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Novatel Wireless Updates Financial Guidance for First Fiscal Quarter

First Quarter Revenues Expected to Eclipse \$100 Million Non-GAAP EPS Expected Above \$0.35 per Diluted Share

SAN DIEGO, Mar 26, 2007 (BUSINESS WIRE) -- Novatel Wireless, Inc. (Nasdaq:NVTL), a leading provider of wireless broadband access solutions, today updated its guidance for the first quarter ending March 31, 2007.

Revenues for the first quarter are expected to increase by over 150% year-over-year and by over 30% sequentially to above \$100 million. Non-GAAP EPS, which excludes stock based compensation expense, is expected to be above \$0.35 per diluted share. These expected results compare to previous guidance of revenues of \$80 million and non-GAAP EPS of \$0.16 per diluted share.

"First quarter revenue and net income will be the highest in company history," commented Brad Weinert, acting chief executive officer and chief operating officer of Novatel Wireless. "We believe this is a clear indicator of the underlying strength of our market and the success of our growth and diversification strategy. Our first quarter performance is being driven by strong shipments of the Company's EV-DO Rev. A ExpressCards and over \$30 million in revenues from the Company's higher margin Ovation product line, including both follow-on orders and initial stocking orders. Due to higher than expected demand for Ovation devices by our domestic customers, some initial stocking orders, previously expected to be shipped in Q2, were accelerated and will be shipped within the quarter contributing to the higher-than expected revenue."

"With gross margins currently anticipated to be greater than 30% and strong leverage over operating expenses, we expect operating margins to top 15% as we are still scaling our internal infrastructure to meet the increased demand," commented Dan Halvorson, Novatel Wireless' chief financial officer. "We look forward to providing more detail on our first quarter results and updating annual 2007 Guidance on our first quarter conference call scheduled for May 1st."

Conference Call Information

Novatel Wireless plans to host a conference call for analysts and investors to discuss full quarterly results on May 1st, 2007 at 4:30 p.m. ET. A live webcast of the conference call will also be accessible from the "Investor Relations" section of our website at www.novatelwireless.com. Following the live webcast, an archived version will be available on our website.

About Novatel Wireless

Novatel Wireless, Inc. is revolutionizing wireless communications. The Company is a leader in the design and development of innovative wireless broadband access solutions based on 3G WCDMA (HSDPA & UMTS), CDMA and GSM technologies. Novatel Wireless' Merlin(TM) PC Cards and ExpressCards, Expedite(R) Embedded Modules, MobiLink(TM) Communications Software Suite, Ovation(TM) Fixed Mobile Convergence Products and Conversa(TM) Software Suite enable high-speed wireless access. 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 please visit www.novatelwireless.com. (NVTLE)

Cautionary Note Regarding Forward-Looking Statements

Some of the information presented in this release constitutes forward-looking statements based on management's current expectations, assumptions, estimates and projections. In this context, forward-looking statements often address expected future business and financial performance and often contain words such as "may," "estimate," "anticipate," "believe," "expect," "intend," "plan," "project," "will" and similar words and phrases indicating future results. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those anticipated in such forward-looking statements. The Company therefore cannot guarantee future results, performance or achievements.

Factors that could cause actual results to differ materially from Novatel Wireless' expectations are set forth as risk factors in the Company's SEC reports and filings and include, without limitation, (1) the future demand for wireless broadband access to data, (2) the future growth of wireless wide area networking, (3) changes in commercially adopted wireless transmission standards and technologies, (4) continued acceptance of the Company's current products and market demand for the Company's anticipated new product offerings in 2007, (5) increased competition and pricing pressure from current or new wireless market participants, (6) dependence on third party manufacturers in Asia and key component suppliers worldwide, (7)

unexpected liabilities or expenses, (8) the Company's ability to introduce new products in a timely manner, (9) litigation, regulatory and IP developments, (10) dependence on a small number of customers, (11) the effect of changes in accounting standards and in aspects of our critical accounting policies and (12) the Company's plans and expectations relating to strategic relationships, international expansion, software and hardware developments, personnel matters and cost containment initiatives.

These factors, as well as other factors detailed from time to time in the Company's SEC reports and filings (available at www.sec.gov), could cause actual results to differ materially. Novatel Wireless assumes no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, except as otherwise required pursuant to applicable law and our on-going reporting obligations under the Securities Exchange Act of 1934, as amended.

Non-GAAP Financial Measures; GAAP EPS

Novatel Wireless has provided in this release financial information that has not been prepared in accordance with GAAP. This information includes non-GAAP diluted earnings per share. Novatel Wireless uses these non-GAAP financial measures internally in analyzing its financial results and believes they are useful to investors, as a supplement to GAAP measures, in evaluating Novatel Wireless's ongoing operational performance. Novatel Wireless believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing its financial measures with other companies in Novatel Wireless's industry, many of which present similar non-GAAP financial measures to investors. As noted, the non-GAAP financial measures discussed above exclude FAS 123R stock based compensation expense.

The Company continues to evaluate the factors that might impact first quarter diluted GAAP EPS, which consist primarily of FAS 123R stock based compensation items. The FAS 123R stock based compensation items are expected to vary depending on the number of equity options exercised by employees during the period and the number of new grants issued to both current and new employees (both of which are difficult to estimate). As a result, the Company has not provided information regarding first quarter diluted GAAP EPS.

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SOURCE: Novatel Wireless, Inc.

Novatel Wireless

Dan Halvorson, 858-320-8821

Chief Financial Officer

www.novatelwireless.com

or

The Blueshirt Group, Investor Relations

Chris Danne, 415-217-7722

chris@blueshirtgroup.com

Rakesh Mehta, 415-217-7722

rakesh@blueshirtgroup.com

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