
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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, 2003

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from to .

Commission file number: 0-31659

NOVATEL WIRELESS, INC.

(exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
or incorporation or organization)

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

9255 Towne Centre Drive, Suite 225, San Diego, CA
(Address of principal executive offices)

92121
(zip code)

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

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 .

The number of shares of the Registrant's common stock outstanding as of April 30, 2003 was 7,067,022.

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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 based on our current expectations, assumptions, estimates and projections about Novatel Wireless and our industry. For this purpose, statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words “believes,” “anticipates,” “plans,” “expects,” “estimates” and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve risks and uncertainties and are not guarantees of future performance. Actual results may differ materially from those indicated in such forward-looking statements. Novatel Wireless undertakes 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 the Company’s on-going reporting obligations under the Securities Exchange Act of 1934, as amended.

Available Information

Investors wishing to obtain more information about Novatel Wireless may access our annual, quarterly and other reports and information filed with the SEC. Investors can read and copy any information we have filed with the SEC at the SEC’s Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us. We also maintain an Internet site (www.novatelwireless.com) that contains these documents as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC.

Trademarks

The Novatel Wireless logo, “Minstrel,” “Merlin,” “Sage,” “Lancer,” and “Expedite” are trademarks of Novatel Wireless, Inc. “Minstrel” and “Sage” are registered with the U.S. Patent and Trademark Office. All other brands, products and company names mentioned herein are trademarks of their respective holders.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

NOVATEL WIRELESS, INC.
CONSOLIDATED BALANCE SHEETS

	(Unaudited)	
	March 31, 2003	December 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,030,000	\$ 1,571,000
Restricted cash	105,000	105,000
Accounts receivable, net of allowance for doubtful accounts of \$370,000 in 2003 and \$333,000 in 2002	4,733,000	6,937,000
Accounts receivable — related party	276,000	276,000
Inventories	3,058,000	4,250,000
Prepaid expenses and other	1,571,000	1,561,000
Total current assets	10,773,000	14,700,000
Property and equipment, net	3,372,000	4,101,000
Intangible assets, net	4,765,000	5,054,000
Other assets	192,000	192,000
	\$ 19,102,000	\$ 24,047,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 6,075,000	\$ 6,919,000
Accrued expenses	1,336,000	1,266,000
Inventory purchase commitments	3,048,000	3,983,000
Borrowings under line of credit	959,000	2,234,000
Restructuring accrual	1,404,000	1,331,000
Deferred revenues	408,000	977,000
Current portion of capital lease obligations	111,000	133,000
Convertible notes payable	31,000	
Total current liabilities	13,372,000	16,843,000
Capital lease obligations, net of current portion	19,000	38,000
Convertible and redeemable Series A preferred stock, 3,675 shares issued and outstanding in 2003 and 2002 (Note 2)	858,000	665,000
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, par value \$.001, 15,000,000 shares authorized		
Common stock, par value \$.001, 350,000,000 shares authorized, 7,001,195 (2003) and 6,984,823 (2002) shares issued and outstanding	7,000	7,000
Additional paid-in capital	239,750,000	238,640,000
Deferred stock compensation	(1,278,000)	(1,729,000)
Accumulated deficit	(233,626,000)	(230,417,000)
Total stockholders' equity	4,853,000	6,501,000
	\$ 19,102,000	\$ 24,047,000

See accompanying notes to unaudited consolidated financial statements.

NOVATEL WIRELESS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2003	2002
Revenue	\$ 7,489,000	\$ 7,272,000
Cost of revenue	6,266,000	6,719,000
Gross margin	1,223,000	553,000
Operating costs and expenses:		
Research and development	1,735,000	4,148,000
Sales and marketing	677,000	1,419,000
General and administrative	979,000	1,310,000
Restructuring charges	413,000	249,000
Amortization of deferred stock compensation (*)	451,000	1,343,000
Total operating costs and expenses	4,255,000	8,469,000
Operating loss	(3,032,000)	(7,916,000)
Other income (expense):		
Interest income	1,000	104,000
Interest expense	(70,000)	(142,000)
Gain on sale of property and equipment	85,000	
Net loss	\$ (3,016,000)	\$ (7,954,000)
Per share data :		
Net loss applicable to common stockholders (Note 5)	\$ (3,209,000)	\$ (16,109,000)
Weighted average shares used in computation of basic and diluted net loss per common share	6,985,369	3,954,774
Basic and diluted net loss per common share	\$ (0.46)	\$ (4.07)
(*) Amortization of deferred stock compensation:		
Cost of revenue	\$ 19,000	\$ 280,000
Research and development	51,000	97,000
Sales and marketing	50,000	94,000
General and administrative	331,000	872,000
	\$ 451,000	\$ 1,343,000

See accompanying notes to unaudited consolidated financial statements.

NOVATEL WIRELESS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2003	2002
Cash flows from operating activities:		
Net loss	\$(3,016,000)	\$ (7,954,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,030,000	1,212,000
Gain on sale of property and equipment	(85,000)	
Accretion of interest expense on convertible notes	26,000	
Provision for bad debt	37,000	(2,000)
Compensation for stock options issued below fair value	451,000	1,343,000
Changes in assets and liabilities:		
Accounts receivable	2,167,000	(2,724,000)
Accounts receivable — related party		239,000
Inventories	1,192,000	(982,000)
Prepaid expenses and other	(10,000)	210,000
Accounts payable	(844,000)	(1,391,000)
Accrued expenses	70,000	(113,000)
Inventory purchase commitments	(935,000)	(3,349,000)
Restructuring accrual	73,000	(290,000)
Deferred revenues	(569,000)	(50,000)
Net cash used in operating activities	(413,000)	(13,851,000)
Cash flows from investing activities:		
Purchases of property and equipment	(21,000)	(135,000)
Proceeds from sale of property and equipment	99,000	
Capitalized software development costs		(102,000)
Net cash (used in) provided by investing activities	78,000	(237,000)
Cash flows from financing activities:		
Repurchase of common stock		(1,600,000)
Proceeds from exercise of stock options and warrants	15,000	345,000
Offering costs for convertible and redeemable preferred stock		(232,000)
Proceeds from line of credit borrowings		521,000
Payments on line of credit borrowings	(1,275,000)	
Net proceeds from issuance of convertible notes payable	1,095,000	
Payments under capital lease obligations	(41,000)	(38,000)
Net cash used in financing activities	(206,000)	(1,004,000)
Net decrease in cash and cash equivalents	(541,000)	(15,092,000)
Cash and cash equivalents, beginning of period	1,571,000	29,229,000
Cash and cash equivalents, end of period	\$ 1,030,000	\$ 14,137,000

See accompanying notes to unaudited consolidated financial statements.

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	Three Months Ended March 31,	
	2003	2002
Supplemental disclosures of non-cash investing and financing activities:		
Conversion of convertible and redeemable preferred stock into shares of common stock		\$7,011,000
Accretion of dividends on convertible and redeemable preferred stock	\$ 63,000	469,000
Amortization of offering costs for convertible and redeemable preferred stock	7,000	440,000
Deferred compensation adjustment for stock options cancelled		1,056,000
Accretion of imputed value assigned to the beneficial conversion feature on Series A convertible and redeemable preferred stock and related common stock warrants	123,000	7,246,000
Imputed value assigned to beneficial conversion feature and warrants granted in connection with the issuance of convertible notes payable	1,095,000	
Common stock issued for settlement of inventory purchase commitments		5,400,000
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 16,000	\$ 37,000

See accompanying notes to unaudited consolidated financial statements.

NOVATEL WIRELESS, INC.

NOTES TO 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 information at March 31, 2003 and for the three month periods ended March 31, 2003 and 2002 is unaudited. The 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 consolidated financial statements and notes thereto should be read in conjunction with the audited financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2002. The results of operations for the interim periods are not necessarily indicative of results to be expected for any other interim period or for the year as a whole.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances are eliminated in consolidation. Certain reclassifications have been made to amounts included in the prior period's financial statements to conform to the presentation for the quarter ended March 31, 2003.

On October 29, 2002, a 1:15 reverse stock split that had been approved by the Company's stockholders became effective. All references in the consolidated financial statements to number of shares outstanding, price per share, and per share amounts have been retroactively restated to reflect the reverse stock split for all periods presented.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and related notes. Actual results could differ from these estimates. Changes in these estimates may affect amounts reported in future periods.

2. Recent Operational Developments

Operational Overview and Realization of Assets and Liabilities and Going Concern Considerations

The Company has sustained substantial losses from operations in each period since its inception and has used substantially all of its available cash resources to fund the operating losses, including the \$2.4 million financing completed in September 2002 and the \$1.1 million net proceeds received in March 2003 (see below).

During the fourth quarter of 2002, management determined that the Company had insufficient working capital to continue operations through the second quarter of 2003. As part of management's plan to improve the Company's financial condition, on March 12, 2003, the Company entered into a series of agreements, including the Securities Purchase Agreement (the "Purchase Agreement") with a group of investors (the "Investors") in connection with the private placement of \$3.25 million of convertible debt and equity securities, and the issuance of up to \$3.505 of equity securities in satisfaction of outstanding third-party obligations. As a result of these agreements, the Company completed the following transactions, which are collectively referred to as the "Private Placement Transactions":

- On March 13, 2003, the Company received cash of \$1.1 million, net of \$100,000 of transaction costs, in exchange for issuing \$1.2 million of secured subordinated convertible promissory notes (the "Initial Convertible Notes"), subject to stockholder approval. These notes bear interest at the annual rate of 8% per annum and automatically convert into 1,216 shares of Series B Preferred Stock. Stockholder approval was received on May 2, 2003, making the notes convertible into newly authorized Series B Preferred Stock and Common Stock. Additionally, warrants were granted to purchase an aggregate of 857,143 shares of Common Stock;

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- On May 2, 2003, the Company received Stockholder approval to sell 2,050 additional shares of Series B Preferred Stock and warrants to purchase an aggregate of 1,983,929 shares of Common Stock in exchange for \$2.05 million in cash and on May 14, 2003 we received the proceeds and issued such shares; and
- On May 2, 2003, the Company received Stockholder approval to issue \$3.505 million of secured subordinated convertible promissory notes (the "Additional Convertible Notes") to the Investors in satisfaction of presently outstanding third-party obligations to be acquired by the Investors from Sanmina-SCI Corporation (the "Sanmina Obligations"). The Investors agreed to subsequently convert the Additional Convertible Notes into 3,505 shares of Series B Preferred Stock. The initial purchase of the Sanmina Obligations by the Investors was conditioned, among other things, upon the Company receiving stockholder approval for the Private Placement and such approval occurred on May 2, 2003. The Convertible Notes and the Additional Convertible Notes convert into a number of shares of Series B Preferred Stock equal to the total amount outstanding divided by \$1,000. The Series B Preferred shares are convertible into shares of Common Stock equal to the total amount outstanding divided by \$0.70.

The Initial Convertible Notes have a conversion price per common share of \$0.70 per share. This conversion price was based on the lower of the five-day trailing average closing bid price of the Company's common stock at the time that the definitive agreement was signed not to exceed \$0.70. On the date of issuance of the Initial Convertible Notes, the difference between the conversion price per common share and the closing price of the Company's common stock amounted to \$0.33 per share. The fair value of the warrants was determined using the Black-Scholes option-pricing model with the following assumptions: risk free interest rate of 3.5%, volatility of 116% and expected lives of four years. The proceeds from the Initial Convertible Notes allocable to the warrants was \$400,000 and was determined based on the relative fair values of the debt securities issued and warrants granted. In accordance with EITF 98-5, as amended by EITF 00-27, the intrinsic value of the beneficial conversion feature at the date of issuance was approximately \$700,000. The notes have a stated redemption date of March 12, 2005. Accordingly, the value of the discount plus the value of the detachable warrants will be ratably accreted as interest expense during the two-year period until the redemption rights are effective, or immediately in the period in which conversion occurs.

On March 12, 2003, concurrent with the Purchase Agreement, the Investors and Sanmina entered into an agreement pursuant to which, subject to certain terms and conditions, Sanmina agreed to sell to the Investors, and the Investors agreed to purchase from Sanmina, (herein, the "Sanmina Purchase") the Sanmina Obligation at a discount. In order to facilitate the Sanmina Purchase, Sanmina granted the Company a forbearance from its obligation to make payments to Sanmina upon the earlier of the Sanmina Purchase or August 1, 2003. In return for obtaining this payment forbearance, the Company agreed to continue to observe the operating covenants contained in the amendment to the Settlement Agreement and Mutual General Release dated January 12, 2002, which include among other things, achieving certain revenue milestones through the earlier of the Sanmina Purchase or August 1, 2003. On May 14, 2003, the Investors finalized the Sanmina Purchase and as a result, Sanmina is no longer a creditor of the Company. Under the terms of the Sanmina Purchase, the Company was refunded \$457,000 in cash primarily for payments made to Sanmina from February 2003 to March 12, 2003.

On May 7th, the Investors finalized the Sanmina Purchase and as a result, Sanmina is no longer a creditor of the Company. Under the terms of the Sanmina Purchase, Sanmina refunded to the Company \$457,000 in cash primarily for payments made to Sanmina from February 2003 to March 12, 2003.

The Company has incurred significant costs to develop its technologies and products. These costs have exceeded total revenue. As a result, the Company has incurred losses in each quarter and year since inception. As of March 31, 2003, the Company had an accumulated deficit of \$233.6 million and negative working capital of \$2.6 million. During the three months ended March 31, 2003, the Company incurred a net loss of \$3.0 million. At March 31, 2003, the Company had approximately \$1.0 million in cash and cash equivalents and borrowings under our line of credit of \$1.0 million.

If the Company continues to experience negative cash flow, it may be required to raise additional funds through the private or public sale of additional debt or equity securities or through commercial bank borrowings to fund working capital requirements and anticipated capital expenditures. The Company's ability to obtain additional capital will depend on financial market conditions, investor expectations for the wireless technology industry, the national economy and other factors outside our control. There can be no assurance that such additional financing will be available on acceptable terms, or at all. If needed, the failure to secure additional financing would have a

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material adverse effect on the business, financial condition and operating results and may impair the Company's ability to continue operations.

Management of the Company intends to continue executing a plan to improve its operating results and financial condition. The plan includes the successful completion of the Private Placement Transactions, strengthening sales initiatives, improving gross margins and continuing to cut costs as a percentage of sales. The Company commenced volume shipments of the Company's CDMA products in 2002, which have generated higher margins due to lower production costs at the Company's new contract manufacturer, LG Innotek Co. Ltd. Simultaneously, the Company's business has been negatively impacted by the decrease in CDPD sales, particularly cradle sales, which have decreased to insignificant levels as the market for these products have decreased. This has resulted in becoming dependent on sales and profits from shipments of CDMA and GPRS products. Although the Company has made sales of these products in 2002 and continues to make sales in 2003, the majority of these sales have been CDMA products to one customer. Although management is confident of the Company's ability to generate future profitable sales of CDMA and GPRS products, there can be no assurance that the sales of these products will be made at volumes sufficient to generate enough cash flow to cover the Company's operating expenses. A decrease in the cash flows or failure to generate significant revenue from new or existing products, whether due to lack of market acceptance, competition, technological change or otherwise, or the inability to reduce manufacturing and/or operating costs, will further adversely impact the Company's business, financial condition and results of operations, and materially adversely affect the Company's ability to continue business as presently conducted.

Nasdaq SmallCap Listing

On April 8, 2003, the Company transferred its listing of its common shares to the Nasdaq SmallCap Market as it did not meet Nasdaq's \$10 million minimum stockholder's equity requirement for continued listing on the National Market on December 31, 2002.

Restructuring Charges and Asset Impairment

In response to market conditions in the Company's industry sector, the Company has implemented ongoing operational restructuring plans to reduce its operating costs and streamline its organizational structure. As a result of these activities, the Company recorded restructuring charges of \$413,000 in the first quarter of 2003 and \$2.7 million during 2002. The restructuring plan provided for the reduction of employee staff, consultants and temporary labor, resulting in severance payments and other employee related expenses of approximately \$497,000 during the first quarter of 2003 and \$778,000 during 2002. There were 8 employee separations in 2003 and 33 employee separations during 2002. The restructuring also provided for the closure of the Company's certain operating facilities.

The following table displays the activity and balances of the restructuring accrual from January 1, 2003 to March 31, 2003:

	Employee Termination	Facility Closings	Total
Balance – January 1, 2003	\$ 95,000	\$1,236,000	\$1,331,000
Charges	497,000	(84,000)	413,000
Cash payments	(141,000)	(199,000)	(340,000)
Balance – March 31, 2003	\$ 451,000	\$ 953,000	\$1,404,000

Cash payments for employee separations of \$451,000 are expected to be paid over the next three months and cash payments for facility closings of \$953,000 are expected to be paid ratably over the next 54 months.

3. Inventories and Property and Equipment

Inventories

Inventories consist of the following:

	(Unaudited) March 31, 2003	December 31, 2002
Finished goods	\$2,191,000	\$3,036,000
Raw materials and components	867,000	1,214,000
	<u>\$3,058,000</u>	<u>\$4,250,000</u>

Property and Equipment

Property and equipment consists of the following:

	(Unaudited) March 31, 2003	December 31, 2002
Test equipment	\$ 8,054,000	\$ 8,240,000
Computer equipment and purchased software	5,847,000	6,259,000
Furniture and fixtures	1,293,000	1,433,000
Product tooling	1,590,000	1,560,000
Leasehold improvements	316,000	554,000
	<u>17,100,000</u>	<u>18,046,000</u>
Less - accumulated depreciation and amortization	<u>(13,728,000)</u>	<u>(13,945,000)</u>
	<u>\$ 3,372,000</u>	<u>\$ 4,101,000</u>

4. Segment Information and Concentrations of Risk

Segment Information

The Company operates in the wireless data modem technology industry and all sales of the Company's products and services are made in this segment. Management makes decisions about allocating resources based on this one operating segment.

The Company has operations in the United States and Canada. The amount of the Company's assets in the United States and Canada as of March 31, 2003 are \$16.9 million and \$2.2 million, respectively, and as of December 31, 2002 are \$21.3 million and \$2.7 million, respectively.

Concentrations of Risk

Substantially all of the Company's revenues come from wireless Internet products. Any further decline in market acceptance of the Company's products or a further decline in the financial condition of the Company's existing customers may impair the Company's ability to operate effectively.

A significant portion of the Company's revenue comes from a small number of customers. Two customers accounted for 62.0% and 13.6% of revenues, respectively for the three months ended March 31, 2003. Three customers accounted for 26%, 20% and 13% of revenues, respectively, for the three months ended March 31, 2002.

5. Net loss applicable to Common Stockholders and stock-based compensation

Net loss applicable to Common Stockholders

A reconciliation of the net loss applicable to common stockholders is as follows:

	(Unaudited)	
	Three months ended March 31,	
	2003	2002
Net loss	\$(3,016,000)	\$ (7,954,000)
Adjustments to net loss used in computing basic and diluted net loss applicable to common stockholders:		
Accretion of dividends on convertible and redeemable Series A preferred stock	(63,000)	(469,000)
Amortization of offering costs for convertible and redeemable Series A preferred stock	(7,000)	(440,000)
Accretion of imputed value assigned to the beneficial conversion feature on convertible and redeemable Series A preferred stock and related common stock warrants	(123,000)	(7,246,000)
Net loss applicable to common stockholders	<u>\$(3,209,000)</u>	<u>\$(16,109,000)</u>

Stock-Based Compensation

The Company accounts for stock option plans in accordance with the provisions of Accounting Principles Board (“APB”) *Opinion No. 25, Accounting for Stock Issued to Employees*, and related interpretations which recognizes compensation expense on the grant date if the current market price of the stock exceeds the exercise price.

