

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-3**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933****Novatel Wireless, Inc.***(Exact name of registrant as specified in its charter)***Delaware***(State or other jurisdiction
of incorporation or organization)***86-0824673***(I.R.S. Employer Identification)***9360 Towne Centre Drive****San Diego, California 92121
(858) 320-8800***(Address of principal executive offices, including zip code, and phone number, including area code)***Copies to:****Melvin L. Flowers,
Senior Vice President, Finance, Chief Financial Officer and Secretary
9360 Towne Centre Drive
San Diego, California 92121
(858) 320-8800***(Name, address, including zip code, telephone number, including area code, of Agent for service)***Approximate Date Of Commencement Of Proposed Sale To The Public:** From time to time after this registration statement becomes effective.If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. If delivery of the same prospectus is expected to be made pursuant to Rule 434, please check the following box. **CALCULATION OF REGISTRATION FEE**

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum aggregate offering price(2)	Amount of registration fee
Common Stock, par value \$.001 per share	46,374,804	\$48,693,544	4,480

(1) In the event of a stock split, stock dividend or similar transaction involving the common stock of the registrant, in order to prevent dilution, the number of shares of common stock registered hereby shall be automatically adjusted to cover the additional shares of common stock in accordance with Rule 416 under the Securities Act of 1933, as amended.

- (2) The price is estimated in accordance with Rule 457(c) under the Securities Act of 1933, as amended, solely for the purpose of calculating the registration fee and is \$1.05, the average of the high and low prices of common stock of Novatel Wireless, Inc. as reported by The Nasdaq National Market on January 18, 2002.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a) may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 22, 2002

PRELIMINARY PROSPECTUS

Novatel Wireless, Inc.

46,374,804 shares of Common Stock

The stockholders of Novatel Wireless, Inc. (“Novatel” or the “Company”) listed in this prospectus are offering and selling 46,374,804 shares of common stock under this prospectus. These shares of common stock include the resale of:

- 35,288,311 shares of common stock issuable upon conversion of 27,172 shares of our Series A and Preferred Stock; and
 - 11,086,493 shares of common stock issuable upon exercise of common stock purchase warrants.
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The selling stockholders may offer their common stock:

- through public or private transactions,
- on or off the United States exchanges,
- at prevailing market prices; or
- at privately negotiated prices.

Novatel’s common stock trades on The Nasdaq National Market under the ticker symbol “NVTL.” On January 18, 2002, the closing price of one share of Novatel’s stock was \$1.04.

This investment involves a high degree of risk. You should invest only if you can afford a complete loss of your investment. See “Risk Factors” beginning on page 3.

Neither the Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2002.

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You should rely only on the information contained or incorporated by reference in this prospectus and in any prospectus supplement. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We will not make an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and the accompanying prospectus supplement is accurate as of the date on their respective covers. Our business, financial condition, results of operations and prospects may have changed since that date.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements appearing elsewhere or incorporated by reference in this prospectus. Without limiting the generality of the foregoing, prospective investors should carefully consider the factors set forth under the caption "Risk Factors."

Our Company

We are a provider of wireless data communications access solutions, including wireless data modems and software for use with handheld computing devices and portable personal computers. We deliver innovative and comprehensive solutions that enable businesses and consumers to access personal, corporate and public information through email, enterprise networks and the Internet. We also offer wireless data modems and custom engineering services for hardware integration projects in a wide range of vertical applications. In addition, we offer provisioning, activation and systems integration services to our customers to facilitate use of our products.

Our current product portfolio includes the following:

- The *Minstrel* Family of Wireless Handheld Modems, for the Palm Family of handheld computing devices and the Handspring Family of handheld computing devices;
- The *Merlin* Family of Wireless Type II PC Card Modems for portable and desktop PCs;
- The Sage Wireless Modems for portable and desktop PCs;
- The *NRM-6812* and *Expedite* Family of Wireless OEM Modems for custom integration with computers and other devices; and
- The *Lancer 3W* Family of Ruggedized Wireless Modems for vehicle-mounted applications.

During 2001, our financial condition, results of operations and cash flows were adversely affected by various factors including overall decreases in demand in the marketplace for both wireless products and wireless access services for the transmission of data. Our management believes this trend will continue for at least the next several quarters.

Our principal executive offices are located at 9360 Towne Centre Drive, Suite 110, San Diego, California 92121 and our telephone number is (858) 320-8800.

