority lien on substantially all of our assets and the assets of certain of our subsidiaries, subject to certain exceptions and permitted liens. At March 31, 2016, the outstanding balance on the Revolver was \$3.4 million. Based on our eligible receivables at March 31, 2016, we have available borrowings of approximately \$12.1 million. In addition, on April 11, 2016, the Company received \$9.0 million related to the closing of the asset purchase agreement with Telit Wireless, a portion of which was used to repay the outstanding balance on the Revolver.

Our ability to transition to attaining profitable operations is dependent upon achieving a level of revenues adequate to support our evolving cost structure. If events or circumstances occur such that we do not meet our operating plan as expected, we may be required to reduce planned research and development activities, incur additional restructuring charges or reduce other operating expenses which could have an adverse impact on our ability to achieve our intended business objectives. We believe that our cash and cash equivalents and our availability under the Revolver, together with anticipated cash flows from operations, will be sufficient to meet our working capital needs for the next twelve months.

Our liquidity could be impaired if there is any interruption in our business operations, a material failure to satisfy our contractual commitments or a failure to generate revenue from new or existing products.

We may raise additional funds to accelerate development of new and existing services and products, to respond to competitive pressures or to acquire complementary products, businesses or technologies. There can be no assurance that any required additional financing will be available on terms favorable to us, or at all. In addition, in order to obtain additional borrowings we must comply with certain requirements under the Revolver. If additional funds are raised by the issuance of equity securities, our shareholders could experience dilution of their ownership interests and securities issued may have rights senior to those of the holders of our common stock. If additional funds are raised by the issuance of debt securities, we may be subject to certain limitations on our operations. If adequate funds are not available or not available on acceptable terms, we may be unable to take advantage of acquisition opportunities, develop or enhance products or respond to competitive pressures, any of which could have a material adverse effect on our business, financial condition and results of operations.

Contractual Obligations and Commercial Commitments

There have been no material changes to our contractual obligations and commercial commitments from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015.

Off-Balance Sheet Arrangements

We do not engage in any off-balance sheet financing activities.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

Market risk is the risk of potential economic loss principally arising from adverse changes in the fair value of financial instruments. The major components of market risk affecting us are interest rate risk, global credit risk and foreign currency exchange rate risk.

Since December 31, 2015, there have been no material changes in the quantitative or qualitative aspect of our market risk profile. For additional information regarding the Company's exposure to certain market risks, see Item 7A, "*Quantitative and Qualitative Disclosures About Market Risk*" in our Annual Report on Form 10-K for the year ended December 31, 2015.

Item 4. *Controls and Procedures***Evaluation of Disclosure Controls and Procedures**

The Company maintains disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Exchange Act, that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March 31, 2016, the end of the period covered by this report. Based on the foregoing, our principal executive officer and principal financial and accounting officer concluded that our disclosure controls and procedures were effective as of March 31, 2016.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting, as defined in Rule 13a-15(f) promulgated under the Exchange Act, during the three months ended March 31, 2016, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. *Legal Proceedings.*

The disclosure in Note 10, *Commitments and Contingencies*, in the accompanying unaudited condensed consolidated financial statements includes a discussion of our legal proceedings and is incorporated herein by reference.

The Company is also engaged in various other legal actions arising in the ordinary course of our business and, while there can be no assurance, the Company currently believes that the ultimate outcome of these other legal actions will not have a material adverse effect on its business, results of operations, financial condition or cash flows.

Item 1A. *Risk Factors.*

There have been no material changes in our risk factors from those disclosed in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2015, except for the risk factors listed below.

Our corporate development activities could disrupt our business and harm our financial condition and results of operations.

As part of our business strategy, we review and intend to continue to review, acquisition and divestiture opportunities that we believe would be advantageous or complementary to the development of our business. Based on these opportunities, we may acquire additional businesses, assets, or technologies in the future. Alternatively, we may divest businesses, assets or technologies. All of these activities are subject to risks and uncertainties and could disrupt or harm our business. For example, if we make an acquisition, we could take any or all of the following actions, any one of which could adversely affect our business, financial condition, results of operations or stock price:

- use a substantial portion of our available cash;
- incur substantial debt, which may not be available to us on favorable terms and may adversely affect our liquidity;
- issue equity or equity-based securities that would dilute the percentage ownership of existing stockholders;
- assume contingent liabilities; and
- take substantial charges in connection with acquired assets.

Acquired businesses may have liabilities or adverse operating issues that we fail to discover through due diligence prior to the acquisition. In particular, to the extent that prior owners of any acquired businesses or properties failed to comply with or otherwise violated applicable laws or regulations, or failed to fulfill their contractual obligations to customers, we, as the successor owner, may be financially responsible for these violations and failures and may suffer reputational harm or otherwise be adversely affected. Acquisitions also frequently result in the recording of goodwill and other intangible assets which are subject to potential impairment in the future that could harm our financial results. In addition, if we finance acquisitions by issuing convertible debt or equity securities, our existing stockholders may be diluted, which could affect the market price of our stock. Acquisitions and/or the related equity financings could also impact our ability to utilize our net operating loss carryforwards.

Numerous other risks of engaging in acquisitions include: difficulties in assimilating acquired operations, products, technologies and personnel; unanticipated costs; diversion of management's attention from existing operations; adverse effects on existing business relationships with suppliers and customers; risks of entering markets in which we have limited or no prior experience; and potential loss of key employees from either our existing business or the acquired organization. Acquisitions may result in substantial accounting charges for restructuring and other expenses, amortization of purchased technology and intangible assets and stock-based compensation expense, any of which could materially adversely affect our operating results.

Conversely, there are many risks associated with corporate divestitures, including the proposed divestiture of our telematics hardware assets or the recent sale of portions of our IoT modules business to Telit. The numerous risks of engaging in sales of assets, technology or portions of our business include: difficulties separating divested operations from ongoing operations; loss of sales, marketing and operating synergies; loss of key employees and know-how related to the on-going portions of the business; unanticipated costs; diversion of management's attention from existing operations; and adverse effects on existing business relationships with suppliers and customers. Similar to discontinued operations, divestitures may be disruptive and result in substantial accounting charges for any related restructuring.

As a result, if we fail to properly evaluate or implement acquisitions or divestitures, including the proposed divestiture of our telematics hardware assets and the recent sale of portions of our IoT modules business to Telit, we may not achieve the anticipated benefits of any such transactions, and we may incur unanticipated costs, either of which could harm our business and operating results.

We currently rely on third parties to manufacture and warehouse many of our products, which exposes us to a number of risks and uncertainties outside our control.

We currently outsource the manufacturing of all of our mobile computing solutions and many of our IoT devices to companies including: AsiaTelco Technologies Co., Inventec Appliances Corporation, Hon Hai Precision Industry Co., Ltd. and Production Logix CC. In addition, we recently sold portions of our IoT modules business to Telit, and we now rely on Telit to supply us with modules that are critical to the functionality of some of our telematics hardware devices, including devices sold or deployed by Ctrack. If one of these third-party manufacturers were to experience delays, disruptions, capacity constraints or quality control problems in its manufacturing operations, product shipments to our customers could be delayed or rejected or our customers could consequently elect to cancel the underlying product purchase order. These disruptions would negatively impact our revenues, competitive position and reputation. Further, if we are unable to manage successfully our relationship with a manufacturer, the quality and availability of our products may be harmed. None of our third-party manufacturers is obligated to supply us with a specific quantity of products, except as may be provided in a particular purchase order that we have submitted to, and that has been accepted by, such third-party manufacturer. Our third-party manufacturers could, under some circumstances, decline to accept new purchase orders from us or otherwise reduce their business with us. If a manufacturer stopped manufacturing our products for any reason or reduced manufacturing capacity, we may be unable to replace the lost manufacturing capacity on a timely and comparatively cost effective basis, which would adversely impact our operations. In addition, we generally do not enter into long-term contracts with our manufacturers. As a result, we are subject to price increases due to availability, and subsequent price volatility, in the marketplace of the components and materials needed to manufacture our products. If a third-party manufacturer were to negatively change the product pricing and other terms under which it agrees to manufacture for us and we were unable to locate a suitable alternative manufacturer, our manufacturing costs could significantly increase.

Because we outsource the manufacturing of so many of our products, the cost, quality and availability of third-party manufacturing operations is essential to the successful production and sale of our products. Our reliance on third-party manufacturers exposes us to a number of risks which are outside our control, including:

- unexpected increases in manufacturing costs;
- interruptions in shipments if a third-party manufacturer is unable to complete production in a timely manner;
- inability to control quality of finished products;
- inability to control delivery schedules;
- inability to control production levels and to meet minimum volume commitments to our customers;
- inability to control manufacturing yield;
- inability to maintain adequate manufacturing capacity; and
- inability to secure adequate volumes of acceptable components at suitable prices or in a timely manner.

Although we promote ethical business practices and our operations personnel periodically visit and monitor the operations of our manufacturers, we do not control the manufacturers or their labor practices. If our current manufacturers, or any other third-party manufacturer which we may use in the future, violate U.S. or foreign laws or regulations, we may be subjected to extra duties, significant monetary penalties, adverse publicity, the seizure and forfeiture of products that we are attempting to import or the loss of our import privileges. The effects of these factors could render the conduct of our business in a particular country undesirable or impractical and have a negative impact on our operating results.

We depend on sole source suppliers for some components used in our products and solutions. The availability and sale of those products and solutions would be harmed if any of these suppliers is not able to meet our demand and production schedule and alternative suitable components are not available on acceptable terms, if at all.