In December 2002, the FASB issued SFAS No. 148, *Accounting for Stock-Based Compensation — Transition and Disclosure*, an amendment of FASB Statement No. 123. This Statement provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. Additionally, the Statement amends the disclosure requirements of SFAS No. 123, *Accounting for Stock-Based Compensation*, to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The transition guidance and annual disclosure provisions are effective for financial statements issued for fiscal years ending after December 15, 2002. The interim disclosure provisions are effective for financial reports containing financial statements for interim periods beginning after December 15, 2002. The Company adopted the interim disclosure provisions of SFAS No. 148 in the first quarter of fiscal 2003.

In accordance with SFAS No. 123, “Accounting for Stock-Based Compensation,” the Company accounts for costs of stock-based employee compensation using the intrinsic value method prescribed in APB Opinion No. 25, “Accounting for Stock Issued to Employees.” Additionally, the Company discloses the pro forma effect on net loss and related per share amounts as if the fair-value method prescribed by SFAS No. 123 had been used to account for its stock-based employee compensation. The Company accounts for equity instruments issued to non-employees in accordance with the provisions of SFAS No. 123 and related interpretations. No options were granted during the first quarter ending March 31, 2003. The weighted average fair value of the options granted during the three months ended March 31, 2002 was estimated as \$14.91 on the date of grant using the Black-Scholes option pricing model with the following assumptions: no dividend yield, volatility of 116%, for the three months ending March 31, 2003 and 2002, respectively, risk-free interest rates between 3.0% and 6.45% and expected lives of four to five years.

Had compensation expense been determined based on the fair values at the dates of grant for the quarterly periods ended March 31, 2003 and 2002 consistent with the provisions of SFAS No. 123, as amended by SFAS No. 148, the Company’s net loss per share would have been reported as the pro forma amounts indicated below:

	(Unaudited)	
	Three Months Ended March 31,	
	2003	2002
Net loss applicable to common stockholders, as reported	\$(3,209,000)	\$(16,109,000)
Net loss applicable to common stockholders, pro forma	\$(4,096,000)	\$(17,517,000)
Net loss per share, as reported	\$ (0.46)	\$ (4.07)
Net loss per share, pro forma	\$ (0.59)	\$ (4.43)

6. Line of Credit

In November 2002, the Company amended its credit facility with a bank, which allows the Company to borrow up to the lesser of \$5 million or 65% of eligible accounts receivable balances. This credit facility bears interest at prime plus 2.75% (7.00% at March 31, 2003), provided that the interest rate in effect shall be not less than 7% and is secured by substantially all assets of the Company. The facility expires in November 2003. As of March 31, 2003, \$959,000 of borrowings, the maximum eligible borrowings were outstanding under this facility. In connection with initially entering into this facility, the Company issued 42,689 warrants to purchase shares of the Company's common stock at an exercise price of \$9.72, as adjusted to date to reflect dilutive equity issuances made subsequent to November 2001, the initial date of the facility. The value of the warrants totaling \$358,000 is being amortized as interest expense over the term of the facility. These warrants expire on November 29, 2008 and may be exercised using a cashless feature in which the number of shares issued would be calculated by dividing the intrinsic value of the warrants at the date of exercise by the fair market value a share of common stock on the date of exercise. In April 2003, this facility was amended to include an Accounts Receivable Purchase Agreement where the Company may factor up to 75% of certain accounts receivable invoices, up to a maximum of \$3 million in combined invoices.

7. Commitments and contingencies

Employment Agreements and Contract Commitments

In May 2001, the Company entered into management retention agreements with the Company's named executive officers. The agreements entitle those employees to enumerated severance benefits if, within 24 months following a change of control (or at the direction of an acquirer in anticipation of such an event), the Company terminates the employee's employment other than for cause or disability or the employee terminates his employment for good reason. These severance benefits include a payment of two times the sum of the employee's annual base salary then in effect and the applicable targeted annual bonus, continued employee benefits, full acceleration of vesting of the employee's stock options, a tax equalization payment to eliminate the effects of any applicable excise tax, and the issuance to the employee of an option to purchase additional shares of the Company's common stock. As a condition of the March 12, 2003 Purchase Agreement (see Note 2), the remaining management retention agreements were terminated under mutual agreement between the named executive officers and the Company.

Effective January 13, 2003, the Company's former Chief Executive Officer was replaced. The former CEO's employment agreement with the Company provides that in the event that the Company terminates him without cause, or in the event he terminates his employment with the Company because the Company has materially breached the terms of his employment agreement or because a change of control occurs, he is entitled to receive in a lump sum payment an amount equal to his annual base salary then in effect and all unvested options will immediately vest and become exercisable. He would then also be entitled to a bonus equal to the amount of the bonus he had earned as of the date of his termination as well as to the continuation of certain employee benefits pursuant to the terms of existing company plans. If the Company terminates his employment for cause, or he terminates his employment without good reason, he will be entitled to receive severance and other benefits only as may then be established under the Company's existing severance and benefit plans and policies at the time of such termination. The Company is currently evaluating the amounts that might be owed to him under the terms of his employment agreement. During the first quarter of 2003, the Company accrued an amount equal to his base salary, which was \$325,000. Management does not believe any amounts are due to him under the management retention agreement. No payments have been made to date to him under any of these agreements.

Effective October 31, 2002, Ambrose Tam, the Company's President and Chief Operating Officer, resigned his employment with the Company. Pursuant to the terms of Mr. Tam's employment agreement, Mr. Tam was entitled to receive from the Company, as a consequence thereof, Canadian \$250,000 in two equal installments, the first of which occurred on October 31, 2002 and the second payment was paid in two installments, which occurred on April 30, 2003 and May 15, 2003. In addition, Mr. Tam is entitled to continued participation in his employee benefit package for the 12 month period following his resignation.

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The Company also has employment agreements with certain other key employees providing for four months salary payment in the event of termination without cause.

Legal Matters

On February 28, 2003, a class action law suit was filed in the United States District Court for the Southern District of Florida against Credit Suisse First Boston (CSFB) and approximately 50 companies, including Novatel Wireless, for whose respective initial public offering CSFB purportedly served as the lead underwriter. The suit purports to be on behalf of all the purchasers of the common stock of the named issuing companies and alleges violations of federal and state securities law. Specifically, the suit alleges that CSFB and each named issuer conspired to file false and misleading registration statements and other reports containing knowingly inflated financial and performance projections in order to support an aggressive IPO issue price. Although the Company has not yet been served in this action, the Company has reviewed the complaint, believes to have meritorious defenses, and the Company intends to vigorously defend against it.

In January of 2003, our wholly-owned subsidiary, Novatel Wireless Technologies, Ltd. (NWT) terminated one of its Canadian employees for cause. On February 26, 2003, the employee filed suit on the judicial district of Calgary, in the Court of Queen's Bench of Alberta, claiming that NWT had wrongfully terminated him and seeking approximately Canadian \$365,000 in damages. NWT has been informed by its counsel that NWT has meritorious defenses, and NWT intends to vigorously defend against the claim. On April 25, 2003, counsel for the former employee informed the Company that his client elected to drop the suit altogether in return for other concessions from the Company. The Company is currently evaluating this settlement offer.

On April 30, 2002, the Company entered into an employment agreement pursuant to which the employee purportedly commenced working for us on May 8, 2002. The individual has alleged that on or about May 10, 2002, the Company breached its agreement with him by materially diminishing his responsibilities and, as a consequence of which, he has alleged, he terminated his employment with the Company for "Good Reason" as defined in the employment agreement. The employee has filed a claim with the California Department of Labor (DOL) seeking approximately \$450,000. The Company is currently waiting for the DOL to schedule a hearing on the matter. The Company believes this claim is without merit and intends to vigorously defend against the claim.

The Company is party to various legal matters and subject to claims in the ordinary course of business. In the opinion of management, based in part on the advice of legal counsel, none of these matters will have a material adverse effect on the Company's financial position or results of operations.

Sanmina Settlement

On January 12, 2002, the Company entered into a settlement agreement (the "Settlement Agreement") with Sanmina related to claims filed in October 2001.

In October 2001 Sanmina Corporation (now known as Sanmina-SCI Corporation) ("Sanmina") filed suit against the Company in Santa Clara County Superior Court seeking approximately \$27 million of claims for breach of contract under a contract manufacturing arrangement. The Company reached a settlement with Sanmina to end any and all disputes and litigation arising from the claims and signed a settlement agreement and mutual general release (the "Settlement"). Under the Settlement, which became effective on January 28, 2002, the Company made a cash payment to Sanmina of \$1,300,000 and issued to Sanmina 333,333 shares of common stock. As part of this issuance, we also granted to Sanmina the right to obligate us to repurchase up to 133,333 of the shares of common stock at a price of \$12.00 per share. In addition, the Company agreed to take delivery of inventory held by Sanmina and make payments totaling \$5 million in 2002 and \$4 million in 2003 and up to an additional \$2 million in the event the Company fails to make any of the agreed upon payments.

On February 7, 2003, the Company and Sanmina amended the Settlement Agreement to extend the time period during which the Company would be permitted to satisfy its remaining payment obligations (the "Amendment"). Pursuant to the terms of the Amendment, the Company agreed that for so long as the Company owed monies to Sanmina pursuant to the Settlement Agreement (the "Sanmina Debt") the Company would make specified pre-payments on the Sanmina Debt in the event that the Company failed to meet agreed upon performance targets, met or exceeded other performance targets, or raised additional working capital. As of March 31, 2003, the Sanmina

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Debt totaled approximately \$3.0 million. On May 14, 2003, the Sanmina Debt was paid in full as part of the Purchase Agreement defined and discussed in Note 2.

8. Subsequent Event

On May 7, 2003, the Board of Directors of the Company authorized and approved the issuance to the Company's Chief Executive Officer 744,024 options to purchase shares of the Company's common stock at an exercise price of \$1.01 per share, which was the closing price per share of the Company's common stock on the date of this grant. The Options were issued pursuant to the Company's Amended and Restated 2000 Stock Incentive Plan (the "Plan").

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

Overview

The following information should be read in conjunction with the consolidated financial statements and the accompanying notes included in Item 1 of this quarterly 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, 2002 contained in our 2002 annual report on Form 10-K.

Critical Accounting Policies

Use of estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues, expenses and disclosures of contingent assets and liabilities. Actual results could differ from these estimates. Significant estimates include inventory adjustments

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for excess and obsolete balances, allowance for doubtful accounts receivable, warranty expense, sales returns allowance, the use of option pricing models to establish values of equity instruments issued in non-monetary transactions with non-employees, useful lives and realizability of long-lived assets and estimates for costs recorded in restructuring accruals.

Specifically, management must make estimates in the following areas:

Allowance for doubtful accounts: We provide a reserve against our receivables for estimated losses that may result from our customers' inability to pay. We determine the amount of the reserve by analyzing known uncollectible accounts, aged receivables, economic conditions, historical losses and our customers' credit-worthiness. Amounts later determined and specifically identified to be uncollectible are charged or written off against this reserve. To minimize the likelihood of uncollectibility, customers' credit-worthiness is reviewed periodically based on independent credit reporting services, our experience with the customer and the economic condition of the customer's industry. Should a customer's account become past due, we generally place a hold on the account and discontinue further shipments to that customer, minimizing further risk of loss. Additionally, our policy is to generally fully reserve for all accounts with aged balances greater than one year. The likelihood of a material loss on an uncollectible account would be mainly dependent on deterioration in the overall economic conditions in our industry or the industry of our customers. Reserves are fully provided for all expected or probable losses of this nature. Trade accounts receivable along with accounts receivable – related party balances were \$5.4 million and \$7.5 million at March 31, 2003 and December 31, 2002, respectively. The allowance for doubtful accounts was \$.4 million and \$.3 million at March 31, 2003 and December 31, 2002, respectively.

Inventory adjustments: Inventories are stated at lower of cost (first-in, first-out method) or market. We review the components of our inventory and our inventory purchase commitments on a regular basis for excess, obsolete and impaired inventory based on estimated future usage and sales. The likelihood of any material inventory write-down is dependent on various items, including customer demand, economic and competitive conditions, technological advances or new product introductions by us or our customers that vary from our current expectations. In accordance with Emerging Issues Task Force Issue 96-9, "Classification of Inventory Markdowns and Other Costs Associated with a Restructuring," all inventory adjustments are classified in "Cost of revenue" in the accompanying consolidated statements of operations. Inventories were stated at \$3.1 million and \$4.3 million at March 31, 2003 and December 31, 2002, respectively.

Valuation of intangible and long-lived assets: We periodically assess the impairment of intangible and long-lived assets which requires us to make assumptions and judgments regarding the carrying value of these assets. The assets are considered to be impaired if we determine that the carrying value may not be recoverable based upon our assessment of the following events or changes in circumstances:

- the asset's ability to continue to generate income from operations and positive cash flow in future periods;
- loss of legal ownership or title to the asset;
- significant changes in our strategic business objectives and utilization of the asset(s); or
- the impact of significant negative industry or economic trends.

If the assets are considered to be impaired, the impairment we recognize is the amount by which the carrying value of the assets exceeds the fair value of the assets. In addition, we base the useful lives and related amortization or depreciation expense on our estimate over the period that the assets will generate revenues or otherwise be used by us. If a change were to occur in any of the above-mentioned factors or estimates, the likelihood of a material change in our reported results would increase.

Software development costs: Software development costs for products sold (primarily firmware embedded in the Company's products) incurred after technological feasibility is established are capitalized in accordance with SFAS No. 86, "Accounting for the Costs of Computer Software to Be Sold, Leased or Otherwise Marketed." We determine the point at which technological feasibility has been established for a product (i.e., when we have completed all planning, designing, coding and testing activities that are necessary to establish that a product can be produced to meet design specifications, and the point at which a product is available for general release to customers, by creating detail program designs of the product). Such detail program designs take product function, feature and technical requirements to their most detailed, logical form and are ready for coding. Capitalized software development costs are amortized when products are available for general release to customers, over the estimated useful lives of the products, currently five years. At March 31, 2003 and December 31, 2002, our net

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software development costs of \$1.7 million and \$1.8 million, respectively, relating to costs for CDMA and GPRS, are grouped with intangible assets in our consolidated balance sheets.

Accrued restructuring related costs: To the extent that exact amounts are not determinable, we have estimated amounts for direct costs of our expenses and liabilities related to our restructurings in accordance with the Emerging Issues Task Force Issue 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring)." For restructurings initiated after December 31, 2002, the Company will apply SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." These estimates consist of future lease obligations offset by estimated sublease income. Our accrued restructuring related costs were \$1.4 million and \$1.3 million at March 31, 2003 and December 31, 2002, respectively. Such revisions in our estimates of the potential costs or expenses could materially impact our results of operations and financial position. During the fourth quarter of 2002, the Company recorded an impairment charge in the amount of \$870,000 for a software license that is no longer deemed recoverable from future operations.

Litigation reserves: Litigation issues for claims that are probable and can be reasonably estimated are recorded as liabilities in the consolidated balance sheets. Estimates are based upon the facts and circumstances of each case and on advice from legal counsel regarding probable outcomes, if determinable. The likelihood of a material change in these estimated reserves depends on new claims as they may arise and the favorable or unfavorable outcome of the particular litigation. As additional information becomes available, we assess the potential liability related to our pending litigation and revise our estimates. Such revisions in our estimates of the potential liability could materially impact our results of operations and financial position.

Stock-Based Compensation: In accordance with SFAS No. 123, "Accounting for Stock-Based Compensation," we account for costs of stock-based employee compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Additionally, we disclose the pro forma effect on net loss and related per share amounts as if the fair-value method prescribed by SFAS No. 123 had been used to account for its stock-based employee compensation (see Note 5). We account for equity instruments issued to non-employees in accordance with the provisions of SFAS No. 123 and related interpretations. We also follow the disclosure requirements of SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure," which amended SFAS No. 123.

Valuation of deferred income taxes: We account for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes," which requires the use of the asset and liability method of accounting for deferred income taxes. Under this method, deferred income taxes are recorded to reflect the tax consequences on future years of temporary differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized. We have established a 100% valuation allowance against our current deferred tax assets of \$6.9 million and against our long-term deferred tax assets of \$52.9 million, at December 31, 2002, due to the uncertainty surrounding the realization of such assets due to various factors, including the risk that we do not attain profitability, in order to utilize net operating losses. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The likelihood of a material change in our expected realization of these assets depends on future taxable income, our ability to deduct tax loss carryforwards against future taxable income, the effectiveness of our tax planning and strategies among the various tax jurisdictions in which we operate and changes in the deductibility of interest paid on our convertible subordinated debt.

Impact of Recently Issued Accounting Standards

In November 2002, the FASB published interpretation No. 45 "Guarantor's Accounting and Disclosure requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." The Interpretation expands on the accounting guidance of Statements No. 5, 57, and 107 and incorporates without change the provisions of FASB Interpretation No. 34, which is being superseded. The Interpretation elaborates on the existing disclosure requirements for most guarantees, including loan guarantees such as standby letters of credit. It also clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair value, or market value, of the obligations it assumes under that guarantee and must disclose that information in its interim and annual financial statements. The initial recognition and measurement provisions apply on a prospective basis to guarantees issued or modified after December 31, 2002, regardless of the guarantor's fiscal year-end. The

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disclosure requirements in the Interpretation are effective for financial statements of interim or annual periods ending after December 15, 2002. The adoption of this standard did not have a material effect on the Company's consolidated financial statements.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 applies to costs associated with an exit activity (including restructuring) or with a disposal of long-lived assets. Those activities can include eliminating or reducing product lines, terminating employees and contracts, and relocating plant facilities or personnel. Under SFAS No. 146, a company will record a liability for a cost associated with an exit or disposal activity when that liability is incurred and can be measured at fair value. Under current rules, companies can record a liability for restructuring costs when a commitment to a plan of action is made. SFAS No. 146 will require a company to disclose information about its exit and disposal activities, the related costs, and changes in those costs in the notes to the interim and annual financial statements that include the period in which an exit activity is initiated and in any subsequent period until the activity is completed. SFAS No. 146 is effective prospectively for exit or disposal activities initiated after December 31, 2002, with earlier adoption encouraged. Under SFAS No. 146, a company may not restate its previously issued financial statements, and the new statement grandfathers the accounting for liabilities that a company had previously recorded under Emerging Issues Task Force Issue 94-3. The adoption of this standard did not have a material effect on the Company's consolidated financial statements.

In April 2002, the FASB issued SFAS No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections as of April 2002, which is effective for fiscal years beginning after May 15, 2002. SFAS 145 rescinds SFAS 4 and SFAS 64, which required that all gains and losses from extinguishment of debt be aggregated, and if material, classified as an extraordinary item. As a result, gains and losses from debt extinguishment are to be classified as extraordinary only if they meet the criteria set forth in Accounting Principles Board Opinion No. 30, Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions. SFAS 145 also requires that sale-leaseback accounting be used for capital lease modifications with economic effects similar to sale-leaseback transactions. The adoption of this standard did not have a significant effect on its results of operation or consolidated financial condition.

In June 2001, the FASB issued SFAS No. 143, *Accounting for Asset Retirement Obligations*, which requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs would be capitalized as part of the carrying amount of the long-lived asset and depreciated over the life of the asset. The liability is accreted at the end of each period through charges to operating expense. If the obligation is settled for other than the carrying amount of the liability, a company will recognize a gain or loss on settlement. The provisions of SFAS No. 143 are effective for fiscal years beginning after June 15, 2002. The adoption of this standard did not have a material effect on the Company's consolidated financial statements.