The Offering

Common stock offered by the selling stockholders (estimate)	46,374,804 shares(1)
Shares of common stock outstanding at December 31, 2001	54,643,762 shares(2)
Shares of common stock outstanding after the offering	101,018,566(3)
Use of proceeds	We will not receive any proceeds from the sale of shares of the common stock by the selling stockholders. See “Use of Proceeds.”
Risk factors	See the “Risk Factors” section and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
Nasdaq National Market symbol	NVTL

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- (1) Includes: (i) 35,288,311 shares of common stock issuable upon conversion of 27,172 shares of our Series A Convertible Preferred Stock (the “Series A Preferred Stock”) issued in a private placement in December 2001 (the “2001 Private Placement”); (ii) 10,586,493 shares of common stock issuable upon exercise of common stock purchase warrants issued in connection with the issuance of the Series A Convertible Preferred Stock (the “Investor Warrants”); and (iii) 500,000 shares of common stock issuable upon exercise of certain outstanding warrants.
 - (2) Excludes: (i) approximately 9,136,874 shares of common stock subject to presently outstanding options granted by us under our stock option plans, of which options to purchase 3,747,606 shares of common stock are exercisable as of the date of this prospectus; (ii) warrants to purchase 10,804,593 shares of common stock, all of which are exercisable as of the date of this prospectus; and (iii) the shares of common stock offered in this prospectus.
 - (3) The number of shares outstanding after the offering is based on the number of shares of common stock outstanding as of December 31, 2001 (assuming the issuance of all common stock issuable upon conversion of the Series A Preferred Stock and exercise of the warrants covered by this prospectus) and excludes: (i) 9,136,874 shares of common stock issuable upon exercise of stock options outstanding as of December 31, 2001, at a weighted average exercise price of \$4.93 per share (options to purchase 3,831,044 shares of common stock were exercisable as of December 31, 2001 and the balance become exercisable in the future based upon continued employment); and (ii) warrants to purchase 10,804,593 shares of common stock, all of which are exercisable as of the date of this prospectus.

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below and other information contained in this prospectus before you decide whether to invest in our common stock. If any of the following risks actually occur, our business, financial condition, results of operations and liquidity could be materially adversely affected. This may cause the trading price of our common stock to decline after this offering, and you could lose part or all of the money you paid to purchase our common stock.

RISKS RELATED TO OUR BUSINESS

We have incurred significant operating losses since our inception and we expect to continue to incur significant net losses and negative cash flows for the foreseeable future.

We have experienced operating losses and net losses in each quarterly and annual period since our inception, and we expect to continue to incur significant losses for the foreseeable future. We incurred net losses of \$3.5 million for the eight months ended December 31, 1996, \$4.5 million for the year ended December 31, 1997, \$5.5 million for the year ended December 31, 1998, \$18.5 million for the year ended December 31, 1999, \$46.9 million for the year ended December 31, 2000 and \$68.5 million for the nine months ended September 30, 2001. In addition, we had negative cash flows from operations of \$3.5 million for the year ended December 31, 1997, \$5.0 million for the year ended December 31, 1998, \$5.2 million for the year ended December 31, 1999, \$41.0 million for the year ended December 31, 2000 and \$46.6 million for the nine months ended September 30, 2001. As of September 30, 2001, we had an accumulated deficit of \$154.4 million. We expect our operating expenses and negative cash flows to continue in connection with new product introductions as we continue to attempt to expand our business, including related increases in product development, sales and marketing, research and development, manufacturing, and general and administrative expenses. We entered into and expect to continue to enter into significant customer contracts for the development and supply of our products. These contracts may place significant demands on our resources. If we are unable to increase our revenue sufficiently to offset these expenses, we will not achieve profitability and our operating losses, net losses and negative cash flows will continue.

We have been operating only since 1996 and our historic operating results may not be an indication of future operations.

We launched our first wireless modem in 1996. We have a limited operating history. We are subject to risks, expenses and uncertainties that young and growing companies like ours face, particularly in the evolving wireless communications market. These considerations include our ability to continue to expand our customer base, maintain our current strategic-relationships and develop new ones, deliver products associated with our key contracts in a profitable and timely manner, attract and retain qualified personnel and manage our growth. Because we have only recently commenced commercial sales of our products, our past results and rates of growth may not be meaningful, and they should not be relied upon as an indicator of our future performance.

If we cannot deliver products associated with our significant contracts in a profitable and timely manner, our reputation could be harmed and our revenue and profit margins may decrease.

Our ability to generate future revenue under many of our significant supply contracts depends upon our ability to manufacture and supply products that meet defined specifications. To realize the benefits of these agreements, we will have to manage the following risks successfully:

- We have priced these contracts on our estimate of future production costs. If we incur higher costs than anticipated, our gross margins on these contracts will decrease and these contracts may not be as profitable as they otherwise may have been.
- If we are unable to commit the necessary resources or are unable to deliver our products as required by the terms of these contracts, our customers may cancel the contracts. In that event, we might not

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recover any costs that we incurred for research and development, sales and marketing, production and otherwise and we may incur additional costs as contractual penalties.

