

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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**FORM 8-K**

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

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Date of Report (Date of earliest event reported): December 29, 2005

**NOVATEL WIRELESS, INC.**

(Exact name of Registrant as specified in its charter)

**DELAWARE**  
(State or other jurisdiction or  
incorporation or organization)

**COMMISSION FILE:**  
000-31659

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

**9645 Scranton Road, Suite 205**  
**San Diego, CA 92121**  
(Address of principal executive offices)

Registrant's telephone number, including area code: (858) 320-8800

**Not applicable**  
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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EXHIBIT 99.1

**Item 1.01. Entry into a Material Definitive Agreement**

On December 29, 2005, the Board of Directors of Novatel Wireless, Inc. (the “Company”) authorized and approved the acceleration of vesting of certain unvested “out-of-the-money” stock options outstanding under the company’s amended and restated 2000 Stock Incentive Plan that have exercise prices per share of \$18.78 or higher. As a result, options to purchase approximately 550,000 shares of the Company’s common stock became fully vested and exercisable immediately. Options held by officers and directors of the Company were not included in the vesting acceleration.

The acceleration of the vesting of these unvested stock options eliminates future compensation expense that the Company would otherwise have to recognize in its consolidated statement of operations with respect to such options when Statement of Financial Accounting Standards No. 123(R) “Share Based Payment,” becomes effective for the Company in the first quarter of 2006. As a result of the acceleration, the Company expects to reduce the stock option expense it otherwise would be required to record by approximately \$6.9 million beginning in 2006 on a pre-tax basis.

**Item 9.01. Financial Statements and Exhibits.**

(c) Exhibits

99.1 Press release dated January 3, 2006

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, hereunto duly authorized.

Date: January 3, 2006

Novatel Wireless, Inc.

By: /s/ Dan L. Halvorson

Dan L. Halvorson  
*Chief Financial Officer and Treasurer,*  
*(Principal Financial and Accounting Officer)*

EXHIBIT INDEX

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
99.1	Press Release, dated January 3, 2006 containing information for Novatel Wireless, Inc. regarding the acceleration of certain out-of-the-money stock options.



**For more information, contact:**

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**Novatel Wireless' Board of Directors Authorizes Selected Acceleration of  
 Deep Out-of-the-Money Stock Options  
 Officers and Directors Excluded from Acceleration**

SAN DIEGO, CA – January 3, 2006 – Novatel Wireless, Inc. (Nasdaq: NVTL), a leading provider of wireless broadband access solutions, announced today that the Company's Board of Directors approved accelerating the vesting of certain previously issued "out-of-the-money" stock options to purchase approximately 550,000 shares of the Company's common stock awarded to employees at various times in the past. Options held by officers and directors of the Company were not subject to this acceleration.

The accelerated options, which are considered fully vested as of December 29, 2005, have exercise prices ranging from \$18.78 to \$25.28 per share and a weighted average exercise price of \$19.32 per share. The Company expects the acceleration to reduce the aggregate stock option expense it otherwise would be required to record beginning in its 2006 fiscal year by approximately \$6.9 million on a pre-tax basis. The number of shares and exercise prices of the options subject to the acceleration are unchanged, and the remaining terms for each of the options granted remain the same.

The decision to accelerate the vesting of these options, which the Company believes is in the best interests of its stockholders, was made primarily to reduce non-cash compensation expense associated with these out of the money stock options that would have been recorded in its income statement in future periods upon the adoption of Financial Accounting Standards Board Statement No. 123R in January 2006. Since the Company currently accounts for its stock options in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, it will report compensation expense related to the affected options for disclosure purposes only in its fourth quarter 2005 financial statements.

"The expense savings of \$6.9 million from this acceleration is considerable under the new accounting regulations and we believe the decision to accelerate the vesting of the options will give employees increased performance incentives and enhance current retention," commented Peter Leparulo, Novatel Wireless' Chief Executive Officer. "Given this, Novatel Wireless' Board of Directors firmly believes that accelerating these options is in the best interest of the Company and its shareholders."

**ABOUT NOVATEL WIRELESS, INC.**

Novatel Wireless, Inc. is a leading provider of wireless broadband access solutions. Novatel Wireless' Merlin(TM) PC Cards, Expedite(TM) Embedded Modems, Freedom Box(TM) Ruggedized Modems, MobiLink(TM) Communications Software Suite, Ovation(TM) 3G Multimedia Application Consoles and Conversa(TM) Software Suite enable high-speed wireless access to personal, corporate and public information. The company delivers innovative 3G solutions to operators, distributors and vertical markets worldwide. Headquartered in San Diego, California, Novatel Wireless is listed on NASDAQ: NVTL. For more information on Novatel Wireless visit [www.novatelwireless.com](http://www.novatelwireless.com). (nvtlf)

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This release may contain forward-looking statements, which are made pursuant to the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995, as amended to date. These forward-looking statements involve risks and uncertainties. A number of important factors could cause actual results to differ materially from those in the forward-looking statements contained herein. These factors include risks relating to technological changes, new product introductions, continued acceptance of Novatel Wireless' products and dependence on intellectual property rights. These factors, as well as other factors that could cause actual results to differ materially, are discussed in more detail in Novatel Wireless' filings with the United States Securities and Exchange Commission (available at [www.sec.gov](http://www.sec.gov)) and other regulatory agencies.