Results of Operations

Three Months Ended March 31, 2003 Compared to Three Months Ended March 31, 2002

Revenue. Revenue for the three months ended March 31, 2003 increased \$200,000, or 3%, to \$7.5 million compared to \$7.3 million for the same period in 2002. For the three months ended March 31, 2003, sales of our PC card product increased by \$1.1 million and non-recurring engineering revenue increased by \$800,000, off-set by sales decreases in OEM products of \$1.2 million and cradle and other products sales decreases of \$500,000, compared to the same period in 2002. The overall increase in product sales is due to the increase in demand for our CDMA wireless products during 2003 compared to 2002.

Cost of Revenue. Our cost of revenue for the three months ended March 31, 2003 decreased \$500,000, or 7%, to \$6.3 million compared to \$6.7 million for the same period in 2002. The decrease in cost of revenue was primarily due to a reduction in costs associated with our manufacturing operating capacity of approximately \$700,000, offset by an increase in royalty costs of approximately \$200,000 due to an increase in sales of products with higher royalty costs.

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Gross Margin. Our gross margin for the three months ended March 31, 2003 increased by \$600,000 to \$1.2 million compared to \$600,000 during the same period in 2002. The increase in gross margin is due to an increase in sales of products with higher profit margins and a reduction in our manufacturing overhead costs during the three months ended March 31, 2003 compared to the same period in 2002 as described above.

Research and Development. Our research and development expenses for the three months ended March 31, 2003 decreased \$2.4 million, or 58%, to \$1.7 million compared to \$4.1 million for the same period in 2002. The decrease was generally the result of ongoing downsizing (see Note 2 to the Consolidated Financial Statements) and consisted of a decrease in personnel expenses of approximately \$800,000, an increase in non-recurring engineering customer payments to us of approximately \$800,000, a decrease in consulting expenses of approximately \$400,000, a decrease in travel costs of approximately \$200,000, a decrease in depreciation and facility overhead expenses of approximately \$200,000 and a decrease in research supplies and expendable equipment of approximately \$100,000. During the three months ended March 31, 2002, the Company reached technological feasibility on certain software development activities and subsequently capitalized \$100,000. No costs were capitalized during the three months ended March 31, 2003.

Sales and Marketing. Sales and marketing expenses for the three months ended March 31, 2003 decreased \$700,000, or 52%, to \$700,000 compared to \$1.4 million for the same period in 2002. The decrease was generally the result of ongoing downsizing and consisted of a reduction in personnel expenses of \$200,000, a reduction in travel costs of approximately \$200,000, a reduction in advertising and marketing costs of approximately \$100,000, a reduction in consulting expenses of approximately \$100,000 and a reduction in facility overhead expenses of approximately \$100,000.

General and Administrative. General and administrative expenses for the three months ended March 31, 2003 decreased \$300,000, or 25%, to \$1.0 million compared to \$1.3 million for the same period in 2002. This decrease was generally the result of ongoing downsizing and consisted of a decrease in personnel expenses of approximately \$200,000 and a decrease in consulting and outside services of approximately \$100,000.

Restructuring Charges. Restructuring charges for the three months ended March 31, 2003 were \$413,000 compared to \$249,000 for the same period in 2002. The costs in 2003 and 2002 are primarily made up of employee termination and severance costs.

Amortization of deferred stock compensation. Amortization of deferred stock compensation for the three months ended March 31, 2003 decreased \$900,000, or 66%, to \$400,000 compared to \$1.3 million for the same period in 2002. This decrease is due to the Company's use of the attributable method for deferred compensation originating in fiscal 2000 and a reduction in gross deferred compensation for stock option cancellations during 2001 and during the first quarter of 2002 totaling \$1.5 million and \$1.1 million, respectively.

Interest Income. Interest income for the three months ended March 31, 2003 amounted to \$1,000 compared to \$104,000 for the same period in 2002. The decrease is primarily due to reduction in the cash balances in the first quarter of 2003 compared to the same period in 2002.

Net Loss. The net loss for the three months ended March 31, 2003 decreased \$4.9 million, or 62%, to \$3.0 million compared to \$7.9 million for the same period in 2002.

Contractual Obligations and Commercial Commitments

The following summarizes our contractual obligations and other commitments at March 31, 2003, and the effect such obligations could have on our liquidity and cash flow in future periods:

	Payments Due by Fiscal Year				
	2003	2004	2005	2006	2007
Inventory purchase commitments	\$3,048,000	\$—	\$—	\$—	\$—
Employee separation obligations	451,000	—	—	—	—

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Capital lease and other obligations	111,000	19,000	—	—	—
Operating leases	1,316,000	1,462,000	939,000	539,000	331,000
Total contractual cash obligations	\$4,926,000	\$1,481,000	\$939,000	\$539,000	\$331,000

Liquidity and Capital Resources

We have sustained substantial losses from operations in each period since its inception and have used substantially all of its available cash resources to fund the operating losses, including the \$2.4 million financing completed in September 2002 and the \$1.1 million net proceeds received in March 2003 (see below).

During the fourth quarter of 2002, management determined that we had insufficient working capital to continue operations through the second quarter of 2003. As part of management's plan to improve the Company's financial condition, on March 12, 2003, we entered into a series of agreements, including the Securities Purchase Agreement (the "Purchase Agreement") with a group of investors (the "Investors") in connection with the private placement of \$3.25 million of convertible debt and equity securities, and the issuance of up to \$3.505 of equity securities in satisfaction of outstanding third-party obligations. As a result of these agreements, we completed the following transactions, which are collectively referred to as the "Private Placement Transactions":

- On March 13, 2003, we received cash of \$1.1 million, net of \$100,000 of transaction costs, in exchange for issuing \$1.2 million of secured subordinated convertible promissory notes (the "Initial Convertible Notes"), subject to stockholder approval. These notes bear interest at the annual rate of 8% per annum and automatically convert into 1,216 shares of Series B Preferred Stock. Stockholder approval was received on May 2, 2003, making the notes convertible into newly authorized Series B Preferred Stock and Common Stock. Additionally, warrants were granted to purchase an aggregate of 857,143 shares of Common Stock;
- On May 2, 2003, we received Stockholder approval to sell 2,050 additional shares of Series B Preferred Stock and warrants to purchase an aggregate of 1,983,929 shares of Common Stock in exchange for \$2.05 million in cash and on May 14, 2003, we received the proceeds and issued such shares; and
- On May 2, 2003, we received Stockholder approval to issue \$3.505 million of secured subordinated convertible promissory notes (the "Additional Convertible Notes") to the Investors in satisfaction of presently outstanding third-party obligations to be acquired by the Investors from Sanmina-SCI Corporation (the "Sanmina Obligations"). The Investors agreed to subsequently convert the Additional Convertible Notes into 3,505 shares of Series B Preferred Stock. The initial purchase of the Sanmina Obligations by the Investors was conditioned, among other things, upon the Company receiving stockholder approval for the Private Placement and such approval occurred on May 2, 2003. The Convertible Notes and the Additional Convertible Notes convert into a number of shares of Series B Preferred Stock equal to the total amount outstanding divided by \$1,000. The Series B Preferred shares are convertible into shares of Common Stock equal to the total amount outstanding divided by \$0.70.

The Initial Convertible Notes have a conversion price per common share of \$0.70 per share. This conversion price was based on the lower of the five-day trailing average closing bid price of our common stock at the time that the definitive agreement was signed not to exceed \$0.70. On the date of issuance of the Initial Convertible Notes, the difference between the conversion price per common share and the closing price of our common stock amounted to \$0.33 per share. The fair value of the warrants was determined using the Black-Scholes option-pricing model with the following assumptions: risk free interest rate of 3.5%, volatility of 116% and expected lives of four years. The proceeds from the Initial Convertible Notes allocable to the warrants was \$400,000 and was determined based on the relative fair values of the debt securities issued and warrants granted. In accordance with EITF 98-5, as amended by EITF 00-27, the intrinsic value of the beneficial conversion feature at the date of issuance was approximately \$700,000. The notes have a stated redemption date of March 12, 2005. Accordingly, the value of the discount plus the value of the detachable warrants will be ratably accreted as interest expense during the two-year period until the redemption rights are effective, or immediately in the period in which conversion occurs.

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On March 12, 2003, concurrent with the Purchase Agreement, the Investors and Sanmina entered into an agreement pursuant to which, subject to certain terms and conditions, Sanmina agreed to sell to the Investors, and the Investors agreed to purchase from Sanmina, (herein, the "Sanmina Purchase") the Sanmina Obligation at a substantial discount. In order to facilitate the Sanmina Purchase, Sanmina granted the Company a forbearance from its obligation to make payments to Sanmina upon the earlier of the Sanmina Purchase or August 1, 2003. In return for obtaining this payment forbearance, we agreed to continue to observe the operating covenants contained in the Amendment, which include among other things, achieving certain revenue milestones through the earlier of the Sanmina Purchase or August 1, 2003.

On May 14, 2003, the Investors finalized the Sanmina Purchase and as a result, Sanmina is no longer a creditor of the Company. Under the terms of the Sanmina Purchase, the Company was refunded \$457,000 in cash primarily for payments made to Sanmina from February 2003 to March 12, 2003.

We have incurred significant costs to develop its technologies and products. These costs have exceeded total revenue. As a result, we have incurred losses in each year since inception. As of March 31, 2003, we had an accumulated deficit of \$233.6 million and negative working capital of \$2.6 million. During the three months ended March 31, 2003, we incurred a net loss of \$3.0 million. The Company's cash balance at March 31, 2003 was approximately \$1.0 million, including the proceeds from the debt issuance in March 2003.

Management intends to continue executing a plan to improve its operating results and financial condition. The plan includes the successful completion of the Private Placement Transactions, strengthening sales initiatives, improving gross margins and continuing to cut costs as a percentage of sales. We commenced volume shipments of our CDMA products in 2002, which have generated higher margins and have positively impacted the results of operations, particularly as we started to realize the benefits of its partnership with LG Innotek Co. Ltd. Simultaneously, our business has been negatively impacted by the decrease in CDPD sales, particularly cradle sales, which have decreased to insignificant levels as the market for these products have decreased. This has resulted in becoming dependant on sales and profits from shipments of CDMA and GPRS products. Although we have made sales of these products in 2002 and continue to make sales in 2003, the majority of these sales have been CDMA products to one customer. Although management is confident of our ability to generate future profitable sales of CDMA and GPRS products, there can be no assurance that the sales of these products will be made at volumes sufficient to generate enough cash flow to cover our operating expenses. A decrease in the cash flows or failure to generate significant revenue from new or existing products, whether due to lack of market acceptance, competition, technological change or otherwise, or the inability to reduce manufacturing and/or operating costs, will further adversely impact our business, financial condition and results of operations, and materially adversely affect our ability to continue business as presently conducted.

Since our inception, we have funded our operations primarily through sales of our equity securities and the issuance of debt instruments, and to a lesser extent, capital lease arrangements and borrowings under our line of credit. To date, gross proceeds from these transactions have totaled approximately \$179.3 million, including gross proceeds from our initial public offering in November 2000 of \$56 million, gross proceeds from the exercise of the underwriters over-allotment option in December 2000 of \$8.2 million, gross proceeds from the Series A Redeemable and Convertible Preferred Stock financing in December 2001 of approximately \$27.2 million and gross proceeds from the common stock issuance in September 2002 of approximately \$2.8 million. At March 31, 2003, we had approximately \$1.0 million in cash and cash equivalents and borrowings under our line of credit of \$1.0 million.

We are party to a credit facility with Silicon Valley Bank, Commercial Finance Division, which allows the Company to borrow up to the lesser of \$5 million at any one time outstanding or 65% of eligible accounts receivable balances. This credit facility bears interest at prime plus 2.75%, provided that the interest rate in effect shall not be less than 7% (7.00% at March 31, 2003), is secured by substantially all of the assets of the Company and expires on November 28, 2003. As of March 31, 2003, \$1.0 million of borrowings, the maximum eligible borrowings, were outstanding under this facility. In April 2003, this facility was amended to include an Accounts Receivable Purchase Agreement where we may factor up to 75% of certain of our accounts receivable invoices, up to a maximum of \$3 million in combined invoices.

We believe that our available cash reserves, including net proceeds and debt relief to be effected pursuant to the financing transaction in March 2003 (see Note 2 to the Consolidated Financial Statements), together

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with our budgeted operating cash flows and available borrowings under our revolving line of credit will be sufficient to fund operations and satisfy our working capital requirements and anticipated capital expenditures through the point at which we forecast break-even cash flows, which is forecasted to be in the second half of 2003. Our ability to continue operating without additional equity financing is dependant upon achieving sales levels and gross margins sufficient to cover our operating expenses. We have not historically been able to achieve these results. However, we commenced volume shipments of our CDMA products in 2002, which have generated higher margins and have positively impacted our results of operations, particularly as we started to realize the benefits of our partnership with LG Innotek Co. Ltd. Simultaneously, our business has been negatively impacted by the decrease in CDPD sales, particularly our cradle sales, which have decreased to insignificant levels as the market for these products has decreased. As a result, we are becoming dependant on sales and profits from shipments of CDMA and GPRS products. Although we have made sales of these products in 2002 and continue to make sales in 2003, the majority of these sales have been CDMA products to one customer. Although we are confident of our ability to generate future profitable sales of CDMA and GPRS products, there can be no assurance that our sales of these products will be made at volumes sufficient to generate enough cash flow to cover our operating expenses. A decrease in our cash flows or our failure to generate significant additional revenue from new or existing products, whether due to lack of market acceptance, competition, technological change or otherwise, or the inability to reduce manufacturing and/or operating costs, will further adversely impact our business, financial condition and results of operations, and materially adversely affect our ability to continue our business as presently conducted.

We cannot predict with any certainty whether we will be able to maintain or improve upon our historical sales volumes with our existing customers, or whether we will be able to attract new customers for our wireless technology products. In the event that we do not achieve our budgeted sales and cash flow, there can be no assurance that we will be able to obtain additional debt or equity financing. Without such financing, we may have to cease operations.

For the three months ended March 31, 2003, we used net cash in operating activities of \$400,000 compared to \$13.9 million during the same period in 2002. Our operating activities during the three months ended March 31, 2003, included a use of cash to fund our net loss of \$3.0 million, which includes depreciation and amortization expense of approximately \$1.0 million and a \$400,000 non-cash charge for deferred compensation expenses related to stock options issued to employees during 2000.

Our net cash provided by investing activities for the three months ended March 31, 2003 was \$100,000, which was primarily due to the proceeds from the disposal of property and equipment. Our net cash used in investing activities for the three months ended March 31, 2002 was \$200,000, which included purchases of property and equipment of \$100,000 and software development costs of \$100,000.

Cash used in financing activities for the three months ended March 31, 2003 was \$200,000, which was due to the repayments under our line of credit of \$1.3 million, offset by the cash proceeds of \$1.1 million from the issuance of convertible debt. Cash used in financing activities for the three months ended March 31, 2002 was \$1.0 million, which consists primarily of \$1.6 million of cash used to repurchase stock as part of the Sanmina litigation settlement (see Note 7) cash used for offering costs for the Series A preferred stock offering in December 2001, offset by cash proceeds on our line of credit of \$500,000 and the exercise of stock options of approximately \$300,000.

Related Party Transactions

We sell products to Airlink Communications, Inc., ("Airlink") a wireless software infrastructure business, which integrates our modems into their products. Airlink's Chairman of the Board and Airlink's principal stockholder is also a member of Novatel's Board of Directors and a stockholder of Novatel. Sales to Airlink were \$47,000 and \$7,000 for the year ended December 31, 2002 and the three months ended March 31, 2003, respectively. Receivables from Airlink amounted to \$276,000 as of March 31, 2003 and December 31, 2002, respectively. In May 2001, the Company and Airlink entered into a \$1.6 million secured promissory note agreement for the payment of products sold to Airlink. The first payment of \$300,000, plus accrued interest was paid by Airlink on September 1, 2001, and the remaining principal balance, plus accrued interest, was due in eight equal monthly installments with the final payment due May 1, 2002. The note accrued interest at prime plus 3% (7.25% at March 31, 2003) and was secured by all of Airlink's assets. Airlink's Chairman of the Board had personally guaranteed the note. Novatel has sold similar products to other parties at unit prices similar to those under the Company's arrangement with Airlink.

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In September 2001, we entered into a second agreement with Airlink for the payment of \$1.1 million for additional products shipped to Airlink during September 2001. In December 2001, Airlink returned \$750,000 of the products shipped to Airlink during September 2001. At December 31, 2002 and 2001, the receivable from Airlink under this agreement was \$375,000 and \$393,000, respectively, which includes accrued interest. In accordance with Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" we will record revenue under this agreement when the collection of the receivable becomes reasonably assured. No revenues were recorded pursuant to this agreement in 2001 or 2002.

During the first quarter of 2002, Airlink became delinquent in making scheduled payments under the terms of the above agreements and after substantial negotiations and evaluating various collection alternatives, in May, 2002, Novatel and Airlink entered into an Agreement and Plan of Reformation which terminated and combined the two previous separate agreements into one secured promissory note for approximately \$950,000 which is secured by substantially all of Airlink's assets. Consistent with the previous notes, Airlink's Chairman of the Board has also personally guaranteed this promissory note. The terms of this note provided for Airlink to pay us a first payment of \$70,000 in June 2002, which was paid, as well as a specified percent of Airlink's gross monthly cash receipts. The outstanding balance of the note at March 31, 2003 was \$664,000. The note accrues interest at prime plus 3% (7.25% at March 31, 2003). Airlink is also delinquent in making scheduled payments under this agreement and we are evaluating our legal remedies under the terms of this agreement. In January 2003, we sent Airlink's Chairman of the Board demand letters requesting immediate payment under the personal guarantee. The Company intends to enforce its rights under the personal guarantee. No payment has been received to date. During 2002, this individual performed certain consulting services for the Company and was paid \$55,000. No payments were made to this individual in 2003. We have sold to Airlink on a prepayment basis, \$7,000 during the first quarter of 2003.

On June 30, 2000, Aether Capital, LLC, purchased \$20 million of the Company's Series D convertible preferred stock. Aether Capital, LLC is the investment arm of Aether Systems, Inc., which is the sole member of Aether Capital, LLC. David S. Oros, one of the Novatel's directors, who joined the Company's board in July 2000, serves as Chairman, Chief Executive Officer and President of Aether Systems, Inc. Mr. Oros was also a director of OmniSky Corporation, in which Aether Systems, Inc. was an investor. As a result of this capital transaction, OmniSky Corporation, a one-time significant customer, became a related party and the Company commenced recording sales to OmniSky as "Revenue-Related Parties" in the third quarter of 2000. Sales to OmniSky amounted to \$1,901,000 for the year ended December 31, 2001. Receivables from OmniSky Corporation amounted to \$44,000 as of March 31, 2003 and December 31, 2002, respectively, which has been fully reserved, as a result of OmniSky's December 2001 filing for Bankruptcy protection. As part of this settlement, we received a payment of \$99,000 during 2002.

In December 2001, we entered into a software license, maintenance and support agreement with Aether Capital LLC. Under this agreement, we purchased a software license from Aether Capital LLC for \$870,000 and a one-year maintenance and support service agreement for \$130,000. During 2002, we paid \$950,000 under this agreement and the remaining \$50,000 is included in "Accounts Payable" at December 31, 2002 and is payable in 2003. Simultaneously with this license agreement, Aether Capital LLC purchased 3,000 shares of our Series A Preferred Stock for a purchase price of \$3.0 million and received warrants to purchase up to 77,922 shares of the Company's common stock at an exercise price of \$18 per share. The terms and conditions of this investment by Aether Capital LLC were identical to those on which other investors purchased shares of our Series A Preferred Stock in December 2001. In the fourth quarter of 2002, we decided not to pursue further development of the technology related to this license, and accordingly, an impairment charge of \$870,000 was recorded.