- If we fail to meet a delivery deadline, or a customer determines that the products we delivered do not meet the agreed-upon specifications, we may have to reduce the price we can charge for our products, or we may be liable to pay damages to the customer.

If we are unable to successfully manage these risks or meet required deadlines in connection with one or more of our key contracts, our reputation could be harmed and our business, financial condition, results of operations and liquidity could be materially adversely affected.

If the demand for wireless access to the Internet does not increase, our revenue will continue to decline.

Our financial condition, results of operations and cash flows were adversely affected during 2001 as a result of overall decreases in demand in the marketplace for both wireless products and wireless access services for the transmission of data. Our management believes that this trend will continue for at least the next several quarters. If this trend continues, our financial condition will be further adversely affected. A decrease in our cash flows or our 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 or operating costs, will adversely impact our business, financial condition and results of operations.

The marketability of our products may suffer if wireless telecommunications operators do not deliver acceptable wireless services.

The success of our business depends on the capacity, affordability and reliability of wireless data access provided by various wireless telecommunications operators. Currently, various wireless telecommunications operators such as Verizon Wireless, either directly or jointly with us, sell our products in connection with the sale of their wireless data access services to their customers. Growth in demand for wireless data access may be limited if wireless telecommunications operators cease operations, fail to offer services which customers consider valuable, fail to maintain sufficient capacity to meet demand for wireless data access, delay the expansion of their wireless networks and services, fail to offer and maintain reliable wireless network services or fail to market their services effectively. If any of these occur, or if for any other reason the demand for wireless data access fails to grow, sales of our products will decline and our business, financial condition and results of operations could be materially adversely affected.

In addition, our future growth depends on the successful deployment of next generation wireless data networks by third parties, including those networks for which we currently are developing products. If these next generation networks are not deployed or widely accepted, or if deployment is delayed, there will be no market for the products we are developing to operate on these networks. As a result, we will not be able to recover our research and development expenses and our financial condition and results of operations and liquidity could be materially adversely affected.

We currently rely exclusively on third-party manufacturers to produce our products, and our ability to control their operations is limited.

We currently outsource all our manufacturing to Sanmina Corporation and Solectron de Mexico, S.A. de C.V. We expect to continue to depend exclusively on third-party manufacturers to produce our products in a timely fashion and at satisfactory quality levels. None of these third-party manufacturers is obligated to supply products to us for any specific quantity, except as may be provided in particular purchase orders which we submit to them from time to time. If our third-party manufacturers experience delays, disruptions, capacity constraints or quality control problems in their manufacturing operations, then product shipments to our customers could be delayed, which would negatively impact our revenues and our competitive position and reputation. The cost, quality and availability of third-party manufacturing operations are essential to the

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successful production and sale of our products. Our reliance on our third-party manufacturers exposes us to a number of risks, which are outside our control:

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

If we are unable to manage successfully our relationships with these third-party manufacturers, the quality and availability of our products may be harmed. If any of our third-party manufacturers stopped manufacturing our products or reduced its manufacturing capacity, we may be unable to replace the lost manufacturing capacity on a timely basis. In addition, if any of our third-party manufacturers changed the terms under which they manufacture for us, our manufacturing costs could significantly increase. We generally place orders with our third-party manufacturers at least three months prior to scheduled delivery of products to our customers. Accordingly, if we inaccurately anticipate demand for our products, we may be unable to obtain adequate quantities of components to meet our customers' delivery requirements or we may accumulate excess inventories. If one or more of these events were to occur, our business, financial condition and results of operations could be materially adversely affected by increased costs, reduced revenue and lower profit margins.

If we fail to adopt new technology and fail to develop and introduce new products successfully, we may not be able to compete effectively.

We operate in a highly competitive environment, characterized by rapidly changing technology and industry standards. New products based on emerging technologies or evolving industry standards may quickly render an existing product obsolete and unmarketable. Our growth and future operating results depend in part upon our ability to enhance existing products and introduce newly developed products that conform to prevailing and evolving industry standards, meet or exceed technological advances in the marketplace, meet changing customer requirements, achieve market acceptance and respond to our competitors' products.

The development of new products can be very difficult and requires technological innovation. The development process is also lengthy and costly. In addition, wireless communications service providers require that wireless data systems deployed on their networks comply with their own standards, which may differ from the standards of other providers. If we fail to anticipate our customers' needs and technological trends accurately or are otherwise unable to complete the development of products on time and within budgeted amounts, we will be unable to introduce new products into the market on a timely basis, if at all. If we are unsuccessful at developing and introducing new products that are appealing to consumers, we may be unable to recover our significant research and development costs and our business, financial condition and results of operations could be materially adversely affected. In addition, as we introduce new versions of our products or new products, our current customers may not require the technological innovations of our new products and may not purchase them.