Our products contain a variety of components, some of which are procured from single suppliers. In addition, some of our vehicle tracking or fleet management solutions rely on devices procured from single suppliers, including Telit, which recently purchased a portion of our IoT modules business from us. From time to time, certain components used in our products or certain products used in our solutions have been in short supply or their anticipated commercial introduction has been delayed or their availability has been subsequently interrupted for reasons outside our control. If there is a shortage or interruption in the availability to us of any such components or products and we cannot timely obtain a commercially and technologically suitable substitute or make sufficient and timely design or other modifications to permit the use of such a substitute component or product, we may not be able to timely deliver sufficient quantities of our products or solutions to satisfy our contractual obligations and particular revenue expectations. Moreover, even if we timely locate a substitute part or product, but its price materially exceeds the original cost of the component or product, then our results of operations would be adversely affected.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds.*

None.

Item 3. *Defaults Upon Senior Securities.*

None.

Item 4. *Mine Safety Disclosures.*

Not applicable.

Item 5. *Other Information.*

None.

Item 6. Exhibits.

Exhibit Number	Description
2.1*	Agreement and Plan of Merger, dated March 27, 2015, by and among Novatel Wireless, Inc., Duck Acquisition, Inc., R.E.R. Enterprises, Inc., the stockholders of R.E.R. Enterprises, Inc. and Ethan Ralston, as the representative of the stockholders of R.E.R. Enterprises, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed April 1, 2015).
2.2	Amendment No. 1 to Agreement and Plan of Merger, dated January 5, 2016, by and among Novatel Wireless, Inc., Duck Acquisition, Inc., R.E.R. Enterprises, Inc., certain stockholders of R.E.R. Enterprises, Inc. and Ethan Ralston, as the representative of the R.E.R. stockholders (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed January 11, 2016).
2.3*	Transaction Implementation Agreement, dated June 18, 2015, by and between Novatel Wireless, Inc. and DigiCore Holdings Limited (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed June 24, 2015).
2.4	Asset Purchase Agreement, dated February 18, 2016, by and among Novatel Wireless Inc. and Micronet Enertec Technologies, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed February 2, 2016).
2.5**	Asset Purchase Agreement, dated April 11, 2016, by and among Novatel Wireless Inc. and Telit Technologies (Cyprus) Limited and Telit Wireless Solutions, Inc.
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K405 for the year ended December 31, 2000, filed March 27, 2001).
3.2	Amendment to Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2002, filed November 14, 2002).
3.3	Certificate of Amendment to Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.2 to the Company's Amendment No. 1 to Form 10-K on Form 10-K/A for the year ended December 31, 2003, filed March 31, 2004).
3.4	Certificate of Amendment to Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.4 to the Company's Form 10-K for the year ended December 31, 2014, filed March 10, 2015).
3.5	Certificate of Amendment to Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed September 3, 2015).
3.6	Amended and Restated Certificate of Designation of Series A Convertible Preferred Stock (incorporated by reference to Exhibit 3.4 to the Company's Amendment No. 1 to Form 10-K on Form 10-K/A for the year ended December 31, 2003, filed March 31, 2004).
3.7	Certificate of Designation of Series B Convertible Preferred Stock (incorporated by reference to Exhibit 3.5 to the Company's Form 10-K/A for the year ended December 31, 2003, filed March 31, 2004).
3.8	Certificate of Designation of Series C Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed September 8, 2014).
3.9	Second Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed February 19, 2015).
4.1**	2016 Corporate Bonus Plan for Novatel Wireless, Inc. Employees.
10.1*	Seventh Amendment to Credit and Security Agreement, dated January 5, 2016, by and among Novatel Wireless, Inc., Enfora, Inc., Feeney Wireless, LLC and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed January 11, 2016).
31.1**	Certification of our Principal Executive Officer adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2**	Certification of our Principal Financial Officer adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit Number	Description
101**	The following financial statements and footnotes from the Novatel Wireless, Inc. Annual Report on Form 10-Q for the quarter ended March 31, 2016 formatted in eXtensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Operations; (iii) Condensed Consolidated Statements of Comprehensive Loss; (iv) Condensed Consolidated Statements of Cash Flows; and (v) the Notes to Condensed Consolidated Financial Statements.
*	Certain schedules and exhibits to this agreement have been omitted in accordance with Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished supplementally to the SEC upon request.
**	Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 10, 2016

Novatel Wireless, Inc.

By: /s/ SUE SWENSON

Sue Swenson
Chief Executive Officer

By: /s/ MICHAEL NEWMAN

Michael Newman
Chief Financial Officer

ASSET PURCHASE AGREEMENT

dated as of April 11, 2016

by and between

TELIT TECHNOLOGIES (CYPRUS) LIMITED

TELIT WIRELESS SOLUTIONS, INC.

and

NOVATEL WIRELESS, INC.

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Schedule 3.3(a)	No Violations
Schedule 3.3(b)	Consents
Schedule 3.5	Inventory
Schedule 3.6	Condition of Assets
Schedule 3.7	Material Contracts
Schedule 3.8	Litigation
Schedule 3.10	Warranty
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Schedule 5.6	Warranty Claims

ASSET PURCHASE AGREEMENT

This **ASSET PURCHASE AGREEMENT** is made and entered into as of April 11, 2016 (this "Agreement"), by and between **TELIT TECHNOLOGIES (CYPRUS) LIMITED**, a Cypriot company ("Telit Technologies"), **TELIT WIRELESS SOLUTIONS, INC.**, a Delaware corporation ("Telit Wireless") and together with Telit Technologies, "Purchasers", and **NOVATEL WIRELESS, INC.**, a Delaware corporation ("Novatel" or "Seller").

RECITALS:

WHEREAS, Seller desires to sell certain assets of Seller, and each Purchaser desires to acquire such assets from Seller, on the terms and subject to the conditions hereinafter set forth;

WHEREAS, in connection with the transactions contemplated by this Agreement, Purchasers and Novatel are concurrently herewith entering into (i) that certain License Agreement attached hereto as Exhibit A (the "License Agreement"), (ii) that certain Transition Services Agreement attached hereto as Exhibit B (the "Transition Services Agreement"), and (iii) that certain Manufacturing and Supply Agreement attached hereto as Exhibit D (the "Manufacturing and Supply Agreement"); and

WHEREAS, each term defined in the preamble shall have the meaning set forth above whenever used herein, unless otherwise expressly provided, and each other defined term shall have the meaning given thereto in Annex I.

NOW, THEREFORE, in consideration of the foregoing recitals, the representations, warranties and covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

PURCHASE AND SALE, PURCHASE PRICE, ALLOCATION AND OTHER RELATED MATTERS

1.1 Purchase and Sale.

(a) On and subject to the terms and conditions of this Agreement, Purchasers agree to purchase from Seller, and Seller agrees to sell, assign, convey, transfer and deliver at the Closing for the consideration specified in Section 1.2 to Purchasers, all right, title and interest of Seller in and to all of the Purchased Assets, free and clear of any Liens (the "Acquisition"); *provided, however*, that physical delivery of the Purchased Assets shall not occur on the Closing Date but will occur within seven (7) days following the Closing Date.

(b) Within ninety (90) days following the Closing Date, Purchasers agree to purchase from Seller, and Seller agrees to sell, assign, convey, transfer and deliver to Purchasers the Batch 2 Inventory for the aggregate price attributable to such Inventory as set forth on Annex II.

1.2 Purchase Price. The purchase price payable by Purchasers to Seller for the Purchased Assets and the rights and benefits conferred herein shall be the following:

(a) an amount equal to \$11,000,000 (as may be adjusted pursuant to Section 1.3(b) and Section 1.4, the “Purchase Price”), payable in accordance with Section 1.3; and

(b) the assumption by Purchasers of the Assumed Liabilities.

1.3 Payment of the Purchase Price. The Purchase Price shall be payable as follows:

(a) Closing Payment. On the Closing Date, Purchasers shall pay to Novatel an amount equal to \$9,000,000 (the “Closing Consideration”), with such payment being made by wire transfer of immediately available funds to the account set forth on Schedule 1.3(a) of the Disclosure Schedules. Of the \$2,000,000 difference between the Purchase Price and the Closing Consideration, \$1,000,000 is referred to herein as the “Closing Holdback Amount” and \$1,000,000 is referred to herein as the “Armstrong Holdback Amount.”

(b) Additional Purchase Price for Post-Closing Inventory Purchase. Within ninety (90) days following the Closing Date, Purchasers shall pay to Novatel (i) the aggregate purchase price for the Batch 2 Inventory as set forth on Annex II by wire transfer of immediately available funds to the account set forth on Schedule 1.3(a) of the Disclosure Schedules minus (ii) \$1,000,000 (the “Additional Holdback Amount”, and together with the Closing Holdback Amount, the “Services Holdback Amount”). The payment of the aggregate purchase price for the Batch 2 Inventory as set forth on Annex II, including the payment of the Additional Holdback Amount, shall be deemed an adjustment to the Purchase Price.

(c) Payment of Services Holdback Amount. Purchasers shall pay to Novatel the Services Holdback Amount in eight (8) equal quarterly installments of \$250,000 per installment during the two (2) year period following the Closing Date if Seller is in material compliance with its obligations to perform the services identified as item #1 on Exhibit A to the Transition Services Agreement; provided that Seller shall be given thirty (30) days following notice of any alleged noncompliance to cure such alleged noncompliance.

(d) Payment of Armstrong Holdback Amount. Seller shall use commercially reasonable efforts to meet the conditions set forth on Schedule 1.3(d) to the Disclosure Schedules as soon as is commercially practicable. Upon the satisfaction of the conditions set forth on Schedule 1.3(d) to the Disclosure Schedules, Purchasers shall pay to Novatel the Armstrong Holdback Amount by wire transfer of immediately available funds to the account set forth on Schedule 1.3(a) of the Disclosure Schedules. The payment of the Armstrong Holdback Amount shall be deemed an adjustment to the Purchase Price.