We utilized an entity to provide technical support services for \$16,000 per month through June 30, 2002. Our former Chairman and Chief Executive Officer was a board member and an option holder of this entity. Payments made to this entity during the year ended December 31, 2002 and the three months ended March 31, 2003 were \$96,000 and \$0, respectively.

During 2001, we made payments of approximately \$169,000 to Centurion Wireless Technologies, Inc., ("Centurion") in connection with the purchase of certain wireless modem antennae. Centurion is a portfolio company of Cornerstone Equity Investors, LLC ("Cornerstone"). Two of Cornerstone's managing directors serve on our board of directors and Cornerstone is a stockholder of the Company. There were no purchases from Centurion during 2002 or 2003. In July 2002, we paid the final payable balance of \$41,000 to Centurion.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We do not currently use derivative financial instruments. We generally place our cash and short-term investments in high-credit quality instruments, primarily U.S. Government obligations and corporate obligations with contractual maturities of less than one year. These investments are not held for trading or other speculative purposes. Changes in interest rates affect the investment income we earn on our investments and therefore, impact our cash flows and results of operations. The Company's credit facility and related interest cost on borrowings is affected by the variations in the U.S. prime rate of interest. As of March 31, 2003, we had \$1.0 million outstanding under our line of credit. We do not expect any material loss from our cash and cash equivalents and therefore believe that our potential interest rate exposure is not material; however, these investments are subject to interest rate risk. We do not currently enter into foreign currency hedge transactions. Through March 31, 2003, we had a foreign currency loss of approximately \$5,000 recorded in general and administrative expenses as a result of foreign currency exchange transactions related to our Canadian subsidiary. Revenues generated outside the United States, as a percentage of total revenues were 6.8% for the three months ended March 31, 2003 and 15.6% for the same period in 2002. Fluctuations in foreign exchange rates could impact future operating results.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports required to be filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission'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. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Within 90 days prior to the date of this report, 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 the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect the internal controls subsequent to the date the Company completed its evaluation.

PART II – OTHER INFORMATION**Item 1. Legal Proceedings**

See Note 7 to our consolidated financial statements.

Item 2. Changes in Securities and Use of Proceeds

None

Item 4. Submission of Matters to a Vote of Security Holders

On May 2, 2003, we held a Special Meeting of Stockholders at which our Stockholders approved a proposal to issue 9,650,000 shares of the Company's common stock issuable upon the conversion of shares of the Company's Series B Convertible Preferred Stock to be issued in connection with the Private Placement Transaction and 2,841,071 warrants to purchase shares of the Company's common stock.

	<u>For</u>	<u>Against/ Withheld</u>	<u>Abstentions</u>
Approval of issuance of Series B	3,784,625	26,266	7,110

Item 6. Exhibits and Reports on Form 8-K**(a) Exhibits**

<u>Exhibit Number</u>	<u>Description</u>
3.2	Certificate of Designation of Series A Convertible Preferred Stock.
3.3	Certificate of Designation of Series B Convertible Preferred Stock.
10.1	Amendment to the Loan and Security Agreement dated as of April 21, 2003, by and between the Company and Silicon Valley Bank.
10.2	Release of Obligation to Provide Inventory, dated as of March 12, 2003, by and between Novatel Wireless, Inc. and Sanmina-SCI Corporation and Sanmina Canada ULC.
10.3	Amendment to Settlement Agreement and Mutual General Release, dated as of February 7, 2003, by and between Novatel Wireless, Inc. and Sanmina-SCI Corporation and Sanmina Canada ULC.
99.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

Current reports on Form 8-K, filed April 30, 2003 and May 9, 2003.

Section 302 Certifications

CERTIFICATIONS

Each of the undersigned, in his capacity as the Chief Executive Officer and Chief Financial Officer of Novatel Wireless Inc., as the case may be, provides the following certifications required by 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of The Sarbanes-Oxley Act of 2002, and 17 C.F.R. § 240.13a-14.

Certification of Chief Executive Officer

I, Peter Leparulo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Novatel Wireless Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

- (a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
- (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
- (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

- (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Peter Leparulo

Peter Leparulo
Chief Executive Officer

Dated: May 15, 2003

Certification of Chief Financial Officer

I, Melvin L. Flowers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Novatel Wireless Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Melvin L. Flowers

Melvin L. Flowers
*Senior Vice President of Finance, Chief Financial Officer, Principal
Accounting Officer and Secretary*

Dated: May 15, 2003

NOVATEL WIRELESS, INC.

AMENDED AND RESTATED
CERTIFICATE OF DESIGNATION
SERIES A CONVERTIBLE PREFERRED STOCK
PURSUANT TO SECTION 151 OF THE
GENERAL CORPORATION LAW OF THE STATE OF DELAWARE

NOVATEL WIRELESS, INC., a corporation organized and existing under the General Corporation Law of the State of Delaware (hereinafter called the "Corporation"), DOES HEREBY CERTIFY THAT, pursuant to Section 151 of the General Corporation Law of the State of Delaware (the "DGCL"), the following resolution was duly adopted and approved by a committee of the Board of Directors of the Corporation, duly designated pursuant to Section 141(c)(2) of the DGCL, at a meeting duly called and held on March 12, 2003 and this Certificate of Designation was approved by the affirmative vote of at least a majority of the outstanding stock entitled to vote thereon at a meeting duly called and held on May 2, 2003, including the affirmative vote of at least a majority of the outstanding shares of Series A Preferred Stock as a separate class:

NOVATEL WIRELESS, INC.

SERIES A CONVERTIBLE PREFERRED STOCK

RESOLVED, that pursuant to the authority vested in the Board of Directors of the Corporation by Article IV of the Corporation's Amended and Restated Certificate of Incorporation, a series of Preferred Stock of the Corporation be, and it hereby is, created out of the authorized but unissued shares of the capital stock of the Corporation, such series to be designated Series A Preferred Stock (the "Series A Preferred Stock"), to consist of 3,700 shares, par value \$.001 per share, of which the preferences and relative and other rights, and the qualifications, limitations or restrictions thereof, shall be (in addition to those set forth in the Corporation's Amended and Restated Certificate of Incorporation) as follows:

SECTION 1. DIVIDENDS. The holders of Series A Preferred Stock shall be entitled to receive, from funds legally available therefor, a cumulative dividend at the rate per annum of 6.5% of the purchase price paid per share of Series A Preferred Stock held by such holder, payable, subject to any applicable contractual restrictions, upon any liquidation, dissolution or winding up of the affairs of the Corporation, as described in Section 2, upon any redemption described in Section 5, or otherwise quarterly in arrears when and as declared by the Board of Directors each January 1, April 1, July 1 and October 1 of the applicable year. Notwithstanding the foregoing, no dividends shall be declared, or paid to the holders of the Series A Preferred Stock (other than in-kind in connection with the conversion of the Series A Preferred Stock pursuant to Section 3 hereof) or any series of preferred stock having dividend rights *pari passu* with those of the Series A Preferred Stock, unless the holders of Series B Preferred Stock and any other series of preferred stock created after the date hereof having preferential dividend and liquidation rights *vis-a-vis* the Series A Preferred Stock (such Series B Preferred Stock and any other series of Preferred Stock with such preferential rights, the "Senior Preferred Stock") shall have been paid in full all of the dividends to which they are entitled. No dividends shall be declared, or paid to the holders of common stock, par value \$.001 per share, of the Corporation (the "Common Stock"), unless the holders of Series A Preferred Stock and any other series of preferred stock having dividend and liquidation rights *pari passu* with those of the Series A Preferred Stock ("Pari Passu Preferred Stock") have been paid in full all of the dividends to which they are entitled. The Series A Preferred Stock shall also participate in any dividend or distribution, other than a liquidating distribution, declared or paid on the Common Stock, *pro rata*, on the basis of the number of shares of Common Stock (as determined on an *as-converted* basis for the Series A Preferred Stock) into which such Series A Preferred Stock is then convertible.

Subject to this Section 1, dividends may be declared and paid on Common Stock from funds lawfully available therefor as and when determined by the Board of Directors of the Corporation.

SECTION 2. LIQUIDATION RIGHTS.

(a) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holders of each share of Series A Preferred Stock shall be entitled to be paid out of the assets of the Corporation available for distribution to

holders of the Corporation's capital stock of all classes, after satisfaction of all preferential liquidation rights of the Senior Preferred Stock, and subject to the rights of any Pari Passu Preferred Stock, an amount equal to \$1,000 per share of Series A Preferred Stock (the "Liquidation Preference"), plus all dividends accrued but unpaid thereon, to and including the date full payment shall be tendered to the holders of the Series A Preferred Stock with respect to such liquidation, dissolution or winding up. Neither the consolidation or merger of the Corporation into or with another corporation or corporations, nor the sale, lease, transfer or conveyance of all or substantially all of the assets of the Corporation to another corporation or any other entity shall be deemed to be a liquidation, dissolution or winding up of the affairs of the Corporation within the meaning of this Section 2(a).

After payment in full of the Liquidation Preference to which the holders of the Series A Preferred Stock are entitled, such holders will not be entitled to any further participation in the distribution of assets of the Corporation.

Upon conversion of shares of Series A Preferred Stock into shares of Common Stock pursuant to Section 3, the holders of such Common Stock shall not be entitled to any preferential payment or distribution in case of any liquidation, dissolution or winding up, but shall share ratably in any distribution of the assets of the Corporation among the holders of Common Stock.

(b) Distributions Other than Cash. Whenever the distributions provided for in this Section 2 shall be payable in property other than cash, the value of such distributions shall be the fair market value of such property as determined in good faith by the Board of Directors of the Corporation.

(c) Notice. Written notice of any proposed liquidation, dissolution or winding up of the affairs of the Corporation, stating a payment date, the amount of the Liquidation Preference and the place where such Liquidation Preference shall be payable, shall be delivered to the holders of Series A Preferred Stock not less than 45 days prior to the proposed date of such proposed liquidation, dissolution or winding up.

SECTION 3. CONVERSION. The holders of Series A Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) Optional Conversion: Series A Conversion Price. Subject to Section 3(b), each share of Series A Preferred Stock shall be convertible, without the payment of any additional consideration by the holder thereof and at the option of the holder thereof, at any time after the date such share was issued, at the office of the Corporation or any transfer agent for the Series A Preferred Stock, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Liquidation Preference plus an amount equal to all accrued and unpaid dividends by the Series A Conversion Price, determined as hereinafter provided, in effect at the time of conversion. From and after the date of filing of this Amended and Restated Certificate of Designation ("Filing Date"), the conversion price at which shares of Common Stock shall be deliverable upon conversion of Series A Preferred Stock without the payment of any additional consideration by the holder thereof (the "Series A Conversion Price") shall initially be \$11.55 per share of Common Stock. Such Series A Conversion Price shall be subject

to further adjustment, in order to adjust the number of shares of Common Stock into which the Series A Preferred Stock is convertible, as hereinafter provided.

(b) Mechanics of Optional Conversion. Before any holder of Series A Preferred Stock shall be entitled to convert the same into shares of Common Stock, the holder shall surrender the certificate or certificates therefor at the office of the Corporation or of any transfer agent for Series A Preferred Stock, shall give written notice to the Corporation at such office that the holder elects to convert the same and shall state therein the holder's name or the name or, subject to any legal or contractual restrictions on transfer thereof, names of the holder's nominees in which the holder wishes the certificate or certificates for shares of Common Stock to be issued and shall pay any transfer or similar tax, if required. The date on which the holder satisfies all these requirements is the "Conversion Date". On the Conversion Date, all rights with respect to the Series A Preferred Stock so converted shall terminate, except for any of the rights of the holder thereof, upon surrender of the holder's certificate or certificates therefor, to receive certificates for the number of shares of Common Stock into which such Series A Preferred Stock has been converted. If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by the holder's attorney duly authorized in writing. No fractional share of Common Stock shall be issued upon the conversion of Series A Preferred Stock. In lieu of any fractional share to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the applicable Series A Conversion Price then in effect. Within five business days after the Conversion Date, the Corporation shall issue and deliver to such holder of Series A Preferred Stock, or, subject to any legal or contractual restrictions on transfer thereof, to the holder's nominee or nominees, a certificate or certificates for the number of shares of Common Stock to which the holder shall be entitled as aforesaid. The person or persons entitled to receive the shares of Common Stock issuable upon conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the Conversion Date. Notwithstanding anything to the contrary contained in Sections 3(a) and 3(b), the holder of any shares of Series A Preferred Stock which are selected for redemption by the Corporation in accordance with Section 5 shall not be entitled to convert such shares into Common Stock unless the Conversion Date with respect to such shares is at least two business days prior to the Redemption Date (as defined below).

(c) Adjustments to the Conversion Price.

(i) Special Definition. For purposes of this Section 3(c), the following definition shall apply:

(1) "Additional Shares of Common Stock" shall mean all shares of Common Stock issued by the Corporation after the Filing Date by reason of stock dividends, distributions payable in common stock, stock splits, reverse stock splits, recapitalizations, reclassifications, combinations or exchanges of shares, separations, reorganizations, liquidations or other similar event, other than:

(a) securities issued or issuable as a dividend or distribution on the Series A Preferred Stock;

(b) any securities issued or issuable as a result of an adjustment of the Series A Conversion Price made pursuant to this Section 3(c);

(c) any shares of capital stock of the Corporation, not to exceed one-half of one percent of the total issued and outstanding capital stock of the Corporation on an "as converted to Common Stock" basis, the issuance of which is approved by vote of a majority of the Board of Directors of the Corporation, including the affirmative vote of a majority of the directors designated for election by the holders of the Series A Preferred Stock; and

(d) not more than ten shares of capital stock of the Corporation on an "as converted to Common Stock" basis, the issuance of which resulted from mathematical or other error or inadvertence, provided that the transaction in which such shares were issued was approved at the time by vote of a majority of the Board of Directors of the Corporation, including the affirmative vote of a majority of the directors designated for election by the holders of the Series A Preferred Stock.

(ii) Adjustment of the Series A Conversion Price for Dividends, Distributions, Subdivisions, Combinations or Consolidations of Common Stock.

(1) Stock Dividends, Distributions or Subdivisions. In the event the Corporation shall be deemed to have issued Additional Shares of Common Stock in a stock dividend, stock distribution or subdivision, the Series A Conversion Price and the number of shares of Common Stock issuable upon conversion of each share of Series A Preferred Stock in effect immediately prior to such deemed issuance shall, concurrently with the effectiveness of such deemed issuance, be proportionately decreased or increased, as appropriate.

(2) Combinations or Consolidations. In the event the outstanding shares of Common Stock shall be combined, consolidated or otherwise changed, by recapitalizations, reclassifications, stock splits, reverse stock splits, exchanges of shares, separations, reorganizations, liquidations or otherwise, the Series A Conversion Price and the number of shares of Common Stock issuable upon conversion of each share of Series A Preferred Stock in effect immediately prior to any such combination, consolidation or other event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.

(d) Adjustments for Certain Dividends and Distributions. In the event that at any time or from time to time after the Filing Date, the Corporation shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation other than shares of Common Stock, then and in each such event provision shall be made so that the holders of Series A Preferred Stock shall receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of securities of the Corporation that they would have received had their Series A Preferred Stock been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the actual conversion date, retained such securities receivable by them as aforesaid during such period, giving application during such period to all adjustments called for herein.

(e) Adjustment for Reclassification, Exchange or Substitution. In the event that at any time or from time to time after the Filing Date, the Common Stock issuable upon the conversion of Series A Preferred Stock shall be changed into the same or a different number of shares of any class or classes of stock, whether by capital reorganization, reclassification, or otherwise (other than a subdivision or combination of shares or stock dividend provided for in Section 3(c)(ii) above, or a merger, consolidation, or sale of assets provided for in Section 3(f) below) then and in each such event the holder of any share or shares of Series A Preferred Stock shall have the right thereafter to convert such shares into the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification, or other change, by the holder of a number of shares of Series A Preferred Stock might have been converted immediately prior to such reorganization, reclassification, or change, all subject to further adjustment as provided herein.

(f) Adjustment for Merger, Consolidation or Sale of Assets. In the event that at any time or from time to time after the Filing Date, the Corporation shall sell all or substantially all of its assets or merge or consolidate with or into another entity, each share of Series A Preferred Stock shall thereafter be convertible into the kind and amount of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of Series A Preferred Stock would have been entitled to receive upon such consolidation, merger or sale; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors) shall be made in the application of the provisions set forth in this Section 3 with respect to the rights and interest thereafter of the holders of Series A Preferred Stock, to the end that the provisions set forth in this Section 3 (including provisions with respect to changes in and other adjustments of the Series A Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the conversion of the Series A Preferred Stock.

(g) No Impairment. The Corporation shall not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, including, without limitation, voluntary bankruptcy proceedings, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation but shall at all times in good faith assist in the carrying out of all the provisions of this Section 3 and in the taking of all such actions as may be necessary or appropriate in order to protect the conversion rights of the holders of the Series A Preferred Stock under this Section 3 against impairment.

(h) Certificate as to Adjustment. Upon the occurrence of each adjustment or readjustment of the Series A Conversion Price pursuant to this Section 3, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each affected holder of Series A Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment is based; provided, however, that the Corporation shall not be required to provide each holder with such a certificate more than one time per calendar quarter. The Corporation shall, upon the written request at any time of any affected holder of Series A Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Series A Conversion Price in effect at the time, and (iii) the number of shares of Common

Stock and the amount, if any, of other property which at the time would be received upon the conversion of each share of Series A Preferred Stock.

(i) Notices of Record Date. In the event of any taking by the Corporation of a record date of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend which is the same as cash dividends paid in previous quarters) or other distribution, the Corporation shall deliver to each holder of Series A Preferred Stock at least twenty days prior to such record date a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

(j) Common Stock Reserve. The Corporation shall reserve and keep available out of its authorized but unissued Common Stock such number of shares of Common Stock as shall from time to time be sufficient to effect conversion of the Series A Preferred Stock.

(k) Certain Taxes. The Corporation shall pay any issue or transfer taxes payable in connection with the conversion of Series A Preferred Stock, provided, however, that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer to a name other than that of the holder of the Series A Preferred Stock.

(l) Closing of Books. The Corporation shall at no time close its transfer books against the transfer of any Series A Preferred Stock or of any shares of Common Stock issued or issuable upon the conversion of any shares of Series A Preferred Stock in any manner which interferes with the timely conversion or permitted transfer of such Series A Preferred Stock or Common Stock.

SECTION 4. VOTING RIGHTS.

(a) Except as otherwise provided herein or as required by law, the holders of the Series A Preferred Stock shall be entitled to notice of any meeting of stockholders and shall vote upon any matter submitted to the stockholders for a vote as a single class together with the holders of the Common Stock, Series B Preferred Stock and any other series of preferred stock entitled to vote generally on matters presented to the stockholders for a vote. Holders of Series A Preferred Stock shall have that number of votes per share as is equal to the number of whole shares of Common Stock into which each such share of Series A Preferred Stock held by such holder could be converted on the date for determination of stockholders entitled to vote at the meeting or on the date of any written consent.

(b) Notwithstanding any other provision of this Section 4, in the event that it is determined by Nasdaq (after full process, including any appeal process available to the Corporation) that the voting provisions set forth in this Section 4 violate or conflict with Nasdaq Marketplace Rule 4351, the number of votes to which each share of Series A Preferred Stock is entitled shall be reduced to the extent required to comply with such rule.

(c) Except as required by law, (i) the holders of the Series A Preferred Stock shall not be entitled to vote as a separate class upon any matter submitted to the stockholders for a vote, and (ii) the holders of the Series A Preferred Stock shall have no right to vote with respect to the

creation or issuance of a series of preferred stock having rights, preferences and privileges pari passu with, or senior to those of the Series A Preferred Stock.