To grow our revenue and achieve profitability, we must retain our current customers and develop new ones. If consumers view our competitors' products as superior to ours, or if our products are unable to meet their expectations or requirements, we may be unable to retain our existing customers or to develop new customers which would materially and adversely effect our business, financial condition and results of operations.

The fluctuation of our quarterly operating results may cause our stock price to decline.

Our future quarterly operating results may fluctuate significantly and may not meet the expectations of securities analysts or investors. If this occurs, the market price of our stock would likely decline. The following factors may cause fluctuations in our operating results:

- *Decreases in revenue or increases in operating expenses.* We budget our operating expenses based on anticipated sales, and a significant portion of our sales and marketing, research and development and general and administrative costs are fixed, at least in the short term. If revenue decreases and we are unable to reduce our operating costs quickly and sufficiently, our operating results could be materially adversely affected. We have entered into and expect to continue to enter into significant customer contracts for the development and supply of our products. We expect to incur significant research and development, sales and marketing and other costs relating to the development, manufacture and sale of these products prior to receiving revenue from these contracts.
- *Product mix.* The product mix of our sales affects profit margins in any given quarter. As our business evolves and the revenue from the product mix of our sales varies from quarter to quarter, our operating results will likely fluctuate.
- *New product introductions.* As we introduce new products, the timing of these introductions will affect our quarterly operating results. We may have difficulty predicting the timing of new product introductions and the market acceptance of these new products. If products and services are introduced earlier or later than anticipated, or if market acceptance is unexpectedly high or low, our quarterly operating results may fluctuate unexpectedly. Our quarterly operating results also fluctuate because we incur substantial upfront research and development, sales and marketing, production and other costs to support new product introductions prior to the periods in which we will recognize revenue from new products.
- *Use of supply contracts with customers.* We rely on long-term supply contracts with our distributor customers. These contracts typically have minimum purchase volumes, and also typically include a non-binding, forward-looking rolling forecast and allow the customer to make certain volume changes within specified periods of time in advance of scheduled production dates. We use these forecasts for internal planning of material procurement and required manufacturing capacity, but cannot predict with certainty incoming orders or changes in forecasts. Our operating results may fluctuate as a result of deviations from forecasted amounts, the timing of substantial orders, decreases in orders, failure to fulfill orders, possible delays or shortages in component supplies, or possible delays in the manufacture or shipment of current or new products.
- *Lengthy sales cycle.* In addition, the length of time between the date of initial contact with a potential customer and the execution of a contract may take several months, and is subject to delays over which we have little or no control. The sale of our products is subject to delays from our customers' budgeting, approval and competitive evaluation processes that typically accompany significant information technology purchasing decisions. For example, customers frequently begin by evaluating our products on a limited basis and devote time and resources to testing our products before they decide whether or not to purchase a product. We commit substantial time and resources to educate potential customers on the use and benefits of our products. Customers may also defer orders as a result of anticipated releases of newer or enhanced products by us or our competitors. As a result, our ability to anticipate the timing and volume of sales to specific customers is limited, and the delay or failure to complete one or more large transactions could cause our operating results to vary significantly from quarter to quarter.

We believe that quarter-to-quarter comparisons of our operating results will not necessarily be meaningful in predicting our future performance. If we do not achieve our expected revenue, it is possible that our operating results will fall below the expectations of market analysts or investors in some future quarter or quarters. Our failure to meet these expectations would likely adversely affect the trading price of our common stock.

We depend upon a small number of our customers for a substantial portion of our revenue.

A significant portion of our revenue comes from a small number of customers. Our top ten customers for the year ended December 31, 2000 and the nine months ended September 30, 2001 accounted for approximately 78.7% and 73.5% of our revenue, respectively. OmniSky, @Road and GoAmerica accounted for 45.4%, 8.7% and 5.6% of our revenue, respectively, for the year ended December 31, 2000. Hewlett Packard, Metricom and @Road accounted for 15.6%, 14.9% and 10.5% of our revenue, respectively, for the nine months ended September 30, 2001. We expect that a small number of customers will continue to account for a substantial portion of our revenue for the foreseeable future. Our business was impacted adversely by the bankruptcy of Metricom, which filed for bankruptcy in July 2001. Sales to Metricom accounted for 16.8% of our revenue for the six months ended June 30, 2001. On December 7, 2001, OmniSky issued a press release announcing that it had signed a purchase agreement to sell substantially all of its assets and that OmniSky intended to voluntarily file for bankruptcy. If there is a downturn in the business of one or more of these customers, if one or more of these customers files for bankruptcy or becomes insolvent, if we are unable to continue to retain their business, or if we are unable to diversify our customer base, our revenue may decline.

We depend on sole source suppliers for some of our components, and our product availability and sales would be harmed if these suppliers are not able to meet our demand and alternative sources are not available.