1.4 Earn-out.

(a) Within forty five (45) days following the end of June and December of each calendar year following Closing through the end of the second (2nd) anniversary of the Closing Date, Purchasers shall provide to Novatel a report setting forth the number of each type of Module Product sold during the respective reporting period and the gross revenue attributable to sales of each of the Module Products during such period. As soon as practicable but not later than forty five (45) days after the second (2nd) anniversary of the Closing Date, Purchasers shall deliver to Novatel a statement (the “Earn-out Revenue Statement”) setting forth the number of each type of Module Product sold during the two (2) year period immediately following the Closing, the gross

revenue attributable to sales of each of the Module Products during such two (2) year period, and the aggregate gross revenue from such sales (the "Final Revenue Amount").

(b) Novatel shall have thirty (30) days from the date of receipt of the Earn-out Revenue Statement from Purchasers to dispute any amount on the Earn-out Revenue Statement, including the Final Revenue Amount, by providing written notice to Purchasers of such dispute (a "Dispute Notice") within such thirty (30) day period. If Novatel provides Purchasers with a Dispute Notice, the parties shall cooperate in good faith to resolve such dispute as promptly as practicable and shall make available to each other and any of their respective Representatives as necessary for the review and resolution of the dispute, all relevant books, records and personnel and provide access to actual physical inventory, as reasonably requested by Purchasers and Novatel, as applicable.

(c) In the event the parties are unable to resolve any dispute regarding the Final Revenue Amount, such dispute shall be submitted to, and all issues having a bearing on such dispute shall be resolved by an independent certified accountant agreed upon by both parties (the "Independent Accountant") whose written determination as to the Final Revenue Amount shall be conclusive and binding on all parties. All fees and expenses charged by the Independent Accountant shall be shared equally by Purchasers, on the one hand, and Novatel, on the other hand.

(d) In the event the Final Revenue Amount, as determined in this Section 1.4, is greater than \$40,000,000, Purchasers shall pay to Novatel, by wire transfer of immediately available funds to an account designated by Novatel, an amount in cash equal to (i) the product of (A) the Final Revenue Amount times (B) 0.25, minus (ii) \$10,000,000, within five (5) Business Days of the Final Revenue Amount being determined. In the event the Final Revenue Amount, as determined in this Section 1.4, is equal to or less than \$40,000,000, no payment shall be made pursuant to this Section 1.4(d). Any payment made by Purchasers to Novatel pursuant to this Section 1.4(d) shall be deemed an adjustment to the Purchase Price.

1.5 Assumed Liabilities.

(a) As part of the consideration for the purchase of the Purchased Assets, each Purchaser shall, at the Closing, by its execution and delivery of a bill of sale and assignment and assumption agreement in substantially the form attached hereto as Exhibit C (the "Bill of Sale"), assume, agree to perform, and in due course pay and discharge, only the following Liabilities of Seller (collectively, the "Assumed Liabilities"):

(i) the obligations of Seller under each Transferred Contract, except to the extent such obligations (i) are not disclosed on the face of such Transferred Contract or (ii) arise from or relate to any breach by Seller of any provision of such Transferred Contract; and

(ii) all outstanding warranty claims or warranty claims made following the Closing Date related to or in connection with the Purchased Assets or Module Products sold by Seller on or prior to the Closing Date (the "Warranty Claims").

(b) Purchasers shall not assume, be deemed to assume, or otherwise have any responsibility or obligation for any Liabilities other than the Assumed Liabilities, and Seller shall

continue to be responsible for such Liabilities.

1.6 Transfer Taxes. Any and all transfer, sales, use, purchase, value added, excise, real property, personal property, intangible, stamp, or similar Taxes (collectively, "Transfer Taxes") imposed on, or resulting from, the transfer of any Purchased Assets (including those Transfer Taxes imposed on Purchasers or the Purchased Assets) shall be borne by Novatel.

1.7 Allocation. Within thirty (30) days after the Closing Date, Purchasers and Novatel shall agree upon a schedule allocating the Purchase Price (and all relevant Assumed Liabilities and other relevant items) among the Purchased Assets (the "Purchase Price Allocation Schedule") in a manner consistent with GAAP. The Purchase Price Allocation Schedule shall be prepared in accordance with Code Section 1060, Treasury Regulations Section 1.1060-1(c), and Treasury Regulations Section 1.338. Purchasers and Novatel shall report the transactions for Tax purposes consistent with the Purchase Price Allocation Schedule, as finally determined. To the extent there are any adjustments to the Purchase Price or Assumed Liabilities, the parties shall make appropriate adjustments to the Purchase Price Allocation Schedule, as finally determined, to reflect such changes. Without derogating from the foregoing, Purchasers shall be able to allocate the Purchase price among their Affiliates as they deem fit.

ARTICLE II

CLOSING AND CLOSING DELIVERIES

2.1 Closing. The term "Closing" as used herein shall refer to the actual conveyance, transfer, assignment and delivery of the Purchased Assets to Purchasers in exchange for the Closing Consideration payable to Novatel pursuant to Section 1.3. The Closing shall take place on the date of this Agreement (the "Closing Date") at the offices of Paul Hastings LLP, 4747 Executive Drive, Suite 1200, in San Diego, California. The Closing shall be deemed to occur at 5:00 PM Pacific Standard Time on the Closing Date.

2.2 Closing Deliveries by Seller. At the Closing, Seller shall deliver to Purchasers:

- (a) the Bill of Sale, executed by Seller;
- (b) the License Agreement, executed by Seller;
- (c) the Transition Services Agreement, executed by Seller; and
- (d) the Manufacturing and Supply Agreement, executed by Seller.

2.3 Closing Deliveries by Purchasers. At the Closing, Purchasers shall deliver to Seller:

- (a) the payment to Seller of the Closing Consideration, by wire transfer of immediately available funds, to the account set forth on Schedule 1.3(a) of the Disclosure Schedules;

- (b) the Bill of Sale, executed by each Purchaser;
- (c) the License Agreement, executed by each Purchaser;
- (d) the Transition Services Agreement, executed by each Purchaser; and
- (e) the Manufacturing and Supply Agreement, executed by each Purchaser.

2.4 Cooperation. Seller and each Purchaser shall, on reasonable request, on and after the Closing Date, cooperate with one another by furnishing any additional information, executing and delivering any additional documents and/or instruments and doing any and all such other things as may be reasonably required by the parties to consummate or otherwise implement the transactions contemplated by this Agreement.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF NOVATEL

Novatel represents and warrants to Purchasers (which representations and warranties shall survive the Closing as provided in Section 6.4, and on which Purchasers shall be absolutely entitled to rely regardless of any examinations, inspections, audits and other investigations Purchasers have heretofore made or what information Purchasers may have been provided or may have come into possession, with respect to such representations and warranties), except as set forth in the Disclosure Schedules, that the statements contained in this ARTICLE III are true and correct as of the date of this Agreement.

3.1 Organization; Capitalization. Seller is duly incorporated or formed, validly existing, and in good standing under the laws of its jurisdiction of incorporation or formation. Seller is duly licensed or qualified to do business and is in good standing in each jurisdiction in which its ownership and use of the Purchased Assets makes such licensing or qualification necessary, except where the failure to be so licensed, qualified or in good standing would not have a material adverse effect. Seller has all requisite power and authority to own, lease and use the Purchased Assets owned, used or leased by it. No Seller is in violation of any provision of its respective certificate of incorporation or bylaws or other formation or governing document.

3.2 Authority; Capacity. Seller (a) has the right and power to enter into, and perform its obligations under this Agreement, the Ancillary Agreements and each other agreement delivered in connection herewith to which it is a party and (b) has taken all requisite action to authorize (i) the execution, delivery and performance of this Agreement, the Ancillary Agreements and each such other agreement delivered in connection herewith to which it is a party and (ii) the consummation of the Acquisition by Seller and other transactions contemplated by this Agreement, the Ancillary Agreements and each such other agreement delivered in connection herewith to which it is a party. This Agreement and each Ancillary Agreement to which Seller is a party has been duly executed and delivered by Seller and is binding upon, and legally enforceable against, each such Seller in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity).

3.3 No Violations and Consents.

(a) Except as set forth on Schedule 3.3(a) of the Disclosure Schedules, neither the execution, delivery and performance of this Agreement, the Ancillary Agreements or any other agreement delivered in connection herewith by Seller, nor the consummation of the Acquisition by Seller or any other transaction contemplated by this Agreement or any other agreement delivered in connection herewith by Seller, does or will, after the giving of notice, or the lapse of time, or otherwise, (i) conflict with, result in a breach of, or constitute a default under, the formation or governing documents of Seller, any Law or Order, or any permit or Transferred Contract, to which Seller is a party or by which Seller or any of the Purchased Assets are subject or bound; (ii) result in the creation of any Lien or other adverse interest upon any of the Purchased Assets; (iii) terminate, amend or modify, or give any party the right to terminate, amend, modify, abandon, or refuse to perform, any Transferred Contract to which Seller is a party; or (iv) accelerate or modify, or give any party the right to accelerate or modify, the time within which, or the terms under which, any duties or obligations are to be performed, or any rights or benefits are to be received, under any Transferred Contract to which Seller is a party.

(b) Except as set forth in Schedule 3.3(b) of the Disclosure Schedules, no consent, authorization or approval of, filing or registration with or giving of notice to, any Governmental Authority or any other Person is necessary in connection with the execution, delivery and performance by Seller of this Agreement, the Ancillary Agreements or of any other agreement delivered in connection herewith by Seller or in connection with the consummation of the Acquisition.

3.4 Title to Assets. Seller has and shall convey to Purchasers at the Closing good and valid title to all of the Purchased Assets and Assumed Liabilities, free and clear of all Liens. No Person, as agent or otherwise, is entitled to or authorized to perform any action on behalf of Seller or its assigns with respect to the Purchased Assets or the Assumed Liabilities.

3.5 Inventory. Schedule 3.5 of the Disclosure Schedules sets forth an accurate and complete list of the Inventory of Module Products included in the Purchased Assets. Such Inventory meets the specifications in the product descriptions of the Module Products and is fit for its intended purpose.