SECTION 5. REDEMPTION.

(a) Redemption at Option of the Holder.

(i) On or at any time following a Change of Control (as defined below), each holder of Series A Preferred Stock may elect to have the Corporation redeem from it, to the extent the Corporation has funds legally available for such purpose, and subject to Section 5(a)(iii), any or all shares of Series A Preferred Stock held by such holder; provided, however, if a Change of Control occurs as a result of the acquisition by a holder of Series A Preferred Stock or such holder's "affiliates" (as such term is defined in Rule 405 under the Securities Act of 1933, as amended) of beneficial ownership of securities of the Corporation representing more than 50% of the voting power of the Corporation (whether such acquisition is made by such holder or such holder's affiliates, individually or as a member of a "group" (as described in Rule 13d-5(b)(1) promulgated under the Securities Exchange Act of 1934)), such holder shall not be entitled, as a result of such Change of Control, to require the Corporation to redeem its Series A Preferred Stock pursuant to this Section 5(a). Such election may be made only by delivering to the Corporation (x) a written notice signed by such holder specifying the number of shares of Series A Preferred Stock so to be redeemed, and (y) certificates for the shares of the Series A Preferred Stock so to be redeemed, together with stock powers therefor duly executed by such holder in blank (such written election, certificates and stock powers being referred to collectively as "Redemption Notice").

(ii) The Corporation shall redeem from holders of Series A Preferred Stock from whom the Corporation received a Redemption Notice, within 30 days of its receipt of such Redemption Notice, all the shares of the Series A Preferred Stock as to which Redemption Notices have been given, to the extent the Corporation has funds legally available for such purpose, and subject to Section 5(a)(iii), by paying to the respective holders the amount equal to (x) the number of shares of Series A Preferred Stock submitted for redemption multiplied by (y)(i) the Liquidation Preference, plus (ii) all accrued but unpaid dividends thereon to and including the date of such redemption, whether or not declared.

(iii) Notwithstanding anything to the contrary in this Section 5, (x) in no event shall the Corporation redeem any share of Series A Preferred Stock pursuant to Section 5(a) unless and until (x) a number of shares of Series B Preferred Stock equal to or greater than 80% of the sum of the total number of shares of Series B Preferred Stock (1) issued upon conversion of the Tranche I Notes (as defined in that certain Securities Purchase Agreement, dated as of March [___], 2003, by and between the Corporation and certain purchasers ("Securities Purchase Agreement")), and (2) issued and, as of the date of such Change of Control, issuable under the Sanmina Notes (as defined in the Securities Purchase Agreement), and (3) without duplication, any other shares of Series B Preferred Stock issued in connection with the Third Closing (as defined in the Securities Purchase Agreement) and any other shares of Series B Preferred Stock issued on the Series B Original Issue Date (as defined in the Certificate of Designation of Series B Convertible Preferred Stock (the "Series B Certificate")), have been either (1) redeemed, (2) submitted for redemption pursuant to a redemption notice under Section

5 of the Series B Certificate and/or (3) converted into Common Stock pursuant to Section 3 of the Series B Certificate, and (y) the Corporation has actually redeemed all shares of Series B Preferred Stock as to which a redemption notice has been submitted to the Corporation. In addition, notwithstanding anything to the contrary in this Section 5, any redemption of the Series A Preferred Stock pursuant to this Section 5(a) shall be subject to the redemption rights of any Pari Passu Preferred Stock. In addition, if the funds of the Corporation legally available for redemption of shares of Series A Preferred Stock are insufficient to redeem the total number of shares of Series A Preferred Stock submitted for redemption pursuant to Redemption Notices, those funds which are legally available will be used to redeem (subject to the rights of any Pari Passu Preferred Stock) the maximum possible number of whole shares ratably among the holders of such shares who have submitted Redemption Notices as of such date of determination. Any shares of Series A Preferred Stock not redeemed as described in this Section 5(a)(iii) shall remain outstanding and, notwithstanding anything herein to the contrary, shall remain entitled to all rights and preferences otherwise provided herein.

(b) Redemption at the Option of the Corporation.

(i) The Corporation may redeem at any time, in whole or in part, the Series A Preferred Stock at a redemption price per share equal to the Liquidation Preference plus all accrued and unpaid dividends through the Redemption Date (the "Redemption Price"); provided, however, in no event shall the Corporation redeem any shares of Series A Preferred Stock while any shares of Senior Preferred Stock are outstanding. Any redemption effected pursuant to this Section (5)(b)(i) shall be made on a pro rata basis among the holders of the Series A Preferred Stock in proportion to the number of shares of Series A Preferred Stock then held by them.

(ii) The Corporation shall provide written notice (the "Corporation Notice") by first class mail postage prepaid, to each holder of record (determined at the close of business on the business day next preceding the day on which the Corporation Notice is given) of the Series A Preferred Stock to be redeemed, at the address last shown on the records of this Corporation for such holder, notifying such holder of the redemption to be effected, specifying the number of shares to be redeemed from such holder, specifying the date of redemption (the "Redemption Date"), the Redemption Price, the place at which payment may be obtained and calling upon such holder to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares to be redeemed; provided that the Redemption Date shall be not less than 10 days from the date of the Corporation Notice. Except as provided in Section (5)(b)(iii), on or after the Redemption Date, each holder of Series A Preferred Stock to be redeemed shall surrender to the Corporation the certificate or certificates representing such shares, in the manner and at the place designated in the Corporation Notice, and thereupon the Redemption Price of such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be cancelled. In the event less than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares.

(iii) From and after the Redemption Date, unless there shall have been a default in payment of the Redemption Price, all rights of the holders of shares of Series A

Preferred Stock designated for redemption in the Corporation Notice as holders of Series A Preferred Stock (except the right to receive the Redemption Price without interest upon surrender of their certificate or certificates) shall cease with respect to such shares, and such shares shall not thereafter be transferred on the books of the Corporation or be deemed to be outstanding for any purpose whatsoever. If the funds of the Corporation legally available for redemption of shares of Series A Preferred Stock on any Redemption Date are insufficient to redeem the total number of shares of Series A Preferred Stock to be redeemed on such date, those funds which are legally available will be used to redeem the maximum possible number of such shares ratably among the holders of such shares to be redeemed based upon their holdings of Series A Preferred Stock. The shares of Series A Preferred Stock not redeemed shall remain outstanding and entitled to all the rights and preferences provided herein. At any time thereafter when additional funds of the Corporation are legally available for the redemption of shares of Series A Preferred Stock, such funds will immediately be used to redeem the balance of the shares which the Corporation has become obliged to redeem on any Redemption Date but which it has not redeemed.

(iv) "Change of Control" shall mean: (i) the acquisition by any person or "group" (as described in Rule 13d-5(b)(1) promulgated under the Securities Exchange Act of 1934), of beneficial ownership of securities of the Corporation representing more than 50% of the voting power of the Corporation; or (ii) a merger or consolidation of the Corporation or a sale of all or substantially all of the assets of the Corporation in one or a series of related transactions, unless following such transaction or series of transactions, the holders of the Corporation's securities prior to the first such transaction continue to hold at least a majority of the voting power of the surviving entity or acquirer of such assets. Notwithstanding anything to the contrary herein, in no event shall the transactions consummated pursuant to the Securities Purchase Agreement (including without limitation, the issuance of secured convertible notes, the issuance of warrants and the issuance of Series B Preferred Stock and the subsequent exercise of warrants or conversion of convertible notes or Series B Preferred Stock) constitute a "Change of Control" for purposes of this Section 5.

SECTION 6. NOTICES. All notices, requests, consents, demands and other communications required or permitted under this Amended and Restated Series A Preferred Stock Certificate of Designation shall be in writing and shall be deemed to have been duly given, made and received (a) when delivered against receipt, (b) upon transmitter's confirmation of the receipt of a facsimile transmission, which shall be followed by an original sent otherwise in accordance with this Section 6, (c) upon confirmed delivery by a standard overnight carrier, or (d) if to a U.S. resident, upon expiration of three business days after the day when deposited in the U.S. mail, first class postage prepaid, addressed to the Corporation at its principal executive office, or at such other address of which the Corporation may notify the holders of Series A Preferred Stock from time to time, or if to a holder of Series A Preferred Stock or Common Stock, to such holder's address as shown by the records of the Corporation.

SECTION 7. STATUS OF REACQUIRED SHARES. Shares of Series A Preferred Stock which have been issued and converted, redeemed or reacquired in any manner shall (upon compliance with any applicable provisions of the laws of the State of Delaware) have the status of authorized and unissued Preferred Stock undesignated as to series and may be redesignated and reissued.

IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated Certificate of Designation this 9th day of May 2003.

/s/ Peter Leparulo

Peter Leparulo
Chief Executive Officer

CERTIFICATE OF DESIGNATION
SERIES B CONVERTIBLE PREFERRED STOCK
OF
NOVATEL WIRELESS, INC.

It is hereby certified that:

1. The name of the corporation is Novatel Wireless, Inc. (the "Corporation").
2. The Corporation was formed under the laws of the State of Delaware on April 26, 1996.
3. The Certificate of Designation - Series B Convertible Preferred Stock is attached hereto as Exhibit A.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Designation this 9th day of May 2003.

/s/ Peter Leparulo

Peter Leparulo
Chief Executive Officer

NOVATEL WIRELESS, INC.

SERIES B CONVERTIBLE PREFERRED STOCK

RESOLVED, that pursuant to the authority vested in the Board of Directors of the Corporation by Article IV of the Corporation's Amended and Restated Certificate of Incorporation, a series of Preferred Stock of the Corporation be, and it hereby is, created out of the authorized but unissued shares of the capital stock of the Corporation, such series to be designated Series B Preferred Stock (the "Series B Preferred Stock"), to consist of 10,000 shares, par value \$.001 per share, of which the preferences and relative and other rights, and the qualifications, limitations or restrictions thereof, shall be (in addition to those set forth in the Corporation's Amended and Restated Certificate of Incorporation) as follows:

SECTION 1. DIVIDENDS. The holders of Series B Preferred Stock shall be entitled to receive, from funds legally available therefor, a cumulative dividend at the rate per annum of 8% of \$1,000 per share of Series B Preferred Stock (such per share figure, which shall be adjusted to reflect appropriately any stock splits, combinations of the Series B Preferred Stock, and similar transactions, the "Initial Purchase Price") held by such holder, payable, subject to any applicable contractual restrictions, upon any liquidation, dissolution or winding up of the affairs of the Corporation, as described in Section 2, upon any redemption described in Section 5, or otherwise quarterly in arrears when and as declared by the Board of Directors each January 1, April 1, July 1 and October 1 of the applicable year. No dividends shall be declared, or paid to the holders of common stock, par value \$.001 per share, of the Corporation (the "Common Stock"), to the holders of the Series A Preferred Stock, par value \$0.001 per share, of the Corporation ("Series A Preferred Stock") or any holders of any series of Preferred Stock having dividend and liquidation rights junior to the Series B Preferred Stock (such Series A Preferred Stock and any such other series of junior Preferred Stock, "Junior Preferred Stock") (except for in-kind distributions in connection with the conversion of such Junior Preferred Stock into Common Stock), unless the holders of Series B Preferred Stock have been paid in full all of the dividends to which they are entitled. The Series B Preferred Stock shall also participate in any dividend or distribution, other than a liquidating distribution, declared or paid on the Common Stock, pro rata, on the basis of the number of shares of Common Stock (as determined on an as-converted basis for the Series B Preferred Stock) into which such Series B Preferred Stock is then convertible.

Subject to this Section 1, dividends may be declared and paid on Common Stock from funds lawfully available therefor as and when determined by the Board of Directors of the Corporation.

SECTION 2. LIQUIDATION RIGHTS.

(a) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holders of each share of Series B Preferred Stock shall be entitled preferentially to be paid first out of the assets of the Corporation available for distribution to holders of the Corporation's capital stock of all classes an amount per share of Series B Preferred Stock equal to 150% times the sum of the

Initial Purchase Price, plus all dividends accrued but unpaid thereon (the "Liquidation Preference"), to and including the date full payment shall be tendered to the holders of the Series B Preferred Stock with respect to such liquidation, dissolution or winding up. Neither the consolidation or merger of the Corporation into or with another corporation or corporations, nor the sale, lease, transfer or conveyance of all or substantially all of the assets of the Corporation to another corporation or any other entity shall be deemed to be a liquidation, dissolution or winding up of the affairs of the Corporation within the meaning of this Section 2(a).

After payment in full of the Liquidation Preference to which the holders of the Series B Preferred Stock are entitled, distributions will be made to the holders of the Junior Preferred Stock until their respective liquidation preference has been paid in full.

After payment in full of the liquidation preference to which the holders of the Junior Preferred Stock are entitled, distributions will be made to the holders of the Series B Preferred Stock, any series of Junior Preferred Stock which participates with the Common Stock upon liquidation and the Common Stock, in proportion to the number of shares of Common Stock (including shares of Common Stock issuable upon conversion of the Series B Preferred Stock and, as applicable, any such shares of Junior Preferred Stock) held by each such holder.

Upon conversion of shares of Series B Preferred Stock into shares of Common Stock pursuant to Section 3, the holders of such Common Stock shall not be entitled to any preferential payment or distribution in case of any liquidation, dissolution or winding up, but shall share ratably in any distribution of the assets of the Corporation among the holders of Common Stock.

(b) DISTRIBUTIONS OTHER THAN CASH. Whenever the distributions provided for in this Section 2 shall be payable in property other than cash, the value of such distributions shall be determined as follows: If the assets distributed are securities traded in a public market, the fair market value of such assets shall be the closing price of such securities reported for the business day immediately before such assets are distributed. If such assets are not traded in a public market, the Board of Directors of the Corporation shall initially determine fair market value in its reasonable good faith judgment. At the time of any such distribution, the Corporation shall provide the holders of the Series B Preferred Stock with written notice (within 10 days after the date of such distribution) of its fair market value determination. If the holders of a majority of the outstanding shares of Series B Preferred Stock ("Majority Holders") deliver written notice, within 30 days following the delivery of the Corporation's written notice, objecting to such determination, the fair market value of the assets distributed shall be determined pursuant to the Appraisal Procedure (as described in Section 3(c)(iii)(6) below), which determination shall be binding on the holders of the Series B Preferred Stock and the Corporation.

(c) NOTICE. Written notice of any proposed liquidation, dissolution or winding up of the affairs of the Corporation, stating a payment date, the amount of the Liquidation Preference and the place where such Liquidation Preference shall be payable, shall be delivered to the holders of Series B Preferred Stock not less than 45 days prior to the proposed date of such proposed liquidation, dissolution or winding up.

SECTION 3. CONVERSION. The holders of Series B Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) OPTIONAL CONVERSION: SERIES B CONVERSION PRICE. Subject to Section 3(b), each share of Series B Preferred Stock shall be convertible, without the payment of any additional consideration by the holder thereof and at the option of the holder thereof, at any time after the date such share was issued, at the office of the Corporation or any transfer agent for the Series B Preferred Stock, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing (i) the Initial Purchase Price plus an amount equal to all accrued and unpaid dividends by (ii) the Series B Conversion Price, determined as hereinafter provided, in effect at the time of conversion. The conversion price at which shares of Common Stock shall be deliverable upon conversion of Series B Preferred Stock without the payment of any additional consideration by the holder thereof (the "Series B Conversion Price") shall initially be \$0.70 per share of Common Stock. Such initial Series B Conversion Price shall be subject to further adjustment, in order to adjust the number of shares of Common Stock into which the Series B Preferred Stock is convertible, as hereinafter provided.

(b) MECHANICS OF OPTIONAL CONVERSION. Before any holder of Series B Preferred Stock shall be entitled to convert the same into shares of Common Stock, the holder shall surrender the certificate or certificates therefor at the office of the Corporation or of any transfer agent for Series B Preferred Stock, shall give written notice to the Corporation at such office that the holder elects to convert the same and shall state therein the holder's name or the name or, subject to any legal or contractual restrictions on transfer thereof, names of the holder's nominees in which the holder wishes the certificate or certificates for shares of Common Stock to be issued and shall pay any transfer or similar tax, if required. The date on which the holder satisfies all these requirements is the "Conversion Date". On the Conversion Date, all rights with respect to the Series B Preferred Stock so converted shall terminate, except for any of the rights of the holder thereof, upon surrender of the holder's certificate or certificates therefor, to receive certificates for the number of shares of Common Stock into which such Series B Preferred Stock has been converted. If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by the holder's attorney duly authorized in writing. No fractional share of Common Stock shall be issued upon the conversion of Series B Preferred Stock. In lieu of any fractional share to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the applicable Series B Conversion Price then in effect. Within five business days after the Conversion Date, the Corporation shall issue and deliver to such holder of Series B Preferred Stock, or, subject to any legal or contractual restrictions on transfer thereof, to the holder's nominee or nominees, a certificate or certificates for the number of shares of Common Stock to which the holder shall be entitled as aforesaid. The person or persons entitled to receive the shares of Common Stock issuable upon conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the Conversion Date.

(c) ADJUSTMENTS TO THE CONVERSION PRICE.

(i) SPECIAL PROVISIONS. For purposes of this Section 3(c), the following definitions shall apply:

(1) "Additional Shares of Common Stock" shall mean all shares of Common Stock issued by the Corporation (including those deemed to be issued pursuant to Section 3(c)(iii)(7)) after the first date on which a share of Series B Preferred Stock was issued (the "Series B Original Issue Date") for any reason, including without limitation as a result of sales of Common Stock or rights to acquire Common Stock, the issuance of Options, stock dividends, distributions payable in common stock, stock splits, reverse stock splits, recapitalizations, reclassifications, combinations or exchanges of shares, separations, reorganizations, liquidations or other similar event, other than:

(a) securities issued or issuable as a dividend or distribution on the Series B Preferred Stock;

(b) not more than ten shares of capital stock of the Corporation on an "as converted to common stock" basis, the issuance of which resulted from mathematical or other error or inadvertence, provided that the transaction in which such shares were issued was approved at the time by vote of a majority of the Board of Directors of the Corporation;

(c) the first 500,000 shares of Common Stock issued or issuable pursuant to Employee Equity Issuances after the Series B Original Issue Date (it being understood that the first such 500,000 shares shall not be subject to Section 3(c)(iii)(2), and any subsequent Employee Equity Issuances shall be subject to Section 3(c)(iii)(2); provided, further, such 500,000 share figure shall be appropriately adjusted to reflect transactions described in Section 3(c)(ii) and Sections 3(d), 3(e) and 3(f));

(d) securities issued or issuable as a dividend or distribution on the Series A Preferred Stock upon the conversion of the Series A Preferred Stock to Common Stock; and

(e) any securities issued or issuable as a result of an adjustment of the Series B Conversion Price made pursuant to this Section 3(c).

(2) "Convertible Securities" means any evidences of indebtedness, shares of stock, or other securities directly or indirectly convertible into or exchangeable for Common Stock or the value of which is otherwise derived from or based upon the value of the Common Stock.

(3) "Employee Equity Issuances" means the issuance of shares of Common Stock or Options to officers, directors or employees of, or consultants to, the Corporation pursuant to stock option or stock purchase plans or agreements on terms approved by the Board of Directors.

(4) "Option" means any right, option, or warrant to subscribe for, purchase, or otherwise acquire Common Stock or Convertible Securities.

(ii) ADJUSTMENT OF THE SERIES B CONVERSION PRICE FOR DIVIDENDS, DISTRIBUTIONS, SUBDIVISIONS, COMBINATIONS OR CONSOLIDATIONS OF COMMON STOCK.