Our products contain a variety of components, many of which are procured from single suppliers. These components include both tooled parts and industry-standard parts, many of which are used in cellular telephone handsets. Currently, some components and certain integrated circuits are in short supply worldwide due to the explosive growth in demand for cellular-telephone handsets. If the shortage of these components or any other key components persists or worsens, we may not be able to deliver sufficient quantities of our products to satisfy demand. The cost, quality and availability of components are essential to the successful production and sale of our products. Some of these components come from sole or single source suppliers for which alternative sources may not be available. If suppliers are unable to meet our demand for sole source components and if we are unable to obtain an alternative source or if the price for a substitute is prohibitive, our ability to maintain timely and cost-effective production of our products would be seriously harmed.

If we fail to develop and maintain strategic alliances, we may not be able to penetrate new markets.

A key element of our business strategy is to penetrate new markets by developing new products through strategic alliances with leading companies. We are currently investing, and plan to continue to invest, significant resources to develop these relationships. We believe that our success in penetrating new markets for our products will depend in part on our ability to maintain these relationships and to cultivate additional or alternative relationships. We cannot assure you that we will be able to develop additional strategic alliances, that existing relationships will be successful in achieving their purposes or that strategic partners will not form competing arrangements.

Any further reduction in demand for handheld computing devices or for our products designed for those devices may harm our business.

A significant amount of our revenue is generated by our products for handheld computing devices and portable PCs. The demand for handheld computing devices and portable PCs has decreased significantly in the past twelve months and we cannot assure you that the demand for those devices will increase in the future. In addition, certain recent models of handheld computing devices and portable PCs include internal wireless modems installed by the manufacturer which reduce the need for consumers to purchase our wireless modem products. If demand for handheld computing devices and portable PCs declines or as more consumers purchase handheld computing devices and PCs with internal wireless modems, the demand for our products will materially decrease and our revenue will decline.

We may not be able to maintain and expand our business if we are not able to hire, retain and manage additional qualified personnel.

Our success in the future depends in part on the continued contribution of our executive, technical, engineering, sales, marketing, manufacturing and administrative personnel. Recruiting and retaining skilled personnel, including software and hardware engineers, is highly competitive, especially in the San Diego area. Most of our senior management and other key personnel are not bound by employment agreements. If we are not able to attract or retain qualified personnel in the future, or if we experience delays in hiring required personnel, particularly qualified engineers, we will not be able to maintain and expand our business.

Any acquisitions we make could disrupt our business and harm our financial condition and results of operations.

As part of our business strategy, we intend to review on an ongoing basis acquisition opportunities that we believe would be advantageous to the development of our business. While we have no current agreements or current discussions with respect to any acquisitions, we may acquire businesses, products, or technologies in the future. If we make any acquisitions, we could take any or all of the following actions, any one of which could adversely affect our business, financial condition, results of operations and the price of our common stock:

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

Acquisitions also entail numerous risks, including: difficulties in assimilating acquired operations, products and personnel; unanticipated costs; diversion of management's attention from other business concerns; adverse effects on existing business relationships with suppliers and customers; risks of entering markets in which we have limited or no prior experience; and potential loss of key employees from either our preexisting business or the acquired organization. We may not be able to successfully integrate any businesses, products, technologies or personnel that we might acquire in the future, and our failure to do so could harm our business and operating results.

Our future results could be harmed by risks associated with international sales and operations.

We plan to expand our international sales and marketing activities in the future. We have limited experience in marketing, selling, distributing and manufacturing our products and services internationally. For the year ended December 31, 2000 and the nine months ended September 30, 2001, approximately 7% and 8.5%, respectively, of our revenue was derived from international accounts. As we expand international sales, we expect to become subject to a number of risks, which may increase our costs, lengthen our sales cycle and require significant management attention. These risks associated with doing business internationally generally include:

- changes in foreign currency exchange rates;
- changes in a specific country's or region's political or economic conditions, particularly in emerging markets, and changes in diplomatic and trade relationships;
- less effective protection of intellectual property;
- trade protection measures and import or export licensing requirements;
- potentially negative consequences from changes in tax laws;
- increased expenses associated with customizing products for foreign countries;
- unexpected changes in regulatory requirements resulting in unanticipated costs and delays;
- longer collection cycles and difficulties in collecting accounts receivable; and
- difficulty in managing widespread sales and research and development operations.

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Our sales and invoices are currently denominated in U.S. dollars. In the future, however, we may record sales and invoice customers in the applicable local foreign currency. If that occurs, we may be exposed to international currency fluctuations.

The wireless communications market is highly competitive and we may be unable to compete effectively.