3.6 Condition of Assets. Except as set forth in Schedule 3.6 of the Disclosure Schedules, each item of tangible personal property included in the Purchased Assets is in good operating condition and repair, and is suitable for use in the Ordinary Course; provided that Purchasers acknowledge that each item of tangible personal property may be subject to ordinary and routine maintenance and repair, all in the Ordinary Course.

3.7 Contracts.

(a) All of the Transferred Contracts are valid, binding and enforceable in accordance with their respective terms against the Seller party thereto and, to the Knowledge of Seller, against the other parties thereto, except, in each case, as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity).

(b) Schedule 3.7 of the Disclosure Schedule lists all material agreements, contracts and undertakings relating to the Purchased Assets or Module Products to which Seller is a party, and all agreements, contracts and undertakings by which any of the Purchased Assets are bound, including license agreements with respect to the Purchased Assets or Module Products. For the avoidance of doubt, no license agreements or other agreements, contracts or undertakings are to be transferred hereunder to Purchasers as Purchased Assets except for the Transferred Contracts.

(c) None of Seller, nor to the Knowledge of Seller, any other Person is in material breach of, or material default under, any Transferred Contract, and no event or action has occurred, is pending or threatened, which, after the giving of notice, or the lapse of time, or otherwise, would reasonably be expected to constitute or result in a material breach or default by Seller, or, to the Knowledge of Seller, any other Person, or a material default by Seller, or any other Person, under any Transferred Contract. There is no material claim, dispute, disagreement, controversy or litigation with respect to any Transferred Contract. There are no renegotiations, attempts to renegotiate or outstanding rights to negotiate any amount to be paid or payable to or by Seller under any Transferred Contract other than with respect to non-material amounts in the Ordinary Course, and no Person has made a written demand for such renegotiation. Seller has not released or waived any of its rights under any Transferred Contract.

3.8 Litigation. Other than as set forth on Schedule 3.8 hereto, Seller is not subject to any outstanding injunction, judgment, order, decree, ruling or charge and is not a party or, to Seller's Knowledge, threatened to be made a party to any action, suit, proceeding, hearing or investigation of, in, or before any court or quasi-judicial or administrative agency of any state, local, or foreign jurisdiction or before any arbitrator, in each case that relates to the Purchased Assets, Assumed Liabilities or the Module Products.

3.9 Tax Matters. Seller has filed, in a timely manner with the appropriate governmental agencies and Tax authorities in all jurisdictions in which such filings are required to be filed, all Tax returns that it was required to file in the three (3) years preceding the Closing. There are no Liens on any of the Purchased Assets, Module Products or Assumed Liabilities that arose in connection with any failure (or alleged failure) to pay Tax. There is no dispute, audit or claim of any kind concerning any Tax liability of the Seller claimed or raised by any authority.

3.10 Warranty. Each of the Purchased Assets and the Module Products produced, sold, leased or delivered by Seller pursuant to the Transferred Contracts has been in conformity with all applicable contractual commitments and all express and implied warranties, and Seller has no liability nor is there, to Seller's Knowledge, a basis for any future liability for replacement or repair thereof or other damages in connection therewith. Other than as set forth in Schedule 3.10 of the Disclosure Schedules, no Purchased Asset is subject to any guaranty, warranty, or other indemnity. Notwithstanding the foregoing, Schedule 3.10 of the Disclosure Schedules further sets forth all pending issues with respect to claims in writing for breaches of warranty or injuries (either to the individual or property) as a result of ownership, possession or use of the Purchased Assets or Module Products.

3.11 Third Party Consents. Schedule 3.11 of the Disclosure Schedule contains a complete and accurate list of all Transferred Contracts to which Seller is a party that requires by their terms consent of any third party or parties thereto to avoid breach thereof as a consequence of the consummation of the transactions contemplated hereby.

3.12 Product Specifications/Components. Seller hereby represents and warrants that, in the one (1) year preceding Closing, (i) based on inquiries of Seller's sales personnel who have sold Module Products, Seller has no Knowledge of any customer complaints regarding the failure of the Module Products to meet the specifications that are attached as Exhibit E hereto, and (ii) Seller has not received notice from any supplier of components for the Purchased Assets or the Module Products that any components of the Purchased Assets or Module Products have been discontinued or are unavailable.

3.13 Intellectual Property.

(a) Each employee of Seller who took part in the conception, development, design or support of the Purchased Assets or Module Products (i) has executed and delivered to Seller a Proprietary Information and Invention Assignment or similar agreement or has otherwise assigned his or her rights in the intellectual property underlying the Purchased Assets or Module Products to Seller and (ii) has not made any claims to Seller in writing of rights in the intellectual property underlying the Purchased Assets or Module Products. Seller further represents and warrants that there are no outstanding disputes with any such employee regarding intellectual property rights related to the Purchased Assets or Module Products.

(b) Neither the Purchased Assets, nor the Module Products (including any Firmware (as defined in the License Agreement)), nor the Licensor Marks infringe upon or violate any right or claims of others, except as set forth in Schedule 3.13(b) of the Disclosure Schedule hereto. To Seller's Knowledge, there is no unauthorized use, infringement or misappropriation of the Purchased Assets, Module Products and the Licensor Marks by any third party and there is no action that is pending or threatened by Seller with respect thereto. Seller has no contractual obligations to pay royalties or license fees based on the sales of the Module Products other than with respect to the contracts with Qualcomm Incorporated and Innopath Software, Inc. set forth on Schedule 3.7 hereto.

3.14 Customers. Schedule 3.14(a) of the Disclosure Schedule sets forth a list of Seller's customers with respect to the Purchased Assets and Module Products and the dollar amount of each such customer's orders during the year ended December 31, 2015 and the quarter ended March 31, 2016. Other than as set forth on Schedule 3.14(b) of the Disclosure Schedule, Seller has not received written notice within the one (1) year preceding the Closing that any of such customers intends to terminate its business relationship with Seller as it relates to the Purchased Assets or Module Products.

3.15 No Shipments. Seller has not initiated any shipments of Inventory to any customer after March 31, 2016.

3.16 Brokers. Seller does not have any Liability to pay any fees or commissions to any broker, finder or agent with respect to the Acquisition or any other transactions contemplated by this Agreement or the Ancillary Agreements.

3.17 Disclosure. The representations and warranties of Seller in this Agreement are accurate, and the Disclosure Schedules related thereto that are delivered herewith are complete. The representations and warranties of Seller contained in this Section 3, together with the information contained in the Disclosure Schedules and the due diligence information provided to Purchasers, do not omit material information that Seller reasonably believes Purchasers would deem material in order for Purchasers to have manufactured and sell the Module Products in the same manner that Seller currently has manufactured and sells the Module Products.

3.18 No Other Representations and Warranties. Except for the representations and warranties contained in this ARTICLE III (including the related portions of the Disclosure Schedules), neither Seller nor any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of Seller, including any representation or warranty as to the accuracy or completeness of any information regarding the Purchased Assets furnished or made available to Purchasers and their Representatives, or any representation or warranty arising from statute or otherwise in law.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF EACH PURCHASER

Each Purchaser represents and warrants to Seller (which representations and warranties shall survive the Closing as provided in Section 6.4, and on which Seller shall be absolutely entitled to rely regardless of any examinations, inspections, audits and other investigations Seller has heretofore made or what information Seller may have been provided or may have come into possession, with respect to such representations and warranties), except as set forth in the Disclosure Schedules, that the statements contained in this ARTICLE IV are true and correct as of the date of this Agreement.

4.1 Due Formation. Telit Wireless is a corporation duly formed, validly existing and in good standing under the Laws of the State of Delaware. Telit Technologies is a limited company organized duly formed, validly existing and in good standing under the Laws of Cyprus. Each Purchaser is qualified as a foreign entity in all jurisdictions where such qualification is necessary, except where the failure to be so qualified would not have a material adverse effect on such Purchaser.

4.2 Authority. Each Purchaser (a) has the right and power to enter into, and perform its respective obligations under, this Agreement, the Ancillary Agreements and each other agreement delivered in connection herewith to which it is a party and (b) has taken all requisite action to authorize (i) the execution, delivery and performance of this Agreement, the Ancillary Agreements and each such other agreement delivered in connection herewith to which it is a party and (ii) the consummation of the Acquisition (including the assumption of the Assumed Liabilities) and other transactions contemplated by this Agreement, the Ancillary Agreements and each such other agreement delivered in connection herewith to which it is a party. This Agreement and each Ancillary Agreement to which each Purchaser is a party has been duly executed and delivered by each Purchaser and is binding upon, and legally enforceable against, each such Purchaser in

accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity).

4.3 No Violations and Consents. Neither the execution, delivery or performance of this Agreement, the Ancillary Agreements or any other agreement delivered in connection herewith by each Purchaser, nor the consummation of the Acquisition or any other transaction contemplated by this Agreement or any other agreement delivered in connection herewith by any Purchaser, does or will, after the giving of notice, the lapse of time or otherwise, conflict with, result in a breach of or constitute a default under any Purchaser's or any of its Affiliates' respective certificate of formation or operating agreement or other formation or governing document, any Law or Order, or any Contract to which any Purchaser or any of its Affiliates is a party or by which any Purchaser or any of its Affiliates is subject or bound. No consent, authorization or approval of, filing or registration with or giving of notice to, any Governmental Authority or any other Person is necessary in connection with the execution, delivery and performance by each Purchaser of this Agreement, the Ancillary Agreements or of any other agreement delivered in connection herewith by each Purchaser or in connection with the consummation of the transactions contemplated hereby or by any other agreement delivered in connection herewith by each Purchaser.

4.4 Brokers. Purchasers do not have any Liability to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

4.5 Applicable Licenses. Purchasers have all applicable licenses from Qualcomm Incorporated with respect to the commercialization of the Module Products (including, without limitation, the QSC110 and QSC6270 chipsets therein) by Purchasers such that no royalties will be due to Qualcomm Incorporated by Seller as a result of the sale of Inventory to Purchasers as contemplated herein.