(1) Stock Dividends, Distributions or Subdivisions. In the event the Corporation shall be deemed to have issued Additional Shares of Common Stock in a stock dividend, stock distribution or subdivision, the Series B Conversion Price and the number of shares of Common Stock issuable upon conversion of each share of Series B Preferred Stock in effect immediately prior to such deemed issuance shall, concurrently with the effectiveness of such deemed issuance, be proportionately decreased or increased, as appropriate.

(2) Combinations or Consolidations. In the event the outstanding shares of Common Stock shall be combined, consolidated or otherwise changed, by recapitalizations, reclassifications, stock splits, reverse stock splits, exchanges of shares, separations, reorganizations, liquidations or otherwise, the Series B Conversion Price and the number of shares of Common Stock issuable upon conversion of each share of Series B Preferred Stock in effect immediately prior to any such combination, consolidation or other event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.

(iii) ADJUSTMENT OF SERIES B PRICE CONVERSION PRICE FOR DILUTIVE ISSUANCES.

(1) Dilutive Issuances (other than due to Employee Equity Issuances). If the Corporation shall issue, after the Series B Original Issue Date, any Additional Shares of Common Stock (other than issuances pursuant to transactions described in Section 3(c)(ii) but expressly excluding any new issuances concurrent with such transactions) without consideration or for a consideration per share less than the Series B Conversion Price in effect immediately prior to the issuance of such Additional Shares of Common Stock, the Series B Conversion Price in effect immediately prior to each such issuance shall forthwith be adjusted to be equal to the amount of consideration per share received in connection with such issuance. Notwithstanding the foregoing, the provisions of this Section 3(c)(iii)(1) shall not apply to Additional Shares of Common Stock issued through an Employee Equity Issuance.

(2) Dilutive Issuances due to Employee Equity Issuances. If the Corporation shall issue, after the Series B Original Issue Date, any Additional Shares of Common Stock through an Employee Equity Issuance without consideration or for a consideration per share less than the Series B Conversion Price in effect immediately prior to the issuance of such Additional Shares of Common Stock, the Series B Conversion Price in effect immediately prior to each such issuance shall forthwith be adjusted to be equal to a price determined by multiplying the Series B Conversion Price then in effect by a fraction (which shall in no event be greater than one), the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issuance plus the number of shares of Common Stock that the aggregate consideration received by the Corporation for such issuance would purchase at the Series B Conversion Price; and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issuance plus the number of shares of such Additional Shares of Common Stock. For

purposes of the foregoing computation, the number of shares of Common Stock outstanding shall be deemed to include all shares of Common Stock actually outstanding and all shares of Common Stock deemed to be outstanding as a result of the application of the rules set forth in subsection (c)(iii)(7).

(3) In the case of the issuance of Additional Shares of Common Stock for cash, the consideration shall be deemed to be the amount of cash paid therefor after deducting any reasonable discounts, commissions or other expenses allowed, paid or incurred by this Corporation for any underwriting or otherwise in connection with the issuance and sale thereof.

(4) In the case of the issuance of Additional Shares of Common Stock for a consideration in whole or in part other than cash, the consideration other than cash shall initially be deemed to be the fair value thereof as determined in good faith by the Board of Directors. The Corporation shall provide the holders of the Series B Preferred Stock with written notice of its fair market value determination pursuant to this Section 3(c)(iii)(4) within 30 days following such issuance of the Additional Shares of Common Stock. If the Majority Holders deliver to the Corporation, within 30 days following delivery of the Corporation's written notice, written notice of their objection to such determination, the fair market value shall be determined pursuant to the Appraisal Procedure set forth in Section 3(c)(iii)(6), which determination shall be binding on the holders of the Series B Preferred Stock and the Corporation.

(5) The consideration for Additional Shares of Common Stock issued together with other property of the Corporation for consideration that covers both shall be determined in good faith by the Board of Directors. The Corporation shall provide the holders of the Series B Preferred Stock with written notice of its fair market value determination pursuant to this Section 3(c)(iii)(5) within 30 days following such issuance of the Additional Shares of Common Stock. If the Majority Holders deliver to the Corporation, within 30 days following delivery of the Corporation's written notice, written notice of their objection to such determination, the fair market value shall be determined pursuant to the Appraisal Procedure set forth in Section 3(c)(iii)(6), which determination shall be binding on the holders of the Series B Preferred Stock and the Corporation.

(6) Appraisal Procedure. In the event of a challenge to the fair market value determinations of the Board of Directors pursuant to Section 2(b) or the amount of consideration determined pursuant to Section 3(c)(iii)(4) or Section 3(c)(iii)(5), the Corporation and the Majority Holders shall attempt to select an investment banking firm to resolve such dispute. In the event that the Corporation and the Majority Holders are unable to agree upon an investment banking firm, within 30 days following the delivery of the Holder's (or Majority Holders') written objection ("Objection Date"), the Corporation and the Majority Holders, within 45 days following the Objection Date, shall each select an investment banking firm with a national reputation and the two firms so selected shall agree upon a third investment banking firm, which shall resolve such dispute. The findings of the investment banking firm so selected shall be binding on the Corporation and the Majority Holders. The fees and costs of the investment banking firm selected shall be borne one-half by the Corporation and one-half by the Majority Holders challenging the valuation.

(7) In the case of the issuance of Options or Convertible Securities, the following provisions shall apply for all purposes of this Section 3(c)(iii):

(a) The aggregate maximum number of shares of Common Stock deliverable upon exercise (assuming the satisfaction of any conditions to exercisability, including without limitation, the passage of time, but without taking into account potential antidilution adjustments) of such Options (and, in the case of Options to acquire Convertible Securities, the maximum number of shares of Common Stock issuable upon conversion or exchange of such Convertible Securities) shall be deemed to have been issued at the time such Options were issued and for a consideration equal to the consideration (determined in the manner provided in subsections (c)(iii)(3), (c)(iii)(4) and (c)(iii)(5)), if any, received by the Corporation upon the issuance of such Options plus the minimum exercise price provided in such Options (without taking into account potential antidilution adjustments) for the Common Stock covered thereby (plus, in the case of Options to acquire Convertible Securities, the minimum additional consideration, if any, deliverable upon conversion or exchange of such Convertible Securities).

(b) The aggregate maximum number of shares of Common Stock deliverable upon conversion of or in exchange (assuming the satisfaction of any conditions to convertibility or exchangeability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) for such Convertible Securities shall be deemed to have been issued at the time such Convertible Securities were issued and for a consideration equal to the consideration, if any, received by the Corporation for any such Convertible Securities (excluding any cash received on account of accrued interest or accrued dividends), plus the minimum additional consideration, if any, to be received by the Corporation (without taking into account potential antidilution adjustments) upon the conversion or exchange of such Convertible Securities (the consideration in each case to be determined in the manner provided in subsections (c)(iii)(3), (c)(iii)(4) and (c)(iii)(5)).

(c) If, following the issuance of Options or Convertible Securities and the determination of the impact of such issuance pursuant to subsection (c)(iii)(7)(a) or (c)(iii)(7)(b) above, there is any change in the number of shares of Common Stock deliverable or in the consideration payable to this Corporation upon exercise of such Options or upon conversion of or in exchange for such Convertible Securities, including, but not limited to, a change resulting from the antidilution provisions thereof, the Series B Conversion Price, to the extent in any way affected by or computed using such Options or Convertible Securities, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Stock or any payment of such consideration upon the exercise of any such Options or the conversion or exchange of such Convertible Securities.

(d) The number of shares of Common Stock deemed issued and the consideration deemed paid therefor pursuant to subsections (c)(iii)(7)(a) and (c)(iii)(7)(b) shall be appropriately adjusted to reflect any change of the type described in subsection (c)(iii)(7)(c).

(e) For purposes of Section 3, securities (including Options or Convertible Securities) shall be deemed to be issued on the earliest to occur of the grant, issuance, or sale of, or the fixing of a record date with respect to the distribution or issuance of, such securities.

(d) ADJUSTMENTS FOR CERTAIN DIVIDENDS AND DISTRIBUTIONS. In the event that at any time or from time to time after the Series B Original Issue Date, the Corporation shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation other than shares of Common Stock, then and in each such event provision shall be made so that the holders of Series B Preferred Stock shall receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of securities of the Corporation that they would have received had their Series B Preferred Stock been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the actual conversion date, retained such securities receivable by them as aforesaid during such period, giving application during such period to all adjustments called for herein.

(e) ADJUSTMENT FOR RECLASSIFICATION, EXCHANGE OR SUBSTITUTION. In the event that at any time or from time to time after the Series B Original Issue Date, the Common Stock issuable upon the conversion of Series B Preferred Stock shall be changed into the same or a different number of shares of any class or classes of stock, whether by capital reorganization, reclassification, or otherwise (other than a subdivision or combination of shares or stock dividend provided for in Section 3(c)(ii) above, or a merger, consolidation, or sale of assets provided for in Section 3(f) below) then and in each such event the holder of any share or shares of Series B Preferred Stock shall have the right thereafter to convert such shares into the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification, or other change, by the holder of a number of shares of Series B Preferred Stock might have been converted immediately prior to such reorganization, reclassification, or change, all subject to further adjustment as provided herein.

(f) ADJUSTMENT FOR MERGER, CONSOLIDATION OR SALE OF ASSETS. In the event that at any time or from time to time after the Series B Original Issue Date, the Corporation shall sell all or substantially all of its assets or merge or consolidate with or into another entity, each share of Series B Preferred Stock shall thereafter be convertible into the kind and amount of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of Series B Preferred Stock would have been entitled to receive upon such consolidation, merger or sale; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors) shall be made in the application of the provisions set forth in this Section 3 with respect to the rights and interest thereafter of the holders of Series B Preferred Stock, to the end that the provisions set forth in this Section 3 (including provisions with respect to changes in and other adjustments of the Series B Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the conversion of the Series B Preferred Stock.

(g) NO IMPAIRMENT. The Corporation shall not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, including, without limitation, voluntary bankruptcy proceedings, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation but shall at all times in good faith assist in the carrying out of all the provisions of this Section 3 and in the taking of all such actions as may be necessary or appropriate in order to protect the conversion rights of the holders of the Series B Preferred Stock under this Section 3 against impairment.

(h) CERTIFICATE AS TO ADJUSTMENT. Upon the occurrence of each adjustment or readjustment of the Series B Conversion Price pursuant to this Section 3, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each affected holder of Series B Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment is based; provided, however, that the Corporation shall not be required to provide each holder with such a certificate more than one time per calendar quarter. The Corporation shall, upon the written request at any time of any affected holder of Series B Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Series B Conversion Price in effect at the time, and (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of each share of Series B Preferred Stock.

(i) NOTICES OF RECORD DATE. In the event of any taking by the Corporation of a record date of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend which is the same as cash dividends paid in previous quarters) or other distribution, the Corporation shall deliver to each holder of Series B Preferred Stock at least twenty days prior to such record date a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

(j) COMMON STOCK RESERVE. The Corporation shall reserve and keep available out of its authorized but unissued Common Stock such number of shares of Common Stock as shall from time to time be sufficient to effect conversion of the Series B Preferred Stock.

(k) CERTAIN TAXES. The Corporation shall pay any issue or transfer taxes payable in connection with the conversion of Series B Preferred Stock, provided, however, that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer to a name other than that of the holder of the Series B Preferred Stock.

(l) CLOSING OF BOOKS. The Corporation shall at no time close its transfer books against the transfer of any Series B Preferred Stock or of any shares of Common Stock issued or issuable upon the conversion of any shares of Series B Preferred Stock in any manner which interferes with the timely conversion or permitted transfer of such Series B Preferred Stock or Common Stock.

SECTION 4. VOTING RIGHTS.

(a) Except as otherwise provided herein or as required by law, the holders of the Series B Preferred Stock shall be entitled to notice of any meeting of stockholders and shall vote together with the holders of the Series A Preferred Stock and Common Stock as a single class upon any matter submitted to the stockholders for a vote. Holders of Series B Preferred Stock shall have that number of votes per share as is equal to the number of whole shares of Common Stock into which each such share of Series B Preferred Stock held by such holder could be converted on the date for determination of stockholders entitled to vote at the meeting or on the date of any written consent.

(b) Notwithstanding any other provision of this Section 4, in the event that it is determined by Nasdaq (after full process, including any appeal process available to the Corporation) that the voting provisions set forth in this Section 4 violate or conflict with Nasdaq Marketplace Rule 4351, the number of votes to which each share of Series B Preferred Stock is entitled shall be reduced to the extent required to comply with such rule.

SECTION 5. REDEMPTION.

(a) REDEMPTION AT OPTION OF THE HOLDER.

(i) On or at any time following the earliest of:

(A) a Change of Control (as defined below); and

(B) the seventh anniversary of the Series B Original Issue Date.

then each holder of Series B Preferred Stock may elect to have the Corporation redeem from it, to the extent the Corporation has funds legally available for such purpose, and subject to Section 5(a)(iii), any or all shares of Series B Preferred Stock held by such holder; provided, however, that if a Change of Control occurs as a result of the acquisition by a holder of Series B Preferred Stock or such holder's "affiliates" (as such term is defined in Rule 405 under the Securities Act of 1933, as amended) of beneficial ownership of securities of the Corporation representing more than 50% of the voting power of the Corporation (whether such acquisition is made by such holder or such holder's affiliates, individually or as a member of a "group" (as described in Rule 13d-5(b)(1) promulgated under the Securities Exchange Act of 1934)), such holder shall not be entitled, as a result of such Change of Control, to require the Corporation to redeem its or its affiliates Series B Preferred Stock pursuant to this Section 5(a). Such election may be made only by delivering to the Corporation (x) a written notice signed by such holder specifying the number of shares of Series B Preferred Stock so to be redeemed, and (y) certificates for the shares of the Series B Preferred Stock so to be redeemed, together with stock powers therefor duly executed by such holder in blank (such written election, certificates and stock powers being referred to collectively as "Redemption Notice").

(ii) The Corporation shall redeem from holders of Series B Preferred Stock from whom the Corporation received a Redemption Notice, within 30 days of its receipt of such Redemption Notice, all the shares of the Series B Preferred Stock as to which Redemption Notices have been given, to the extent the Corporation has funds legally

available for such purpose, and subject to Section 5(a)(iii), by paying to the respective holders the amount equal to (x) the number of shares of Series B Preferred Stock submitted for redemption multiplied by (y)(i) the Liquidation Preference, plus (ii) all accrued but unpaid dividends thereon to and including the date of such redemption, whether or not declared.

(iii) If the funds of the Corporation legally available for redemption of shares of Series B Preferred Stock are insufficient to redeem the total number of shares of Series B Preferred Stock submitted for redemption pursuant to Redemption Notices, those funds which are legally available will be used to redeem the maximum possible number of whole shares ratably among the holders of such shares who have submitted Redemption Notices as of such date of determination. The shares of Series B Preferred Stock not redeemed shall remain outstanding and, notwithstanding anything herein to the contrary, shall remain entitled to all rights and preferences otherwise provided herein.

(b) REDEMPTION AT THE OPTION OF THE CORPORATION.

(i) On or at any time following the seventh anniversary of the Series B Issue Date, the Corporation may redeem, in whole or in part, the Series B Preferred Stock at a redemption price per share equal to the Liquidation Preference as of the Redemption Date (the "Redemption Price"); provided, that the Corporation may not exercise such right of redemption unless: (i) the Registration Statement (as defined below) is effective, (ii) the average of the closing prices of the Common Stock as reported by The Nasdaq Stock Market over the twenty consecutive trading-day period ending not more than five business days prior to the date of the Corporation Notice (as defined below) is greater than or equal to the product of (x) the Series B Conversion Price in effect on the last day of such twenty consecutive trading-day period and (y) 2.50, and (iii) during the period beginning on the date of the Corporation Notice (as defined below) and ending on the Redemption Date (as defined below) (1) the Corporation shall not have received any request from the SEC or any other federal or state governmental authority for amendments or supplements to the Registration Statement or related prospectus or for additional information; (2) no stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose shall have been issued by the SEC or any other federal or state governmental authority; (3) the Corporation shall not have received any notification with respect to the suspension of the qualification or exemption from qualification of the Common Stock for sale in any jurisdiction or the initiation of any proceeding for such purpose; and (4) there shall not have occurred any event or circumstance which would necessitate the making of any changes in the Registration Statement or related prospectus, or any document incorporated or deemed to be incorporated therein by reference, so that, in the case of the Registration Statement, it will not contain any untrue statement of a material fact or any omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the related prospectus, it will not contain any untrue statement of a material fact or any omission to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Any redemption effected pursuant to this Section (5)(b)(i) shall be made on a pro rata basis among the holders of the Series B Preferred Stock in proportion to the number of shares of Series B Preferred Stock then held by them.

(ii) The Corporation shall provide written notice (the "Corporation Notice") by first class mail postage prepaid, to each holder of record (determined at the close of business on the business day next preceding the day on which the Corporation Notice is given) of the Series B Preferred Stock to be redeemed, at the address last shown on the records of this Corporation for such holder, notifying such holder of the redemption to be effected, specifying the number of shares to be redeemed from such holder, specifying the date of redemption (the "Redemption Date"), the Redemption Price, the place at which payment may be obtained and calling upon such holder to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares to be redeemed; provided that the Redemption Date shall be not less than 10 days from the date of the Corporation Notice. Except as provided in Section (5)(b)(iii), on or after the Redemption Date, each holder of Series B Preferred Stock to be redeemed shall surrender to the Corporation the certificate or certificates representing such shares, in the manner and at the place designated in the Corporation Notice, and thereupon the Redemption Price of such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be cancelled. In the event less than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares.

(iii) From and after the Redemption Date, unless there shall have been a default in payment of the Redemption Price, all rights of the holders of shares of Series B Preferred Stock designated for redemption in the Corporation Notice as holders of Series B Preferred Stock (except the right to receive the Redemption Price without interest upon surrender of their certificate or certificates) shall cease with respect to such shares, and such shares shall not thereafter be transferred on the books of the Corporation or be deemed to be outstanding for any purpose whatsoever. If the funds of the Corporation legally available for redemption of shares of Series B Preferred Stock on any Redemption Date are insufficient to redeem the total number of shares of Series B Preferred Stock to be redeemed on such date, those funds which are legally available will be used to redeem the maximum possible number of such shares ratably among the holders of such shares to be redeemed based upon their holdings of Series B Preferred Stock. The shares of Series B Preferred Stock not redeemed shall remain outstanding and entitled to all the rights and preferences provided herein. At any time thereafter when additional funds of the Corporation are legally available for the redemption of shares of Series B Preferred Stock, such funds will immediately be used to redeem the balance of the shares which the Corporation has become obliged to redeem on any Redemption Date but which it has not redeemed.

(c) DEFINITIONS.

(i) "Change of Control" shall mean: (i) the acquisition by any person or "group" (as described in Rule 13d-5(b)(1) promulgated under the Securities Exchange Act of 1934), of beneficial ownership of securities of the Corporation representing more than 50% of the voting power of the Corporation; or (ii) a merger or consolidation of the Corporation or a sale of all or substantially all of the assets of the Corporation in one or a series of related transactions, unless following such transaction or series of transactions, the holders of the Corporation's securities prior to the first such transaction continue to hold at least a majority of the voting power of the surviving entity or acquirer of such assets.

(ii) "Registration Effective Date" shall mean the first date on which the Registration Statement has been declared effective.

(iii) "Registration Statement" shall mean the Corporation's registration statement under the Securities Act of 1933, as amended, covering the registration of (a) the shares of Common Stock issuable upon conversion of the Series B Preferred Stock and (b) the shares of Common Stock issuable upon exercise of the Warrants (as defined).

(iv) "Warrants" shall mean, collectively, those Common Stock Purchase Warrants to purchase shares of Common Stock to be issued pursuant to the Securities Purchase Agreement by and among the Corporation and the other parties thereto.