We compete in the wireless communications markets. The markets for wireless data access products are highly competitive and we expect competition to increase. Many of our competitors or potential competitors have significantly greater financial, technical and marketing resources than we do. These competitors may be able to respond more rapidly than we can to new or emerging technologies or changes in customer requirements. They also may devote greater resources than we do to the development, promotion and sale of their products.

Many of our competitors have more extensive customer bases and broader customer relationships and industry alliances that they could leverage to establish relationships with many of our current and potential customers. These companies also have significantly more established customer support and professional services organizations. In addition, these companies may adopt aggressive pricing policies or offer more attractive terms to customers, may bundle their competitive products with broader product offerings and may introduce new products and enhancements. Current and potential competitors may establish cooperative relationships among themselves or with third parties to enhance their products. As a result, it is possible that new competitors or alliances among competitors may emerge and rapidly acquire significant market share.

Our wireless communications products compete with a variety of devices, including wireless modems, traditional wired modems, wireless handsets, wireless handheld computing devices and other wireless devices. Our current and potential competitors include:

- wireless modem manufacturers, such as Sierra Wireless, Wavecom, Option, NextCell and Tellus;
- traditional wired modem manufacturers, such as 3Com and Xircom;
- wireless device manufacturers, such as Handspring, Palm and Research in Motion (Blackberry);
- wireless handset manufacturers and next generation wireless technology providers, such as Ericsson, Motorola, Kyocera and Nokia; and
- non-CDPD private communications network providers, such as Emotiant and Bell South.

We expect our competitors to continue to improve the performance of their current products and to introduce new products, services and technologies. Successful new product introductions or enhancements by our competitors could reduce our sales and the market acceptance of our products, cause intense price competition and make our products obsolete. To be competitive, we must continue to invest significant resources in research and development, sales and marketing, and customer support. We cannot be sure that we will have sufficient resources to make these investments or that we will be able to make the technological advances necessary to remain competitive. Increased competition could result in price reductions, fewer customer orders, reduced margins and loss of our market share. Our failure to compete successfully could seriously harm our business, financial condition and results of operations.

Our products may contain errors or defects, which could decrease their market acceptance.

Our products are technologically complex and must meet stringent user requirements. We must develop our software and hardware products quickly to keep pace with the rapidly changing and technologically advanced wireless communications market. Products as sophisticated as ours may contain undetected errors or defects, especially when first introduced or when new models or versions are released. Our products may not be free from errors or defects after commercial shipments have begun, which could result in the rejection of our products, damage to our reputation, lost revenues, diverted development resources, and increased customer service and support costs and warranty claims.

We could incur substantial costs defending our intellectual property from infringement or a claim of infringement.

Our success depends in large part on our proprietary technology. We rely on a combination of patents, copyrights, trademarks and trade secrets, confidentiality provisions and licensing arrangements to establish and protect our proprietary rights. We may be required to spend significant resources to monitor and police our intellectual property rights. Before we do so, we may not be able to detect infringement and we may lose competitive position in the market. Intellectual property rights also may be unavailable or limited in some foreign countries, which could make it easier for competitors to capture market share. The unauthorized use of our technology by competitors could have a material adverse effect on our ability to sell our products in some markets.

Although we are not currently involved in any intellectual property litigation, we may be a party to litigation in the future either to protect our intellectual property or as a result of an alleged infringement of others' intellectual property. These claims and any resulting litigation could subject us to significant liability for damages and could cause our proprietary rights to be invalidated. Litigation, regardless of the merits of the claim or outcome, would likely be time-consuming and expensive to resolve and would divert management time and attention away from the operation of our business. Any potential intellectual property litigation could also force us to do one or more of the following:

- stop using the challenged intellectual property and refrain from selling our products or services that incorporate it;
- obtain a license to use the challenged intellectual property or to sell products or services that incorporate it, which license may not be available on reasonable terms, or at all; and
- redesign those products or services that are based on or incorporate the challenged intellectual property.

If we are forced to take any of the foregoing actions, we may be unable to manufacture and sell our products, and our business, financial condition and results of operations may be materially adversely affected.

We may not be able to develop products that comply with applicable government regulations.

Our products must comply with government regulations. For example, in the United States, the Federal Communications Commission (the "FCC") regulates many aspects of communications devices, including radiation of electromagnetic energy, biological safety and rules for devices to be connected to the telephone networks. Radio frequency devices, which include our modems, must be approved under the above regulations by obtaining equipment authorization from the FCC prior to being offered for sale. Additionally, we cannot anticipate the effect that changes in government regulations may have on our ability to develop products in the future. Failure to comply with existing or evolving government regulations or to obtain timely regulatory approvals or certificates for our products could materially adversely affect our business, financial condition and results of operations. An inability or delay in obtaining FCC authorization could result in a decline in future revenue.

Terrorist attacks have contributed to economic instability in the United States; continued terrorist attacks, war or other civil disturbances could lead to further economic instability and depress our stock price.