ARTICLE V POST-CLOSING COVENANTS

5.1 Bulk Sales Laws. The parties hereby waive compliance with the provisions of any bulk sales, bulk transfer or similar Laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Purchased Assets to Purchasers.

5.2 Further Assurances. The parties shall execute such further documents, and perform such further acts, in each case on their own behalf or on behalf of any Persons they control, directly or indirectly, as may be reasonably necessary to transfer and convey the Purchased Assets and Assumed Liabilities to Purchasers (whether the Purchased Assets are owned or controlled by Seller or other Persons owned or controlled, directly or indirectly, by Seller) and to make available embodiments of the Licensed Intellectual Property (as that term is defined in the License Agreement) in the possession of Seller to Purchasers, in all cases on the terms herein contained, and to otherwise comply with the terms of this Agreement and consummate the transactions contemplated hereby. Seller covenants and agrees to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper and advisable to achieve the satisfaction of all of the conditions set forth herein.

5.3 Tax Matters.

(a) Seller shall be liable for and shall pay all Taxes, whether assessed or unassessed, applicable to the Purchased Assets, in each case attributable to all periods prior to the Closing Date. Purchasers shall be liable for and shall pay all Taxes, whether assessed or unassessed, applicable to the Purchased Assets, in each case attributable to periods beginning on or after the Closing Date.

(b) Seller, on the one hand, or Purchasers, on the other hand, as the case may be, shall provide reimbursement for any Tax paid by the other that is the responsibility of Seller or Purchasers, respectively, in accordance with the terms of this Agreement. Within a reasonable time prior to the payment of any Tax by one party on behalf of any other party, but in no event less than fifteen (15) days prior to such payment, the party paying the Tax shall give notice to such other party of the Tax for which it is responsible, although failure to do so shall not relieve the other party from its Liability under this Agreement. Notwithstanding anything to the contrary in this Agreement, the obligation to provide reimbursement pursuant to the first sentence of this Section 5.3(b) shall not be subject to any of the limitations that apply to the general indemnification provisions under ARTICLE VI.

(c) Seller and each Purchaser shall (and shall cause their respective Affiliates to:

(i) provide timely written notices to the other parties hereto of any pending or threatened audits or other Tax proceedings relating to the Purchased Assets for taxable periods for which any other party hereto may have a responsibility under this Section 5.3(c) or otherwise; and

(ii) furnish the other parties hereto with copies of all correspondence received from any taxing authority in connection with any audit or other Tax proceeding or information request with respect to any taxable period for which any other party hereto may have a responsibility under this Section 5.3(c) or otherwise.

5.4 Trademark License. Subject to the terms and conditions of this Agreement, Seller (collectively, “Licensor”) hereby grants to Purchasers a non-exclusive, non-transferable, fully- paid, limited transitional license (without the right to sublicense) to use Licensor’s trademarks and/or service marks “Novatel” and “Enfora” (“Licensor Marks”) solely (i) in connection with the sale of the Batch 1 Inventory and the Batch 2 Inventory and (ii) to permit Purchasers sufficient time (not to exceed twelve (12) months) after the Closing Date to remove the Licensor Marks from the other Purchased Assets. Other than as expressly permitted under this Section 5.4, Purchasers acknowledge and agree that after the expiration of the term of the transitional license granted hereunder, Purchasers will have no right (express or implied) in or to the Licensor Marks and upon the expiration of the term of such license, shall immediately cease any and all use of the Licensor Marks. Throughout the term of the transitional license granted hereunder, Purchasers shall take all commercially reasonable steps necessary to transition to new trademarks and/or service marks. Without limiting the generality of the foregoing, Purchasers will not adopt, use, or register any Licensor Marks or any other trademarks, service marks, logos, or name that is identical to or confusingly similar with any trademarks of Licensor. It is understood and agreed that Licensor shall retain all right, title and interest in and to Licensor Marks. Nothing contained in this

Agreement will give Purchasers any interest in Licensor Marks. Purchasers agree that it will not, at any time during or after the term of the transitional license granted hereunder, assert or claim any interest in or do anything which may adversely affect the validity or enforceability of any Licensor Marks. Purchasers' use of Licensor Marks will not tarnish, blur, or dilute the quality associated with Licensor Marks or the associated goodwill. Any benefits (including, without limitation, goodwill) accruing from Purchasers' use of Licensor Marks will automatically vest in Licensor.

5.5 Manufacturing of Products. Seller shall complete the manufacturing of all products that they have committed to buy from their contract manufacturer and that are part of the Purchased Assets.

5.6 Warranty Claims. In the event any Purchaser is required to resolve any Warranty Claims, such Purchaser shall address and resolve all such Warranty Claims pursuant to Seller's documented policies and procedures set forth on Schedule 5.6 of the Disclosure Schedules. Such Purchaser shall reasonably consult with Novatel regarding the handling and resolution of such Warranty Claims. To the extent, after consulting with Novatel and adhering to the policies and procedures set forth on Schedule 5.6 of the Disclosure Schedules, such Purchaser is required to repair or replace any Purchased Assets, Novatel shall reimburse such Purchaser for (i) in the case of replacements, the cost of such replacement, (ii) in the case of repairs completed using such Purchaser's employees, 115% of the cost of such repair, or (iii) in the case of repairs completed by a third party contractor, the amount paid by such Purchaser to such third party.

5.7 Non-compete. Seller shall not, for a period of three (3) years following the Closing Date, manufacture or sell stand-alone cellular modules; *provided, however*, that the foregoing shall not prohibit Seller or Seller's Affiliates from designing, manufacturing or selling cellular modules that are incorporated into other products of Seller or Seller's Affiliates. The foregoing prohibition shall lapse and be of no further force or effect in the event a merger or acquisition of Seller occurs or Seller sells or disposes all or substantially all of its assets.

ARTICLE VI INDEMNIFICATION

6.1 Indemnification by Novatel. Subject to the provisions of this ARTICLE VI, Novatel agrees to indemnify and hold harmless each Purchaser and its Affiliates, and each of their respective Representatives (collectively, the "Purchaser Indemnitees"), from and against any and all Losses incurred or suffered by Purchaser Indemnitees arising or resulting from any of the following:

- (a) any inaccuracy in or breach of any representation or warranty of Novatel set forth in ARTICLE III of this Agreement (or the Disclosure Schedules);
- (b) any breach of any covenant or agreement of Seller set forth herein; and
- (c) the Taxes for which Seller is liable under Section 1.6 and Section 5.3.

6.2 Indemnification by Purchasers. Subject to the provisions of this ARTICLE VI, Purchasers covenant and agree to jointly and severally indemnify and hold harmless Novatel and its Affiliates, and each of their respective Representatives (collectively, the “Seller Indemnitees”) from and against any and all Losses incurred or suffered by Seller Indemnitees arising or resulting from any of the following:

- (a) any inaccuracy in or breach of any representation or warranty of any Purchaser set forth in ARTICLE IV of this Agreement;
- (b) any breach of any covenant or agreement of any Purchaser set forth herein;
- (c) any Assumed Liability; and
- (d) the Taxes for which any Purchaser is liable under Section 5.3.

6.3 Claim Procedure/Notice of Claim.

(a) A party entitled or seeking to assert rights to indemnification under this ARTICLE VI (an “Indemnified Party”) shall give prompt written notification (a “Claim Notice”) to the party from whom indemnification is sought (an “Indemnifying Party”) which contains (i) a description and the amount or estimation thereof (the “Claimed Amount”), if then known, of any Losses incurred or reasonably expected to be incurred by the Indemnified Party and (ii) a statement that the Indemnified Party is entitled to indemnification under this ARTICLE VI for such Losses and a reasonable explanation of the basis therefor.

(b) Within thirty (30) days after delivery of a Claim Notice, the Indemnifying Party shall deliver to the Indemnified Party a written response (the “Response”) in which the Indemnifying Party shall either: (i) agree that the Indemnified Party is entitled to receive all of the Claimed Amount or (ii) dispute that the Indemnified Party is entitled to receive any or all of the Claimed Amount and the basis for such dispute (in such an event, the Response shall be referred to as an “Objection Notice”). If no Response is delivered by the Indemnifying Party to the Indemnified Party within such thirty (30) day period, the Indemnifying Party shall be deemed to have agreed that an amount equal to the entire Claimed Amount shall be payable to the Indemnified Party and such Claimed Amount shall be promptly paid to Purchaser Indemnitees or Seller Indemnitees, as applicable.

(c) In the event that the Indemnified Party is entitled or is seeking to assert rights to indemnification under this ARTICLE VI relating to a third-party claim, the Indemnified Party shall give written notification to the Indemnifying Party of the commencement of any Action relating to such third-party claim. Such notification shall be given promptly after receipt by the Indemnified Party of notice of such Action, shall be accompanied by reasonable supporting documentation submitted by such third-party (to the extent then in the possession of the Indemnified Party) and shall describe in reasonable detail (to the extent known by the Indemnified Party) the facts constituting the basis for such Action and the amount of the claimed Losses, if then known; *provided, however*, that no delay, deficiency or failure on the part of the Indemnified Party in so notifying the Indemnifying Party shall relieve the Indemnifying Party of any liability or obligation hereunder except to the extent the Indemnifying Party can demonstrate in writing that the defense of such Action has been materially prejudiced by such delay, deficiency or failure.