(d) NO REDEMPTION OF JUNIOR PREFERRED STOCK. So long as any shares of Series B Preferred Stock are outstanding, the Corporation shall not redeem any shares of Junior Preferred Stock or any other shares of Preferred Stock that have liquidation or dividend rights that are subordinate to those of the Series B Preferred Stock; provided, however, the foregoing shall not prohibit the Corporation from redeeming shares of Series A Preferred Stock pursuant to Section 5(a) of the Certificate of Designation of Series A Convertible Preferred Stock as in effect on the Series B Original Issue Date (the "Series A Certificate") if (x) a number of shares of Series B Preferred Stock equal to or greater than 80% of the sum of the total number of shares of Series B Preferred Stock (1) issued upon conversion of the Tranche I Notes (as defined in that certain Securities Purchase Agreement, dated as of March 12, 2003, by and between the Corporation and certain purchasers ("Securities Purchase Agreement")), and (2) issued and, as of the date of such Change of Control, issuable under the Sanmina Notes (as defined in the Securities Purchase Agreement), and (3) without duplication, any other shares of Series B Preferred Stock issued in connection with the Third Closing (as defined in the Securities Purchase Agreement) and any other shares of Series B Preferred Stock issued on the Series B Original Issue Date, have been either (1) redeemed, (2) submitted for redemption pursuant to a redemption notice under Section 5 of this Certificate of Designation and/or (3) converted into Common Stock pursuant to Section 3 of this Certificate of Designation, and (y) the Corporation has actually redeemed all shares of Series B Preferred Stock as to which a redemption notice has been submitted to the Corporation.

SECTION 6. NOTICES. All notices, requests, consents, demands and other communications required or permitted under this Series B Preferred Stock Certificate of Designation shall be in writing and shall be deemed to have been duly given, made and received (a) when delivered against receipt, (b) upon transmitter's confirmation of the receipt of a facsimile transmission, which shall be followed by an original sent otherwise in accordance with this Section 6, (c) upon confirmed delivery by a standard overnight carrier, or (d) if to a U.S. resident, upon expiration of three business days after the day when deposited in the U.S. mail, first class postage prepaid, addressed to the Corporation at its principal executive office, or at such other address of which the Corporation may notify the holders of Series B Preferred Stock from time to time, or if to a holder of Series B Preferred Stock or Common Stock, to such holder's address as shown by the records of the Corporation.

SECTION 7. STATUS OF REACQUIRED SHARES. Shares of Series B Preferred Stock which have been issued and converted, redeemed or reacquired in any manner shall (upon compliance with any applicable provisions of the laws of the State of Delaware) have the status of authorized and unissued Preferred Stock undesignated as to Series and may be redesignated and reissued.

SECTION 8. ISSUANCE OF ADDITIONAL SHARES OF SERIES B. Except as required under the Securities Purchase Agreement, the Company may not issue shares of the Series B Preferred Stock without the consent of a majority of the shares of Series B Preferred Stock then outstanding.

IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated Certificate of Designation this 9th day of May 2003.

/s/ Peter Leparulo

Peter Leparulo
Chief Executive Officer

SILICON VALLEY BANK

AMENDMENT TO LOAN DOCUMENTS

BORROWER: NOVATEL WIRELESS, INC.

DATE: APRIL 21, 2003

THIS AMENDMENT TO LOAN DOCUMENTS is entered into between Silicon Valley Bank ("Silicon") and the borrower named above ("Borrower").

The Parties agree to amend the Loan and Security Agreement between them, dated November 29, 2001 (as otherwise amended, the "Loan Agreement"), as follows, effective as of the date hereof. (Capitalized terms used but not defined in this Amendment shall have the meanings set forth in the Loan Agreement.)

1. MODIFIED DISCLOSURE RE MATERIAL ADVERSE LITIGATION. That portion of Section 8 of the Schedule to Loan and Security Agreement that currently reads as follows:

MATERIAL ADVERSE
LITIGATION (Section 3.10): Sanmina Corporation v. Novatel Wireless,
Inc., Case No. CV 802384.

is hereby amended to read as follows:

MATERIAL ADVERSE
LITIGATION (Section 3.10): On February 28, 2003, a class action law
suit was filed in the United States District
Court for the Southern District of Florida
against Credit Suisse First Boston (CSFB)
and approximately 50 companies, including
Novatel Wireless, for whose respective
initial public offering CSFB purportedly
served as the lead underwriter. The suit
purports to be on behalf of all the
purchasers of the common stock of the named
issuing companies and alleges violations of
federal and state securities law.
Specifically, the suit alleges that CSFB and
each named issuer conspired to file false
and misleading registration statements and
other reports containing knowingly inflated
financial and performance projections in
order to support an aggressive IPO issue
price. Although the

Company has not yet been served in this action, the Company has reviewed the complaint, believes to have meritorious defenses, and the Company intends to vigorously defend against it.

In January of 2003, our wholly-owned subsidiary, Novatel Wireless Technologies, Ltd. (NWT) terminated one of its Canadian employees for cause. On February 26, 2003, the employee filed suit on the judicial district of Calgary, in the Court of Queen's Bench of Alberta, claiming that NWT had wrongfully terminated him and seeking approximately \$365,000 in damages. NWT has been informed by its counsel that NWT has meritorious defenses, and NWT intends to vigorously defend against the claim.

On April 30, 2002, the Company entered into an employment agreement pursuant to which the employee purportedly commenced working for us on May 8, 2002. The individual has alleged that on or about May 10, 2002, we breached our agreement with him by materially diminishing his responsibilities and, as a consequence of which, he has alleged, he terminated his employment with the Company for "Good Reason" as defined in the employment agreement. The employee has filed a claim with the California Department of Labor (DOL) seeking approximately \$450,000. The Company is currently waiting for the DOL to schedule a hearing on the matter. The Company believes this claim is without merit and intends to vigorously defend against the claim.

Sanmina Settlement. On January 12, 2002, the Company entered into a settlement agreement (the "Settlement Agreement") with Sanmina related to claims filed in October 2001. In October 2001 Sanmina Corporation (now known as Sanmina-SCI Corporation) ("Sanmina") filed suit against the Company in Santa Clara County Superior Court seeking approximately \$27

million of claims for breach of contract under a contract manufacturing arrangement. The Company reached a settlement with Sanmina to end any and all disputes and litigation arising from the claims and signed a settlement agreement and mutual general release (the "Settlement"). Under the Settlement, which became effective on January 28, 2002, the Company made a cash payment to Sanmina of \$1,300,000 and issued to Sanmina 333,333 shares of common stock. As part of this issuance, we also granted to Sanmina the right to obligate us to repurchase up to 133,333 of the shares of common stock at a price of \$12.00 per share. In addition, the Company agreed to take delivery of inventory held by Sanmina and make payments totaling \$5 million in 2002 and \$4 million in 2003 and up to an additional \$2 million in the event the Company fails to make any of the agreed upon payments. On February 7, 2003, the Company and Sanmina amended the Settlement Agreement to extend the time period during which the Company would be permitted to satisfy its remaining payment obligations (the "Amendment"). Pursuant to the terms of the Amendment, the Company agreed that for so long as the Company owed monies to Sanmina pursuant to the Settlement Agreement (the "Sanmina Debt") the Company would make specified pre-payments on the Sanmina Debt in the event that the Company failed to meet agreed upon performance targets, met or exceeded other performance targets, or raised additional working capital. As of February 10, 2003, the Sanmina Debt totaled approximately \$3.505 million. See Note 2 for further discussion of the Company's obligation to Sanmina in connection with the Purchase Agreement.

2. ADDITIONAL DISCLOSURES. Borrower hereby discloses the following additional information all of which has been disclosed in Borrower's Form 10-K dated March 28, 2003 for the Borrower's fiscal year ending December 31, 2002 (all references in "Company" in these disclosures shall be to Borrower):

a. Effective January 13, 2003, the Company's former Chief Executive Officer was replaced. The former CEO's employment agreement with the Company provides that in the event that the Company terminates him without cause, or in the event he terminates his employment with the Company because the Company has materially breached the terms of his employment agreement or because a change of control occurs, he is entitled to receive in a lump sum payment an amount equal to his annual base salary then in effect and all unvested options will immediately vest and become exercisable. He would then also be entitled to a bonus equal to the amount of the bonus he had earned as of the date of his termination as well as to the continuation of certain employee benefits pursuant to the terms of existing company plans. If the Company terminates his employment for cause, or he terminates his employment without good reason, he will be entitled to receive severance and other benefits only as may then be established under the Company's existing severance and benefit plans and policies at the time of such termination. The Company is currently evaluating the amounts that might be owed to him under the terms of his employment agreement. Management believes the maximum amount owed, if any, could be his base salary, which was \$325,000 upon his termination. Management does not believe any amounts are due to him under the management retention agreement. No payments have been made to date to him under any of these agreements. The amounts owed, if any, will be recorded in 2003.

b. The Company has sustained substantial losses from operations in each period since its inception and has used substantially all of its available cash resources to fund the operating losses, including the \$2.4 million financing completed in September 2002 (see Note 7) and the \$1.1 million net proceeds received in March 2003 (see below).

During the fourth quarter of 2002, management determined that the Company had insufficient working capital to continue operations through the second quarter of 2003. As part of management's plan to improve the Company's financial condition, on March 12, 2003, the Company entered into a series of agreements, including the Securities Purchase Agreement (the "Purchase Agreement") with a group of investors (the "Investors") in connection with the private placement of \$3.25 million of convertible debt and equity securities, and the issuance of up to \$3.505 of equity securities in satisfaction of outstanding third-party obligations. As a result of these agreements, the Company completed, or agreed to complete subject to stockholder approval, for which the Company has scheduled a Special Meeting of Stockholders on April 30, 2003, the following transactions which are collectively referred to as the "Private Placement Transactions":

- On March 13, 2003, the Company received cash of \$1.1 million, net of \$100,000 fees, in exchange for issuing \$1.2 million of secured subordinated convertible promissory notes (the "Initial Convertible Notes"), convertible subject to stockholder approval into newly authorized Series B Stock, and Common Stock, and warrants to purchase an aggregate of 857,143 shares of Common Stock;
- Upon receiving Stockholder approval, the Company agreed to sell 2,050 additional shares of Series B Stock and warrants to purchase an aggregate of 1,983,929 shares of Common Stock in exchange for \$2.05 million in cash; and

- Upon receiving Stockholder approval, the Company agreed to issue \$3.505 million of secured subordinated convertible promissory notes (the "Additional Convertible Notes,") to the Investors in satisfaction of presently outstanding third-party obligations to be acquired by the Investors from Sanmina-SCI Corporation (the "Sanmina Obligations"). The Investors agreed subsequently to convert the Additional Convertible Notes into 3,505 shares of Series B Stock. The purchase of the Sanmina Obligations by the Investors is conditioned upon the Company receiving stockholder approval for the Private Placement. The Convertible Notes convert into a number of shares of Series B Stock equal to the total amount outstanding divided by \$1,000. The Series B shares are convertible into shares of Common Stock equal to the total amount outstanding divided by \$0.70.

On March 12, 2003, concurrent with the Purchase Agreement, the Investors and Sanmina entered into an agreement pursuant to which, subject to certain terms and conditions, Sanmina agreed to sell to the Investors, and the Investors agreed to purchase from Sanmina, (herein, the "Sanmina Purchase") the Sanmina Obligation at a substantial discount. In order to facilitate the Sanmina Purchase, Sanmina granted the Company a forbearance from its obligation to make payments to Sanmina upon the earlier of the Sanmina Purchase or August 1, 2003. In return for obtaining this payment forbearance, the Company agreed to continue to observe the operating covenants contained in the Amendment, such as achieving certain revenue milestones, through the earlier of the Sanmina Purchase or August 1, 2003. The Holders of the Initial Convertible Notes have the right to extend the forbearance period beyond August 1, 2003 by making payments to Sanmina at the rate of \$150,000 per month of extension. These extension payments will reduce the Company's aggregate obligation to Sanmina under the Settlement Agreement, as amended, and will increase the principal balance of the Initial Convertible Notes.

The Sanmina Purchase is subject to, among other things, the approval by the stockholders. The Sanmina Purchase is also subject to the Company and Sanmina each providing the other with a general release from any and all claims and liabilities arising out of the Settlement Agreement, as amended, and the related security agreement. Upon consummation of the Sanmina Purchase, Sanmina will no longer be a creditor of the Company.

If stockholder approval is not obtained, the Company would not be able to complete the Private Placement Transactions, and would not have sufficient working capital to continue operations. In addition, if stockholder approval is not obtained, the holders of the Initial Convertible Notes would be entitled to require that the Company repay the indebtedness evidenced by the Initial Convertible Notes within 60 days following the termination of the Purchase Agreement either in cash or in shares of Common Stock, subject to Nasdaq's rules and regulations. Moreover, given the recent quoted market price per share of the Common Stock, stockholder approval is all but required for practically any issuance of equity securities that would generate net proceeds sufficient to maintain operations through the remainder of the calendar year. Because of the length of time required to negotiate an alternative transaction with prospective investors and assuming such transaction were an equity issuance or an issuance of securities convertible into or exercisable for equity securities, the Company would have to present it to the Company's stockholders for approval, and in light of the Company's current

financial condition, it is unlikely that the Company would be able to continue operations long enough to pursue an alternative source of financing.

c. The Company has incurred significant costs to develop its technologies and products. These costs have exceeded total revenue. As a result, the Company has incurred losses in each year since inception. As of December 31, 2002, the Company had an accumulated deficit of \$230.4 million and negative working capital of \$2.1 million. During the year ended December 31, 2002, the Company incurred a net loss of \$28.3 million and a reduction in cash on hand from \$29 million to \$1.6 million.

If the Company continues to experience negative cash flow, it may be required to raise additional funds through the private or public sale of additional debt or equity securities or through commercial bank borrowings to fund working capital requirements and anticipated capital expenditures. The Company's ability to obtain additional capital will depend on financial market conditions, investor expectations for the wireless technology industry, the national economy and other factors outside our control. There can be no assurance that such additional financing will be available on acceptable terms, or at all. If needed, the failure to secure additional financing would have a material adverse effect on the business, financial condition and operating results and may impair the Company's ability to continue or cause us to cease our operations or cause it to cease operations.

3. MODIFIED REPRESENTATION RE INSIDE DEBT. Subclause (2) of Section 9 of the Schedule to Loan and Security Agreement that currently reads as follows:

(2) SUBORDINATION OF INSIDE DEBT. All present and future indebtedness of Borrower to its officers, directors and shareholders ("Inside Debt") shall, at all times, be subordinated to the Obligations pursuant to a subordination agreement on Silicon's standard form. Borrower represents and warrants that there is no Inside Debt presently outstanding, except for the following: NONE. Prior to incurring any Inside Debt in the future, Borrower shall cause the person to whom such Inside Debt will be owed to execute and deliver to Silicon a subordination agreement on Silicon's standard form.

is hereby amended to read as follows:

(2) SUBORDINATION OF INSIDE DEBT. All present and future indebtedness of Borrower to its officers, directors and shareholders ("Inside Debt") shall, at all times, be subordinated to the Obligations pursuant to a subordination agreement on Silicon's standard form. Borrower represents and warrants that there is no Inside Debt presently outstanding, except for the following: \$1,200,000 in the aggregate in favor of the holders of that Secured Convertible Subordinated Note dated March 12, 2003 and, if shareholder approval is obtained, an aggregate principal amount not to exceed \$3,505,000 pursuant to that certain Secured Convertible Subordinated Note (which amends and restates the Borrower's obligations to Sanmina-SCI Corporation). Prior to incurring any Inside Debt in the future, Borrower shall cause the person to whom such Inside

Debt will be owed to execute and deliver to Silicon a subordination agreement on Silicon's standard form.

4. ACCOUNTS PURCHASE AGREEMENT--CROSS-DEFAULT AND CROSS-COLLATERALIZATION. The following new Section 10 is hereby added to the Schedule to the Loan Agreement:

10. Accounts Receivable Purchase Agreement. Borrower and Silicon are entering into an Accounts Receivable Purchase Agreement dated April 21, 2003 (together with all amendments thereto and all extensions and renewals thereof and all replacements therefor, the 'Purchase Agreement'). Borrower and Silicon agree that, without limiting the generality of any of the provisions of this Loan Agreement or the Purchase Agreement,

(a) the 'Obligations' as defined in this Loan Agreement shall include without limitation all present and future indebtedness, liabilities and obligations of Borrower under or in connection with the Purchase Agreement, and the 'Obligations' for purposes of the Purchase Agreement shall include without limitation all 'Obligations' as defined in this Loan Agreement, and

(b) any default or event of default under or as defined in the Purchase Agreement shall constitute an Event of Default under this Loan Agreement, and any Default or Event of Default under this Loan Agreement shall constitute an "Event of Default" under the Purchase Agreement, and

(c) all security interests granted by Borrower to Silicon under this Loan Agreement shall also secure all 'Obligations' as defined in the Purchase Agreement, and all security interests granted by Borrower to Silicon under the Purchase Agreement shall also secure all 'Obligations' as defined in this Loan Agreement; and

(d) Eligible Receivables under this Loan Agreement shall not in any event or circumstance include any Receivables which are 'Purchased Receivables' under the Purchase Agreement; and

(e) All of Silicon's rights and remedies under this Loan Agreement and under the Purchase Agreement are cumulative.

5. CREDIT LIMIT. Section 1(a) of the Schedule to the Loan Agreement, which presently reads:

(a) An amount not to exceed the lesser of: (i) \$5,000,000 at any one time outstanding (the "Maximum Credit Limit"); or (ii) 65% of the amount of Borrower's Eligible Receivables (as defined in Section 8 above);

is amended to read as follows:

(a) An amount not to exceed the lesser of (i) or (ii) below:

(i) An amount equal to the following: \$5,000,000 (the 'Maximum Credit Limit') at any one time outstanding, minus the total amount of all outstanding Advances under the Purchase Agreement, and minus all outstanding 'Finance Charges', 'Administrative Fees', interest, 'Repurchase Amounts' (as the foregoing terms are defined in the Purchase Agreement), and all other sums owing from Borrower to Silicon under or in connection with the Purchase Agreement (whether or not then due), or

(ii) 65% of the amount of Borrower's Eligible Receivables (as defined in Section 8 above);

6. REPRESENTATIONS TRUE. Borrower represents and warrants to Silicon that all representations and warranties set forth in the Loan Agreement, as amended hereby, are true and correct.

7. GENERAL PROVISIONS. This Amendment, the Loan Agreement, the Purchase Agreement, the prior written amendments to the Loan Agreement signed by Silicon and Borrower, and the other written documents and agreements between Silicon and Borrower set forth in full all of the representations and agreements of the parties with respect to the subject matter hereof and supersede all prior discussions, representations, agreements and understandings between the parties with respect to the subject hereof. Except as herein expressly amended, all of the terms and provisions of the Loan Agreement, and all other documents and agreements between Silicon and Borrower shall continue in full force and effect and the same are hereby ratified and confirmed.

BORROWER:

NOVATEL WIRELESS, INC.