On September 11, 2001, the United States was the target of terrorist attacks of unprecedented scope. These attacks have caused instability in the global financial markets, and have contributed to downward pressure on stock prices of United States publicly traded companies, such as us. This instability has resulted in a slowdown in the employment sector as companies assessed the impact of the attacks on their operations and on their employment needs. These attacks may lead to armed hostilities or to further acts of terrorism and civil disturbances in the United States or elsewhere, which may further contribute to economic instability in the United States and could have a material adverse effect on our business, financial condition and operating results.

RISKS RELATED TO THIS OFFERING

Our stock price could be adversely affected by shares becoming available for sale under Rule 144 and as a result of registration rights agreements we have entered into with some of our stockholders.

Some of our current stockholders hold a substantial number of shares which they will be able to sell in the public market in the near future. Sales of a substantial number of shares of our common stock under Rule 144, or the perception that these sales may occur, could cause the trading price of our common stock to fall and could impair our ability to raise capital through the sale of additional equity securities. In addition, we have entered into registration rights agreements with some investors that entitle these investors to have their shares registered for sale in the public market. The exercise of these rights could affect the market price of our common stock. See “Shares Eligible for Future Sale” for further information concerning potential sales of our shares after this offering, including information concerning Rule 144 and the registration rights we have granted.

The quoted market price of our common stock is volatile, and we cannot assure you that our stock price will not decline.

The market price of our common stock could be subject to significant fluctuations after this offering as a result of numerous factors, many of which are beyond our control. Among the factors that could affect our stock price are:

- quarterly variations in our operating results;
- changes in revenue or earnings estimates or publication of research reports by analysts;
- speculation in the press or investment community about our business or the wireless communications industry generally;
- changes in market valuations of similar companies and stock market price and volume fluctuations generally;
- strategic actions by us or our competitors such as acquisitions or restructurings;
- regulatory developments;
- additions or departures of key personnel;
- general market conditions, including the effect of market conditions on our customers and suppliers; and
- domestic and international economic factors unrelated to our performance.

The stock markets in general, and the markets for high technology stocks in particular, have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock.

Anti-takeover provisions in our charter documents and under Delaware law could prevent or delay a change in control in our company.

Our certificate of incorporation and bylaws contain anti-takeover provisions that could prevent or delay an acquisition of our company at a premium price. These provisions:

- provide for a staggered board;
- prevent stockholders from taking action by written consent;
- limit the persons who may call special meetings of stockholders; and
- authorize our board of directors to approve the issuance of undesignated preferred stock without stockholder approval.

In addition, Delaware law imposes some restrictions on mergers and other business combinations between us and any holder of 15% or more of our common stock.

Our directors, executive officers and existing stockholders and their affiliates will continue to have substantial control over our company after this offering, and their interests may differ from and conflict with yours.

Upon completion of this offering, our executive officers, directors and principal stockholders will beneficially own, in total, 31.34% of our outstanding common stock. As a result, these stockholders, whose interests may be different from and may conflict with yours, will be able to influence matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This could have the effect of delaying or preventing a change of control of our company or otherwise cause us to take action that may not be in the best interests of all stockholders, either of which in turn could reduce the market price per share of our common stock.

Your ownership interest may be materially diluted upon conversion of Series A Preferred Stock.

Holders of Series A Preferred Stock are entitled to convert their shares into shares of common stock. The holders of common stock will be materially diluted by conversion of the Series A Preferred Stock which dilution will depend on, among other things, the future market price of our common stock and the decisions by holders of the Series A Preferred Stock as to when to convert the shares. If all 27,172 shares of Series A Preferred Stock were converted at the initial conversion price of \$0.77 per share (which represents the average quoted per share price of the common stock for the 20 trading-day period ending December 12, 2001, the day the commitment letter for the offering of the Series A Preferred Stock was executed, less a discount of 13.5%) and all outstanding Investor Warrants issued with those shares were exercised on the first date on which the Series A Preferred Stock may be converted, at an initial exercise price of \$1.20 per share, we would issue a total of approximately 45,874,804 shares of common stock. See "Description of Capital Stock."

Your ownership interest may be materially diluted upon exercise of options and warrants.

As of December 31, 2001, we had granted options to purchase an aggregate of 9,136,874 shares of common stock at exercise prices ranging from \$0.42 per share to \$12.88 per share, with a weighted average exercise price of \$4.93 per share, and warrants to purchase an aggregate of 10,804,593 million shares (excluding the Investor Warrants) of common stock at exercise prices ranging from \$0.67 per share to \$3.79 per share, with a weighted average exercise price of \$1.16 per share. To the extent that all the stock options and warrants are exercised, material dilution of the ownership interest of our stockholders will occur. We also expect that in the ordinary course of our business we will issue additional warrants and grant additional stock options including, but not limited to, options granted pursuant to our stock option plans. You should note that the recent trading prices of the common stock significantly exceed our book value for financial accounting purposes. See "Description of Capital Stock" and "Shares Available for Future Sale."