Within thirty (30) days after delivery of such notification, the Indemnifying Party may, upon written notice thereof to the Indemnified Party, assume control of the defense of such Action with counsel reasonably satisfactory to the Indemnified Party; *provided, however*, that (i) the Indemnifying Party may assume control of such defense only if it acknowledges in writing to the Indemnified Party that any Losses that may be assessed against the Indemnified Party in connection with such Action constitute Losses for which the Indemnified Party shall be indemnified pursuant to this ARTICLE VI, and (ii) the Indemnifying Party may not assume control of the defense of an Action (A) involving criminal liability; (B) in which any relief other than monetary damages is sought against the Indemnified Party and the Indemnified Party reasonably determines that such non-monetary relief would materially and adversely affect the Indemnified Party; or (C) in which increased statutory, enhanced or treble damages are sought based on willful misconduct. In addition, notwithstanding anything to the contrary in the foregoing, in the event that an Indemnified Party reasonably determines that the conduct of the defense of any Action or any proposed settlement of any such Action by the Indemnifying Party might be expected to materially and adversely affect the Indemnified Party's Tax Liability or the ability of the Indemnified Party to conduct its business (including relationships with customers, suppliers or other Persons with whom the Indemnified Party conducts business), the Indemnified Party shall have the right at all times to take over and assume control over the defense, settlement or negotiations relating to any such Action at the sole cost of the Indemnifying Party. If the Indemnifying Party does not so assume control of such defense, the Indemnified Party shall control such defense at the Indemnified Party's expense subject to reimbursement as a part of a Claimed Amount. The party not controlling such defense (the "Non-controlling Party") may participate therein at its own expense; *provided, however*, that if the Indemnifying Party assumes control of such defense and the Indemnified Party reasonably concludes that the Indemnifying Party and the Indemnified Party have conflicting interests or different defenses available with respect to such Action, the reasonable fees and expenses of counsel to the Indemnified Party shall be considered "Losses" for purposes of this Agreement. The party controlling such defense (the "Controlling Party") shall keep the Non-controlling Party reasonably advised of the status of such Action and the defense thereof and shall consider in good faith recommendations made by the Non-controlling Party with respect thereto. The Non-controlling Party shall furnish the Controlling Party with such information as it may have with respect to such Action (including copies of any summons, complaint or other pleading which may have been served on such party and any written claim, demand, invoice, billing or other document evidencing or asserting the same) and shall otherwise cooperate with and assist the Controlling Party in the defense of such Action. The Indemnifying Party shall not agree to any settlement of, or the entry of any judgment arising from, any such Action without the prior written consent of the Indemnified Party, which shall not be unreasonably withheld, conditioned or delayed. The Indemnified Party shall not agree to any settlement of, or the entry of any judgment arising from, any such Action without the prior written consent of the Indemnifying Party, which shall not be unreasonably withheld, conditioned or delayed.

6.4 Survival of Representations, Warranties and Covenants; Determination of Losses.

(a) Except as set forth in Section 6.4(b) and Section 6.4(c), or otherwise specified therein, the representations and warranties of Novatel and each Purchaser contained in ARTICLE III and ARTICLE IV, respectively, of this Agreement shall survive for a period ending on the date that is twelve (12) months following the Closing Date, at which time such representations and warranties shall terminate.

(b) The representations and warranties of (i) each Purchaser contained in Section 4.1, Section 4.2, Section 4.3 and Section 4.4 and (ii) Novatel contained in Section 3.1, Section 3.2, Section 3.3, Section 3.4 and Section 3.16 shall survive for five (5) years.

(c) Notwithstanding anything to the contrary in this Agreement, if an Indemnified Party delivers to an Indemnifying Party, before termination or expiration of a representation or warranty, either a Claim Notice based upon a breach of such representation or warranty, or a notice that, as a result of any claim brought by a third party, the Indemnified Party reasonably expects to incur Losses, then the applicable representation or warranty shall survive until, but only for purposes of, the resolution of the matter covered by such notice.

(d) The representations and warranties of Novatel shall not be deemed waived by reason of any investigation made by or on behalf of Purchasers. The representations and warranties of each Purchaser shall not be deemed waived by reason of any investigation made by or on behalf of Novatel.

(e) Each covenant of each Purchaser or Seller set forth herein shall survive until such time as each such covenant has been fully performed and satisfied.

6.5 Limitations on Indemnification Obligations.

(a) Novatel shall have no obligation to indemnify Purchaser Indemnitees with respect to Losses arising under Section 6.1(a) until the aggregate amount of all Losses arising thereunder exceeds \$50,000 (such amount, the “Basket”), in which case Seller, will be liable for all Losses arising thereunder including the Basket, subject to the other limitations in this Section 6.5; *provided, however*, that the Basket shall not apply to Losses arising from fraud, criminal conduct or willful misconduct by Novatel.

(b) Novatel shall have no obligation to indemnify Purchaser Indemnitees with respect to Losses arising under Section 6.1(a) in excess of the amounts actually paid to and received by Novatel under Section 1.3; provided that the aggregate amount of all Losses for which Novatel shall be obligated to indemnify the Purchaser Indemnitees shall not exceed \$1,000,000 (such amount, the “Cap”); *provided, however* that the Cap shall not apply to Losses from fraud, criminal conduct or willful misconduct by Novatel.

(c) Purchasers shall have no obligation to indemnify Seller Indemnitees with respect to Losses arising under Section 6.2(a) until the aggregate amount of all Losses arising thereunder exceeds the Basket, in which case each Purchaser will be liable for all Losses arising thereunder including the Basket, subject to the other limitations in this Section 6.5; *provided, however*, that the Basket shall not apply to Losses arising from fraud, criminal conduct or willful

misconduct by any Purchaser.

(d) Purchasers shall have no obligation to indemnify Seller Indemnitees under Section 6.2(a) with respect to Losses in an amount greater than the Cap.

(e) Notwithstanding anything to the contrary in this Agreement, (i) Purchaser Indemnitees' rights to indemnification with respect to Losses arising under Sections 6.1(b) through 6.1(c), or based upon fraud, criminal conduct or willful misconduct, shall not be subject to the limitations set forth in Sections 6.5(a) and 6.5(b), regardless of whether such rights to indemnification could also have arisen under Section 6.1(a) in absence of such limitations, and (ii) Seller Indemnitee's rights to indemnification with respect to Losses arising under Sections 6.2(b) through 6.2(d), or based upon fraud, criminal conduct or willful misconduct, shall not be subject to the limitations set forth in Sections 6.5(c) and 6.5(d).

(f) Any indemnity payments made pursuant to this ARTICLE VI shall be treated for all Tax purposes by the parties hereto as an adjustment to the Purchase Price.

(g) For purposes of determining whether a breach has occurred and calculating the amount of Losses in connection with a claim for indemnification under this ARTICLE VI, each of the representations and warranties that contains any qualifications as to "materiality" shall be deemed to have been given as though there were no such qualifications, and any such qualifications shall be disregarded for purposes of this ARTICLE VI.

6.6 Exclusive Remedy. Except with respect to (i) Losses based on fraud, criminal conduct or willful misconduct, and (ii) injunctive relief or other equitable relief (whether arising by statute or under common law) to restrain or otherwise remedy a breach or threatened breach of this Agreement or to specifically enforce this Agreement, the indemnification provisions in this ARTICLE VI will be the exclusive remedy of Purchasers and Novatel with respect to any and all monetary damages arising under this Agreement.

6.7 No Right of Set-Off. Notwithstanding anything herein to the contrary, Purchaser Indemnitees shall not be entitled to set off the amount of any such Losses finally determined in accordance with Section 6.3 above against any payment to Seller pursuant to Section 1.3 or Section 1.4.

ARTICLE VII MISCELLANEOUS

7.1 Amendment and Modifications. This Agreement may be amended, modified or supplemented, only by the written agreement of Purchasers and Seller.

7.2 Waiver of Compliance; Consents. Any failure of Purchasers, on the one hand, or Seller, on the other hand, to comply with any obligation, covenant or agreement herein may be waived by Seller (with respect to any failure by Purchasers), or by Purchasers (with respect to any failure by Seller), respectively, only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant or agreement shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. Whenever this Agreement requires or permits consent by or on behalf of any party hereto,

such consent shall be deemed effective when given in a manner consistent with the requirements for a waiver of compliance as set forth in this Section 7.2.

7.3 Notices.

(a) All notices, requests, demands and other communications under this Agreement shall be in writing and delivered in person, or sent by facsimile or e-mail or sent by reputable overnight delivery service and properly addressed as follows:

To Purchasers:

Telit Wireless Solutions, Inc.
3131 RDU Center Drive
Suite 135
Morrisville, North Carolina
Attention: Michael Galai, Chief Legal Officer
E-mail: Michael.galai@telit.com

Telit Technologies (Cyprus) Limited
3-7 Arch. Makariou III Avenue
6017 Larnaca, Cyprus
Attention: Michael Galai, Chief Legal Officer
E-mail: Michael.galai@telit.com

With a copy to (which shall not constitute notice):

Pearl Cohen Zedek Latzer Baratz LLP
1500 Broadway # 12
New York, New York 10036
Attention: Oded Kadosh
E-mail: okadosh@pearlcohen.com

To Seller:

Novatel Wireless, Inc.
9645 Scranton Road, Suite 205
San Diego, California 92121
Attention: Michael Newman
E-mail: mnewman@nvtl.com

With a copy to (which shall not constitute notice):

Paul Hastings, LLP
4747 Executive Drive
Suite 1200
San Diego, California 92121
Attention: Carl Sanchez
E-mail: carlsanchez@paulhastings.com

(b) Any party may from time to time change its address for the purpose of notices to that party by a similar notice specifying a new address, but no such change shall be deemed to have been given until it is actually received by the party sought to be charged with its contents.

(c) All notices and other communications required or permitted under this Agreement which are addressed as provided in this Section 7.3 if delivered personally or by courier, shall be effective upon delivery; if sent by facsimile, shall be delivered upon receipt of proof of transmission.

7.4 Expenses. Except as otherwise set forth herein, Seller agrees that all fees and expenses incurred by Seller in connection with this Agreement and all related documents and transactions shall be borne by Seller, and Purchasers agree that all fees and expenses incurred by Purchasers in connection with this Agreement and all related documents and transactions shall be borne by Purchasers.