BY /S/ PETER V. LEPARULO
PRESIDENT OR VICE PRESIDENT

BY /S/ MELVIN L. FLOWERS
SECRETARY OR ASS'T SECRETARY

SILICON:

SILICON VALLEY BANK

BY /S/ROBERT ANDERSEN
TITLE VICE PRESIDENT

March 12, 2003

Steven H. Jackman, Esq.
Vice President and Corporate Counsel
Sanmina-SCI Corporation
2700 North First Street
San Jose, CA 95134

Re: Release of Obligation to Provide Inventory

Dear Steve:

Reference is made to (a) the Settlement Agreement and Mutual General Release dated January 12, 2002, as amended as of February 7, 2003 (as amended, the "Settlement Agreement") by and between Novatel Wireless, Inc. ("Novatel Wireless") on the one hand, and Sanmina-SCI Corporation and Sanmina Canada ULC, on the other (collectively "Sanmina") and (b) the Security Agreement dated as of January 12, 2002 executed by Novatel Wireless in favor of Sanmina (the "Security Agreement"). Novatel Wireless represents and warrants that (i) as of February 14, 2003, the outstanding balance of the Inventory Purchase Commitment was at least \$3,481,870.94(1); (ii) Sanmina has satisfied all of its Obligations under the Settlement Agreement accruing prior to March 12, 2003 (the "Effective Date"), including but not limited to the obligations of Sanmina set forth in Section II.B thereto; (iii) as of the date of this letter, Sanmina is not in breach or default of the Settlement Agreement; and (iv) it knows of no circumstances which would (with the passage of time or otherwise) render Sanmina in breach or default of the Settlement Agreement.

Novatel Wireless understands that (i) pursuant to a letter agreement of even date (the "Side Letter"), Sanmina has entered into a transaction with certain investors (the "Investors") pursuant to which the Investors will immediately invest \$1.2 million in Novatel Wireless in exchange for subordinated secured notes (the "Initial Investment"), and purchase Sanmina's rights and assume Sanmina's obligations under the Settlement Agreement at a substantial discount (the "Transaction") and (ii) that, as a condition precedent to entering into the Transaction, Sanmina has required Novatel Wireless (a) to consent to the assignment of Sanmina's rights and delegation of Sanmina's duties under the Settlement Agreement to the Investors and (b) to forever release Sanmina from any and all obligations under the Settlement Agreement, including but not limited to any obligation to deliver any Inventory (as that term is defined under the Settlement Agreement) after the Effective Date. The Transaction is conditioned in part upon Novatel Wireless' obtaining stockholder approval for the acquisition by the Investors of up to \$6.755

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(1) Novatel Wireless believes that it has made payments of \$4,518,129.06 towards the Inventory Purchase Commitment and that the amount of the Inventory Purchase Commitment has been reduced to \$3,481,870.94. Sanmina's counsel has agreed to verify the payments made by Novatel Wireless towards its Inventory Purchase Commitment and adjust the balance accordingly. In the event the Inventory Balance is \$3,481,870.94 (rather than the \$3,505,000 shown on Sanmina's books), then at the Closing of the Transaction, Sanmina shall pay to Novatel Wireless, an amount equal to the difference (which amount will not exceed \$17,000). The parties each acknowledge that, at most, the balance of the Inventory Purchase Commitment would be reduced from \$3,505,000 to \$3,481,870.94.

million of Novatel Wireless' Series B Preferred Stock pursuant to a Securities Purchase Agreement (the "Investment"). The Investment is expected to close in July 2003 (the "Closing").

Novatel Wireless acknowledges that Sanmina's obligations to consummate the Transaction are conditioned on, among other things, Novatel's releasing Sanmina from any obligation it has under the Settlement Agreement to further deliver any Inventory. Novatel has reasonably concluded, and now hereby acknowledges, that the Inventory which has yet to be delivered to Novatel under the Settlement Agreement (the "Remaining Inventory") is now old and obsolete and has only marginal value. In addition, Novatel Wireless realizes that, by the time it would be required under the Settlement Agreement to purchase the Remaining Inventory, its value would decrease even more. Accordingly, Novatel Wireless, on behalf of itself, and, anyone or any entity that can claim by or through it, hereby releases and forever discharges Sanmina, including Sanmina's divisions, affiliates, parents, and subsidiaries, and past and present directors, officers, shareholders, agents, servants, employees, representatives, assigns, heirs, administrators, attorneys, insurers, and lenders, from any and all claims, demands, and causes of action, obligations, damages and liabilities whether known or unknown in any way connected with any transactions, affairs or occurrences between Novatel Wireless and Sanmina to date, of every nature, kind and description, in law, equity or otherwise, which have arisen, occurred or existed at any time prior to the signing of this Agreement, including but not limited to any obligations under the Settlement Agreement to provide any Remaining Inventory to Novatel Wireless.

Novatel Wireless acknowledges and agrees that they have been informed of the provisions of California Civil Code Section 1542, and do hereby expressly waive and relinquish all rights and benefits that they have or may have had under that statute, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTION OF THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Novatel Wireless acknowledges the significance and consequences of such specific waiver of Section 1542, and hereby assume full responsibility for any damages or losses it may incur as a result of the execution of this Agreement

In addition to the \$165,000 payment required to be made on March 10, 2003, Novatel Wireless agrees that, within twenty-four hours of the receipt of the Initial Investment, it will pay Sanmina an additional \$110,000, for a total payment of \$275,000. The \$110,000 payment will be allocated as follows: (i) \$40,000 will be treated as Novatel Wireless's obligation under Section II.A(4)(j) of the Settlement (relating to Financing Payments) and (ii) the remaining \$70,000 will be treated as a prepayment of the payment due on March 24, 2003. Sanmina hereby agrees that upon receipt of the \$275,000 from Novatel Wireless, the payment of the Initial Investment to Novatel Wireless and the execution by the Investors of the Side Letter, it shall grant Novatel Wireless' a forbearance from Novatel Wireless' obligation to make further payments to Sanmina pursuant to the Settlement Agreement (as limited only by the following provisos); provided, however, that if either (i) the Transaction has not been consummated by August 1, 2003 (as such date may be extended pursuant to the Side Letter) and Novatel Wireless has not raised debt or equity proceeds and made payments to Sanmina as set forth in Section II.A.4(n) of the Settlement Agreement or (ii) the Investors declare a default or event of default under any agreement between Novatel Wireless and the Investors, including but not limited to the notes used in connection with the

Initial Investment, and accelerate the repayment of any amounts which Novatel Wireless owes the Investors, then in each case the Covered Obligations (as defined in the Security Agreement) shall become immediately due and payable, and Novatel Wireless and Sanmina agree that Section II.A.4 of the Settlement Agreement is hereby amended to require payment from Novatel Wireless in accordance with this proviso; and provided further, that payment obligations under Sections II.A.4(l), II.A.4(m), II.A.4(o), II.A.4(p), and II.A.4(q) and, in the case of Section II.A.4(m) and II.A.4(q) as modified by the Side Letter to the extent the Side Letter has not been terminated, shall remain in effect subject to the conditions set forth therein.

For avoidance of doubt, the forbearance granted by Sanmina to Novatel Wireless pursuant to this letter agreement shall terminate and be of no further effect on August 1, 2003 (unless the termination date of the Side Letter has been extended, in which case the termination of such forbearance period will terminate on such later termination date of the Side Letter), and Sanmina may at such time enforce all of its rights and remedies under the Settlement Agreement and Security Agreement and any other agreements, documents or instruments related thereto, including, but not limited to, its right to accelerate the obligations thereunder in the event that Novatel Wireless has not raised at least \$5,000,000 in gross equity or debt proceeds by July 31, 2003 and paid Sanmina at least \$3,000,000 during 2003.

Novatel Wireless hereby consents to the assignment of Sanmina's rights under the Settlement Agreement and delegation of Sanmina's obligations under the Settlement Agreement to the Investors at Closing. By consenting to the assignment, Novatel Wireless again acknowledges that Sanmina-SCI is released from any obligations accruing on or after the Effective Date, including any obligation on the part of Sanmina to provide Novatel Wireless with any Inventory.

In addition to the foregoing, Novatel Wireless acknowledges that it has read the Side Letter and, to the extent applicable and/or required consents to and agrees to be bound by provisions set forth therein.

This letter shall be construed in accordance with, and be deemed governed by, the laws of the State of California without regard to principles of conflict of laws. The parties acknowledge and agree that the state courts of Santa Clara County, California and the federal courts located in the Northern District of the State of California shall have exclusive jurisdiction and venue to adjudicate any and all disputes arising out of or in connection with this Agreement. The parties consent to the exercise by such courts of personal jurisdiction over them and each party waives any objection it might otherwise have to venue, personal jurisdiction, inconvenience of forum, and any similar or related doctrine.

Novatel Wireless and Sanmina acknowledge that each has read this letter; that each fully understands its rights, privileges and duties under this Agreement; and that each enters into this Agreement freely and voluntarily. Each party further acknowledges that each has had the opportunity to consult with any attorney of its choice to explain the terms of this Agreement and the consequences of signing it.

If the foregoing accurately states your complete understanding with respect to this matter, please so indicate by signing this letter and returning a signed original to the Company.

Very truly yours,

NOVATEL WIRELESS, INC.

By: /S/ Melvin L. Flowers

Melvin L. Flowers

Its: Senior Vice President, Finance and
Chief Financial Officer

SANMINA-SCI CORPORATION

By: /S/ Steven H. Jackman

Steven H. Jackman

Its: Vice President and Corporate Counsel

SANMINA CANADA ULC

By: /S/ Steven H. Jackman

Steven H. Jackman

Its: Vice President and Corporate Counsel

AMENDMENT
TO
SETTLEMENT AGREEMENT AND MUTUAL GENERAL RELEASE

This amendment ("Amendment") is entered into as of February 7, 2003 (the "Effective Date") by and between Novatel Wireless, Inc. ("Novatel Wireless"), on the one hand, and Sanmina-SCI Corporation and Sanmina Canada ULC, on the other hand (collectively, "Sanmina" and together with Novatel Wireless, the "Parties"). The exhibits to this Amendment are hereby incorporated into and made a part of this Amendment and this Amendment is hereby incorporated into, made a part of, and shall be read in conjunction with the Agreement (as defined below). Capitalized terms used herein but not defined herein shall have the respective meanings ascribed to them in the Agreement.

I.
RECITALS

WHEREAS, the Parties are party to that certain Settlement Agreement and Mutual General Release dated January 12, 2002 (the "Agreement"); and

WHEREAS, pursuant to Section II M of the Agreement, the Parties now desire to amend and supplement the Agreement only to the extent expressly set forth herein.

II.
AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and agreements contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Section 1. The Inventory Period (as defined in Section II A 4 of the Agreement) is hereby extended until March 30, 2004.

Section 2. Section II A 4(c) to the Agreement is hereby deleted in its entirety and replaced with the following:

Commencing on January 13, 2003 and continuing bi-weekly thereafter (January 27, 2003, February 10, 2003, etc.), subject to the provisions of Section 4(g), Novatel Wireless shall pay to Sanmina \$125,000 (the "Base Payment") in satisfaction of the Inventory Purchase Commitment, provided that Novatel Wireless has not earlier satisfied the Inventory Purchase Commitment giving effect to any reductions then pending pursuant to Section 4(e) and provided further that Novatel Wireless shall have satisfied the Inventory Purchase Commitment prior to March 30, 2004. In addition to the foregoing, until Novatel Wireless has received gross proceeds of at least \$2,500,000 in additional capital from investors (the "First Tranche"), Novatel Wireless shall make an additional bi-weekly payment to Sanmina in the amount of \$40,000 (the "Additional Payment"). For the avoidance of doubt, the obligation of Novatel Wireless to make an Additional Payment to Sanmina shall cease upon consummation of the First Tranche, provided however that in the event that Novatel Wireless has not received aggregate gross proceeds of at least \$5,000,000 in additional

capital (including any amounts received in the First Tranche) by April 30, 2003, then Novatel Wireless shall recommence making the Additional Payment to Sanmina until the earlier to occur of Novatel Wireless' receipt of such aggregate gross proceeds or Novatel Wireless' satisfaction of the Inventory Purchase Commitment.

Section 3. The following sections shall be added to the Agreement:

Section II A 4 (j). Until such time as Novatel Wireless has satisfied all its obligations under this Agreement, Novatel Wireless shall pay to Sanmina an amount equal to 20% of the net proceeds that Novatel Wireless receives from any equity or other financing (a "Financing Payment") within five business days following the closing of such financing, it being agreed that draws by Novatel Wireless under its credit facility shall not trigger a Financing Payment. The dollar amount of all Additional Payments made to Sanmina prior to the subject financing shall reduce, dollar for dollar, the required amount of the applicable Financing Payment due to Sanmina, if any.

Section II A 4 (k). In the event that Novatel Wireless' quarterly earnings before taking into account interest, taxes, depreciation and amortization ("EBITDA") exceed \$450,000, Novatel shall pay to Sanmina, within fifteen business days after the end of the fiscal quarter, an amount equal to 50% of the amount by which such quarterly EBITDA exceeds \$450,000 (such payment, an "EBITDA Payment"). Any EBITDA Payment hereunder shall be in addition to Novatel Wireless' obligation to make Base Payments and Additional Payments to Sanmina.

Section II A 4 (l). In the event that Novatel Wireless pays in cash or cash equivalents more than \$140,000 total in any fiscal quarter toward satisfaction of the Preexisting Payables (as defined below) while any amounts remain due to Sanmina in respect of the Inventory Purchase Commitment, Novatel Wireless shall pay to Sanmina, within fifteen business days after the end of the fiscal quarter, an amount equal to 100% of the dollar amounts paid in excess of \$ 140,000 in satisfaction of the Preexisting Payables. "Preexisting Payables" means the Novatel Wireless accounts payable collectively listed on Exhibit A hereto. In the event that Novatel Wireless pays in cash or cash equivalents more than \$100,000 total in any fiscal quarter toward satisfaction of the Preexisting Payables related to Latham & Watkins, Freshfields, and Steven Sherman ("Selected Payables") while any amounts remain due to Sanmina in respect of the Inventory Purchase Commitment, Novatel Wireless shall pay to Sanmina, within fifteen business days after the end of the fiscal quarter, an amount equal to 100% of the dollar amounts paid in excess of \$100,000 in satisfaction of the Selected Payables.

Section II A 4(m). In the event that in a given fiscal quarter, (i) Novatel Wireless' reported revenue is less than the "Cumulative YTD 2003 Revenue Amounts Novatel Wireless Must Reach to Avoid 15% Trigger" set forth on Exhibit B hereto or (ii) Novatel Wireless believes (or makes any announcement) that its reported revenue will be less than the "Cumulative YTD 2003 Revenue Amounts Novatel Wireless Must Reach to Avoid 15% Trigger" set forth on Exhibit B hereto [(i) and (ii) above referred to as "Triggering Events,"] Novatel Wireless shall immediately increase the Base Payment, until the Inventory Purchase Commitment is paid in full, to the greater of \$225,000 or 25% of the aggregate dollar amounts paid to other Novatel Wireless creditors during such biweekly period immediately preceding the Triggering Event excluding from such calculation amounts paid to Novatel Wireless employees and Novatel Wireless landlords.

Section II A 4(n). In the event that Novatel Wireless has not received at least \$2,500,000 in gross equity or debt proceeds by March 31, 2003, and has not paid to Sanmina at least \$2,000,000 during 2003 and prior to March 31, 2003, then Sanmina shall have the right to declare a default under the Agreement and any amounts then owing to Sanmina under the Agreement shall then become due and payable. In the event that Novatel Wireless has not received at least \$5,000,000 in gross equity or debt proceeds by July 31, 2003, and Novatel Wireless has not paid to Sanmina during 2003 a total of \$3,000,000, Sanmina shall have the right to declare a default under the Agreement and any amounts then owing to Sanmina under the Agreement shall then become due and payable.

Section II A 4(o). In the event that Novatel Wireless increases in any given quarter the aggregate salaries of its employees by more than \$50,000 over the aggregate salaries payable as of February 7, 2003 or in the event that Novatel Wireless awards employees cash bonuses in any given quarter that total (when combined with any salary increases in such quarter) more than \$50,000, it shall, make an additional payment to Sanmina in an amount equal to 25% of the amounts paid in excess of \$50,000.

Section II A 4(p). In the event that (i) Silicon Valley Bank declares Novatel Wireless in default of its obligations under that certain loan agreement by and between Novatel Wireless and Silicon Valley Bank dated November 29, 2001, as amended (the "SVB Agreement") and such default is not cured or waived according to the terms of the SVB Agreement, or (ii) in the event the SVB Agreement is terminated for any reason and not replaced by another agreement (a) containing terms and conditions no more burdensome than the SVB Agreement and (b) requiring a cash outflow less than or equal to that required under the SVB Agreement or (iii) the credit line under the SVB Agreement is increased to more than \$5,000,000, Sanmina shall have the right to accelerate all payments due hereunder.

Section II A 4(q). In the event that Novatel Wireless pays Barney & Barney, Imperial Premium Finance or any other designated financing conduit (collectively "Barney & Barney"), on account of existing invoices more than 7 calendar days prior to the due date with respect to the amount invoiced, then Novatel Wireless shall pay to Sanmina an amount equal to 100% of the dollar amount of the applicable pre-paid Barney & Barney invoice.

Section 4. Commencing on the date hereof, Novatel Wireless shall begin to provide to Sanmina (i) all monthly cash flow, P&L, balance sheets, sales forecasts or other financial information which it provides to (i) its board of directors, (ii) Silicon Valley bank, (iii) the SEC or (iv) other creditors. Novatel Wireless shall advise Sanmina in the event it has reason to believe that its actual sales in any given quarter will be less than 85% of the applicable sales forecast set forth on Exhibit B hereto. In addition, Novatel shall provide to Sanmina, within two business days of any request by Sanmina, such other documents as Sanmina shall request to ensure compliance with this Agreement, including but not limited to payroll information and accounts payable information (aging reports).

Section 5. To the best knowledge of Novatel Wireless' knowledge following due inquiry, as of the Effective Date, Novatel Wireless owes no amount of money to any creditor, excluding Sanmina, other than as reflected in the aging schedule attached hereto as Exhibit C.

Section 6. On the Effective Date, Novatel Wireless shall issue to Sanmina warrants to purchase 150,000 shares of Novatel Wireless' common stock, \$0.001 par value per share (the "Warrants").

The Warrants shall expire on the fifth anniversary hereof and shall be exercisable as of the first anniversary hereof. The exercise price of the Warrants shall be the five-day trailing average closing bid price on the Effective Date of Novatel Wireless' common stock listed on The Nasdaq National Market and the Warrants shall be exercisable by means of a net exercise. The form of the Warrants shall be attached hereto as Exhibit D. Novatel shall grant Sanmina registration rights with respect to the shares of Common Stock issuable upon exercise of the Warrants. Such registration rights shall be granted on the same terms as those granted in conjunction with Novatel's current equity financing transaction.

Section 7. Except as otherwise expressly set forth herein, the Agreement shall remain in full force and effect. The Obligation, as amended, continues to be secured by the property granted as security in the Agreement.

In witness whereof, the authorized representatives of the Parties have executed this Amendment on the date first set forth above.

NOVATEL WIRELESS, INC.

By: /S/ Melvin L. Flowers

Melvin L. Flowers

Its: Senior Vice President, Finance and
Chief Financial Officer

SANMINA-SCI CORPORATION

By: /S/ Steven H. Jackman

Steven H. Jackman

Its: Vice President and Corporate Counsel

SANMINA CANADA ULC

By: /S/ Steven H. Jackman

Steven H. Jackman

Its: Vice President and Corporate Counsel

EXHIBIT A

Preexisting Payables

EXHIBIT B

FORECAST

7

EXHIBIT C
AGING SCHEDULE

EXHIBIT D
FORM OF WARRANT

SECTION 906 CERTIFICATIONS

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Novatel Wireless, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2003 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 15, 2003

/s/ PETER V. LEPARULO

Peter V. Leparulo
Chief Executive Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Novatel Wireless, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2003 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 15, 2003

/s/ MELVIN L. FLOWERS

Melvin L. Flowers
Senior Vice President, Finance,
Chief Financial Officer,
Principal Accounting Officer and Secretary

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.