7.5 Assignment and Successors; Third-Party Beneficiaries. This Agreement binds and benefits the parties and their respective heirs, executors, administrators, successors and assigns, except that neither party shall be permitted to assign any rights under this Agreement or delegate to any Person such party's performance obligations under this Agreement without the prior written consent of the other party. This Agreement is not intended to confer any rights or remedies upon any Person other than the parties hereto.

7.6 Governing Law; Consent to Jurisdiction. This Agreement shall be governed by the laws of the State of Delaware without reference to principles of conflicts of laws that would result in the application of the laws of any other jurisdiction. In addition, each of the parties hereto: (i) consents to submit itself to the personal jurisdiction of any state or federal court located in the State of Delaware in the event that any dispute arises out of this Agreement or the transactions contemplated hereby; (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court; and (iii) agrees that it will not bring any action relating to this Agreement or the transactions contemplated hereby, in any court other than a state or federal court located in the State of Delaware.

7.7 Specific Enforcement. The parties hereto agree that irreparable damage for which monetary damages, even if available, would not be an adequate remedy would occur in the event that the parties hereto do not perform their obligations pursuant to this Agreement in accordance with its specified terms or otherwise breach such terms. Accordingly, the parties acknowledge and agree that the parties shall be entitled to an injunction, specific performance and other equitable relief (without posting a bond or other security) to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, this being in addition to, and not in lieu of, any other remedy to which they are entitled at law or in equity. Each of the parties agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief as provided herein on the basis that (i) any party has an adequate remedy at law or (ii) an award of specific performance is not an appropriate remedy for any reason at law or in equity.

7.8 WAIVER OF JURY TRIAL. EACH OF PURCHASERS AND SELLER HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING THE ACQUISITION.

7.9 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions of this Agreement or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If a final judgment of a court of competent jurisdiction declares that any term or provision of this Agreement is invalid or unenforceable, the parties hereto agree that the court making such determination shall have the power to limit such term or provision, to delete specific words or phrases or to replace such term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be valid and enforceable as so modified. In the event such court does not exercise the power granted to it in the prior sentence, the parties hereto agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term or provision.

7.10 Interpretation.

(a) For purposes of this Agreement, whenever the context requires, the singular number will include the plural, and vice versa, the masculine gender will include the feminine and neuter genders, the feminine gender will include the masculine and neuter genders, and the neuter gender will include the masculine and feminine genders.

(b) As used in this Agreement, the words “include” and “including” and variations thereof, will not be deemed to be terms of limitation, but rather will be deemed to be followed by the words “without limitation”.

(c) All references in this Agreement to “Ancillary Agreements” will be deemed to be a reference to one or more Ancillary Agreements.

(d) Except as otherwise expressly indicated, all references in this Agreement to a “Section”, “Article”, “Preamble”, “Recitals” or “Exhibit” are intended to refer to a Section, Article, the Preamble, the Recitals or an Exhibit of this Agreement, and all references to a “Schedule” are intended to refer to a Schedule of the Disclosure Schedules.

(e) As used in this Agreement, the terms “hereof”, “hereunder”, “herein” and words of similar import will refer to this Agreement as a whole and not to any particular provision, Section, Exhibit or Schedule of this Agreement.

(f) All references to this Agreement herein or to the Disclosure Schedules shall be deemed to refer to this entire Agreement, including the Disclosure Schedules; provided, however, that information furnished in one Section of the Disclosure Schedules shall be deemed to be included in another Section of the Disclosure Schedules to the extent such disclosure is reasonably apparent on the face thereof to be relevant to such other section, whether or not a

specific cross-reference appears.

(g) Each party hereto has participated in the drafting of this Agreement, which each party hereto acknowledges is the result of extensive negotiations among the parties hereto. Consequently, this Agreement will be interpreted without reference to any rule or precept of Law that states that any ambiguity in a document be construed against the drafter.

(h) Any reference in this Agreement to “\$” or “dollars” will mean U.S. dollars.

(i) All references to any section of any law include any amendment of, and/or successor to, that section.

(j) The table of contents and Article and Section headings contained in this Agreement are for reference purposes only and do not limit or otherwise affect any of the substance of this Agreement.

(k) All terms defined in this Agreement shall have such defined meanings when used in the Disclosure Schedules or any certificate or other document made or delivered pursuant hereto or thereto unless otherwise defined therein.

7.11 Entire Agreement. This Agreement, including the exhibits hereto and the documents and instruments referred to herein (including the Disclosure Schedules), embody the entire agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no representations, promises, warranties, covenants or undertakings, other than those expressly set forth or referred to herein and therein.

7.12 Counterparts. This Agreement may be executed in any number of counterparts and by facsimile signatures, any one of which need not contain the signatures of more than one (1) party and each of which shall be an original, but all such counterparts taken together shall constitute one and the same instrument. The exchange of copies of this Agreement or amendments thereto and of signature pages by facsimile transmission or by e-mail transmission in portable document format (or similar format) shall constitute effective execution and delivery of such instrument(s) as to the parties and may be used in lieu of the original Agreement or amendment for all purposes. Signatures of the parties transmitted by facsimile or by e-mail transmission in portable document format (or similar format) shall be deemed to be their original signatures for all purposes.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Asset Purchase Agreement as of the date first written above.

PURCHASERS:

TELIT TECHNOLOGIES (CYPRUS) LIMITED

By: /s/ Michael Gali

Name: Michael Gali

Title: CLO, Telit

TELIT WIRELESS SOLUTIONS, INC.

By: /s/ Michael Gali

Name: Michael Gali

Title: CLO, Telit

SELLER:

NOVATEL WIRELESS, INC.

By: /s/ Michael A. Newman

Name: Michael A. Newman

Title: Executive Vice President, Chief
Financial Officer and Assistant
Secretary

[Signature Page to Asset Purchase Agreement]

Annex I

Definitions

Whenever used in the Agreement, the following terms shall have the meanings set forth in this Annex I, unless otherwise expressly provided:

“Acquisition” - As defined in Section 1.1.

“Action” means any action, administrative enforcement, appeal, petition, plea, charge, complaint, claim, suit, demand, litigation, arbitration, mediation, hearing, or other proceeding commenced, brought, or heard by or before any Governmental Authority.

“Additional Holdback Amount” - As defined in Section 1.3(b).

“Affiliate” means as to any Person, any other Person which, directly or indirectly, is controlled by, controls, or is under common control with, such Person. As used in the preceding sentence, “control” shall mean and include, but not necessarily be limited to, (i) with respect to Seller, the ownership of ten percent (10%) or more of the voting securities or other voting interest of such Seller, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. As to Seller, “Affiliate” includes without limitation each Key Individual.

“Agreement” - As defined in the caption.

“Ancillary Agreements” shall mean (i) the License Agreement; (ii) the Transition Services Agreement; (iii) the Bill of Sale; and (iv) the Manufacturing and Supply Agreement.

“Armstrong Holdback Amount” - As defined in Section 1.3(a).

“Assumed Liabilities” - As defined in Section 1.5(a).

“Basket” - As defined in Section 6.5(a).

“Batch 1 Inventory” means the Inventory identified on Annex II as Batch 1 Inventory.

“Batch 2 Inventory” means the Inventory identified on Annex II as Batch 2 Inventory.

“Bill of Sale” - As defined in Section 1.5.

“Business Day” means any day other than a Saturday or Sunday or other day on which banks in New York, New York are authorized or required to be closed.

“Cap” - As defined in Section 6.5(b).

“Claim Notice” - As defined in Section 6.3(a).

“Claimed Amount” - As defined in Section 6.3(a).

“Closing” - As defined in Section 2.1.

“Closing Consideration” - As defined in Section 1.3(a).

“Closing Date” - As defined in Section 2.1.

“Closing Holdback Amount” - As defined in Section 1.3(a).

“Code” means the Internal Revenue Code of 1986, as amended.

“Contract” means, with respect to any Person, any contract, agreement, deed, mortgage, lease, license, purchase order, commitment, arrangement or undertaking, written or oral, or other document or instrument to which or by which such Person is a party or otherwise subject or bound or to which or by which any asset, property or right of such Person is subject or bound.

“Controlling Party” - As defined in Section 6.3(c).

“Disclosure Schedule” means the schedules delivered by Seller to Purchasers concurrently herewith and identified by the parties as the Disclosure Schedule.

“Dispute Notice” - As defined in Section 1.4(b).

“Earn-out Revenue Statement” - As defined in Section 1.4(a).

“Final Revenue Amount” - As defined in Section 1.4(a).

“GAAP” means United States generally accepted accounting principles, as amended and in effect from time to time, consistently applied.

“Governmental Authority” means the government of the United States or any foreign country or any state or political subdivision thereof and any entity, body or authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including quasi-governmental entities established to perform such functions.

“Indemnified Party” - As defined in Section 6.3(a).

“Indemnifying Party” - As defined in Section 6.3(a).

“Independent Accountant” - As defined in Section 1.4(c).

“Inventory” means work-in-process and finished goods inventory of the Module Products.

“Knowledge” means, with respect to Seller, Seller will be deemed to have “Knowledge” of a particular fact or matter if any Key Individual (i) is actually aware of such fact or matter or (ii) would reasonably be expected to have knowledge of such fact or matter given such individual’s position with Seller.

“Key Individual” means Sue Swenson, Michael Newman, Michael Sklansky and Lance Bridges.

“Law” means any law, statute, code, regulation, ordinance, rule, common law, Order or governmental requirement enacted, promulgated, entered into, agreed, imposed or enforced by any Governmental Authority.

“Liabilities” means any obligation or liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated and whether due or to become due), including any liability for Taxes.

“License Agreement” - As defined in the Recitals. “Licensor” - As defined in Section 5.4.

“Licensor Marks” - As defined in Section 5.4.

“Lien” means any mortgage, lien, charge, restriction, pledge, security interest, option, lease or sublease, claim, right of any third party, easement, encroachment or Lien or other charges or rights of others of any kind or nature, except non-exclusive intellectual property licenses granted in the Ordinary Course.

“Losses” means any claims, Liabilities, damages, losses, penalties, dues, fines, costs and expenses (including costs of investigation, all reasonable accounting, legal and consulting fees and court costs); provided that Losses shall specifically exclude consequential, incidental, indirect, special, exemplary and punitive damages.

“Manufacturing Files” - As defined below in the definition of Purchased Assets.

“Module Products” means (i) the module referred to as “HS 3001 (Gecko)” that incorporates the QUALCOMM QSC1110 chipset, (ii) the module referred to as “HS 3002 (Whiptail)” that incorporates the QUALCOMM QSC6270 chipset, and (iii) the module referred to as “SM 4101 (Armstrong)” that is currently in development and that incorporates the Sequans SQN3223 / SQN3241 chipset(s).

“Modules Related Rights” - As defined below in the definition of Purchased Assets.

“Non-controlling Party” - As defined in Section 6.3(c).

“Objection Notice” - As defined in Section 6.3(b).

“Order” means any decree, order, judgment, writ, award, injunction, stipulation or consent of or by, or settlement agreement with, a Governmental Authority.

“Ordinary Course” means the ordinary course of business consistent with past practice and custom.

“Person” means any natural person, corporation, limited liability company, partnership, firm, joint venture, joint-stock company, trust, association, unincorporated entity or organization of any kind, Governmental Authority or other entity of any kind.

“Purchase Price” - As defined in Section 1.2(a).

“Purchase Price Allocation Schedule” - As defined in Section 1.7.

“Purchased Assets” means all of Seller’s right, title and interest in the following:

- (i) the tangible assets set forth on Annex II;
- (ii) the Contracts set forth on Annex II (collectively, the “Transferred Contracts”);
- (iii) the Batch 1 Inventory;
- (iv) from and after the purchase and sale described in Section 1.1(b), the Batch 2 Inventory;
- (v) copies of the manufacturing files of the Module Products, including without limitation, copies of any and all schematics, designs, component lists, testing protocols, vendor lists and supply terms, architecture, service, inspection and assembly instructions and procedures, quality tests and all other items required for the manufacturing of the Module Products (the “Manufacturing Files”);
- (vi) the items set forth under “Other Assets” in Annex II;
- (vii) all of the Seller’s open purchase orders from customers, rights, claims, credits, cause of action or rights of set off against any Person exclusively relating to the Module Products, including without limitation unliquidated rights under manufacturers’ and vendors’ warranties (“Modules Related Rights”); and
- (viii) the items set forth in “Carrier Certifications” in Annex II.

“Purchasers” - As defined in the caption.

“Purchaser Indemnitees” - As defined in Section 6.1.

“Representative” means, with respect to any Person, any and all directors, officers, stockholders, managers, members, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

“Response” - As defined in Section 6.3(b).

“Seller” - As defined in the caption.

“Seller Indemnitees” - As defined in Section 6.2.

“Services Holdback Amount” - As defined in Section 1.3(b).

“Tax” or “Taxes” means all taxes, charges, fees, duties (including custom duties), levies,

or other assessments, including net income, gross income, capital gains, gross receipts, net receipts, gross proceeds, net proceeds, ad valorem, profits, real property, personal property (whether tangible or intangible), gaming, sales, use, franchise, capital, excise, estimated, value added, stamp, lease, transfer, occupational, equalization, license, payroll, employment, environmental, disability, severance, withholding, unemployment, or other taxes, charges or fees assessed by any Governmental Authority, including any interest, penalties, or additions to tax attributable thereto.

“Transfer Taxes” - As defined in Section 1.6.

“Transferred Contracts” - As defined the definition of Purchased Assets.

“Warranty Claims” - As defined in Section 1.5(a)(ii).

Annex II

Purchased Assets

Batch 1 Inventory

See description of Batch 1 Inventory on Schedule 3.5 of the Disclosure Schedules.

Batch 2 Inventory

See description of Batch 2 Inventory on Schedule 3.5 of the Disclosure Schedules.

Transferred Contracts

1. Master Supply Agreement, dated as of July 2015, by and between Nortek Security & Control LLC and Novatel Wireless, Inc., as amended by that certain First Amendment to Master Supply Agreement, dated as of December 23, 2015 by and between Nortek Security & Control LLC and Novatel Wireless, Inc.
2. Each of the contracts described on Schedule 1.3(d) of the Disclosure Schedules shall be considered a “Transferred Contract” for all purposes hereunder from and after the time such contract is assigned by Seller pursuant to the terms of Section 1.3(d).

Hardware Tools

The following hardware tools as they exist at the facilities of Asiatelco Technologies Co. and Hon Hai Precision Industry Co., Ltd., (dba Foxconn Technology Group) (for the avoidance of doubt, Novatel will not transfer physical possession of these assets, but will instruct the foregoing entities that title has transferred to Purchasers):

1. TFX boards for module interface to test fixture/stack of the Module Products

Software Tools

The following items of software (including the source codes and object codes thereof) owned by Novatel as they exist at the facilities of Asiatelco Technologies Co. and Hon Hai Precision Industry Co., Ltd., (dba Foxconn Technology Group):

1. Test stations software to test fixture/stack of the Module Products

Carrier Certification

The existing carrier certifications and type approvals related exclusively to the Module Products existing on the date hereof plus the carrier certifications and type approvals related exclusively to the Module Products in process of issuance will be deemed Purchased Assets. Upon first request of Purchasers, Seller will execute any and all forms or documents required by Purchasers or any carriers for the purpose of transferring the title, or if unavailable, change the beneficiary thereof to be the Purchasers.

Other Assets

The Manufacturing Files

The Modules Related Rights

Copies of any and all manuals, training and support materials, designs, documentation, and schematics not otherwise listed hereinabove that relate exclusively to the Module Products, manufacturing, marketing, sale or support thereof.

An excel file of customer forecasts, order histories, and customer contact information, in each case that relate exclusively to the Module Products.

EXHIBIT A

License Agreement

(See attached)

EXHIBIT B

Transition Services Agreement

(See attached)

EXHIBIT C

Bill of Sale

(See attached)

EXHIBIT D

Manufacturing and Supply Agreement

(See attached)

EXHIBIT E

Module Specifications

(See attached)

2016 Corporate Bonus Plan

Officers and employees (“Participants”) of Novatel Wireless, Inc. (the “Company”) will be eligible for bonuses under the 2016 Corporate Bonus Plan, with target bonus amounts set as a percentage of base salary based on rank or job title within the Company (the “Bonus Awards”). Commissioned employees are not covered by the Plan and are instead covered by their commission plans.

Performance Goals

The Bonus Awards under this Plan are based upon the Company meeting its quarterly revenue and EBITDA objectives, as well as the Company’s other 2016 Corporate Goals (the “Performance Goals”). The weightings of the Company’s Performance Goals are as follows:

- Forty percent (40%) will be weighted to the Company’s Revenue objectives.
- Forty percent (40%) will be weighted to the Company’s EBITDA objectives.
- Twenty percent (20%) will be weighted to the Company’s 2016 Corporate Goals.

Achievement of at least 85% of the revenue and/or EBITDA Performance Goal is required for any payment of bonuses based on achievement of that applicable Performance Goal. Should the Company achieve at least 85% of its Revenue or EBITDA Performance Goals, bonuses for the applicable Performance Goal will be paid as follows:

- 85% performance equating to 50% payout for each Performance Goal.
- 100% performance equating to 100% payout for each Performance Goal.
- 115% performance equating to 150% payout for each Performance Goal.
- Bonus Awards will be pro-rated for achievement between 85% and 115%.

Achievement of the Company’s 2016 Corporate Goals will be determined by the Company’s Compensation Committee in consultation with the Company’s CEO because several of the 2016 Corporate Goals are subjective in nature.

Individual Performance

Bonus Awards may be adjusted upward or downward by twenty-five percent (25%) based on individual performance during the Performance Period.

Eligibility

Bonus Award amounts are based upon actual base salary paid during the performance period, exclusive of other payments or bonuses. A Participant must be an employee of the Company on the date of distribution of the Bonus Award payment in order to receive a Bonus Award payment.

Eligibility to receive a Bonus Award under the Plan shall not confer upon any Participant any right with respect to continued employment by the Company or continued participation in the Plan. The Company reaffirms its at-will relationship with its employees and expressly reserves the right at any time to dismiss an employee free from any liability or claim for benefits pursuant to the Bonus Awards or the Plan, except as provided under the Plan or other written plan adopted by the Company or written agreement between the Company and a Participant.

Award Payments

After the end of the Performance Period, the Compensation Committee shall determine (i) whether the established Performance Goals were achieved and (ii) the amount of the aggregate Bonus Awards. Payment of each Bonus Award amount shall be made within 60 days following the determination by the Committee that the Performance Goals and other criteria for payment were satisfied. Payroll and other taxes shall be withheld as determined by the Company in accordance with law.

Notwithstanding the Committee's determination that the Performance Goals were fully satisfied, the Committee shall have the discretion to reduce each Bonus Award amount as it considers appropriate, including as a result of market conditions, personnel, new or different product offerings and/or Company restructuring.

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**Pursuant to Rule 13a-14(a) adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Sue Swenson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Novatel Wireless, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2016

/s/ SUE SWENSON

Sue Swenson

Chief Executive Officer
(principal executive officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**Pursuant to Rule 13a-14(a) adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Michael Newman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Novatel Wireless, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2016

/s/ MICHAEL NEWMAN

Michael Newman

*Chief Financial Officer
(principal financial officer)*

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Newman, Chief Financial Officer of Novatel Wireless, Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2016 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: May 10, 2016

/s/ MICHAEL NEWMAN

Michael Newman

Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Sue Swenson, Chief Executive Officer of Novatel Wireless, Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2016 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: May 10, 2016

/s/ SUE SWENSON

Sue Swenson

Chief Executive Officer