USE OF PROCEEDS

We will not receive any proceeds from the sale of shares of the common stock by the selling stockholders. However, certain of the shares of common stock offered hereby are issuable in the future upon the exercise of the Investor Warrants issued in connection with the 2001 Private Placement and the payment consideration of \$1.20 per share. If all of the Investor Warrants are exercised, we will receive aggregate gross proceeds of approximately \$12.7 million. In addition, if all of the approximately 10,804,593 shares of common stock issuable upon the exercise of warrants issued in other private placement transactions are exercised, we will receive gross proceeds of approximately \$12.5 million in the aggregate. We expect to use the proceeds from the exercise of the warrants and options, if any, for general corporate purposes. See "Description of Capital Stock."

RECENT DEVELOPMENTS

In December 2001, we completed a private placement transaction in which we received gross proceeds of \$27,172,000 in connection with the issuance of 27,172 shares of Series A Preferred Stock. In connection with the 2001 Private Placement, we issued Investor Warrants to purchase 10,586,493 shares of common stock. The number of shares of common stock issuable upon conversion of the Series A Preferred Stock and upon exercise of the Investor Warrants is subject to adjustment in the event of a stock split, stock dividend or similar transaction. See "Description of Capital Stock." As a result of the 2001 Private Placement, we should have sufficient working capital to allow us to continue operations for the next 12 months.

In November 2001, we entered into a variable credit facility with Silicon Valley Bank, Commercial Finance Division. Currently, the credit limit is equal to:

- the lesser of: (i) \$10,000,000 at any one time outstanding; or (ii) 80% of the amount of our receivables arising from the ordinary course of our business.

This credit facility bears interest at prime plus 2% (6.75% at January 15, 2002), is secured by our inventory, equipment, receivables, general intangibles, proceeds and products, and expires on November 27, 2002. This line of credit is cancelable at any time by us prior to the expiration date with proper notice and payment of an early termination fee. As of January 18, 2002, \$727,858 of borrowings were outstanding under this facility and we had available borrowings equal to \$4,125,056. In connection with this facility, we issued Silicon Valley Bank warrants to acquire 500,000 shares of our common stock at an initial exercise price of \$0.74 per share. The warrants expire on November 29, 2008.

We and certain of our officers and directors were sued along with the underwriters to our initial public offering in a suit filed November 20, 2001 in United States District Court for the Southern District of New York. We were recently served with the complaint and have not appeared in the action. The complaint alleges that the defendants violated federal securities laws by issuing and selling common stock pursuant to our initial public offering without disclosing to investors that some of the underwriters in the offering, including the lead underwriters, had solicited and received undisclosed and excessive commissions from certain investors. Similar lawsuits have been filed with respect to a large number of companies, which completed their initial public offerings in 1999 and 2000. The progress and possible settlement of the litigation will depend heavily on the coordinated progress of all of the related lawsuits that have been filed in the Southern District of New York, including certain test cases against selected issuers. We believe that the claims alleged in the lawsuit are primarily directed at the underwriters of our initial public offering and, as they relate to us, are without merit. We intend to defend the lawsuit vigorously.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our common stock. We currently intend to retain any future earnings to finance the growth and development of our business. Therefore, we do not anticipate that we will declare or pay any cash dividends on our common stock in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of our board of directors and will be dependent upon our financial condition, results of operations, capital requirements, restrictions under any existing indebtedness and other factors the board of directors deems relevant.

SHARES AVAILABLE FOR FUTURE SALE

Upon completion of the offering, we will have 101,018,566 shares of common stock outstanding, assuming no exercise of options after December 31, 2001 and assuming the issuance of 46,374,804 shares of common stock issuable upon conversion of the Series A Preferred Stock and exercise of the warrants covered by this prospectus. Of this amount, 81,450,503 shares, including the 46,374,804 shares offered by this prospectus, will be freely tradable without restriction in the public market unless purchased by our "affiliates" as that term is defined in Rule 144 under the Securities Act. Any shares purchased by an affiliate may not be resold except pursuant to an effective registration statement or an applicable exemption from registration, including an exemption under Rule 144 of the Securities Act.

In general, under Rule 144 as currently in effect, a person who has beneficially owned shares for at least one year is entitled to sell, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the then outstanding shares of common stock, which will be approximately 1,010,186 shares upon completion of this offering; or
- the average weekly trading volume during the four calendar weeks preceding the sale.

A person who is not deemed to have been an affiliate of ours at any time during the 90 days immediately preceding the sale and who has beneficially owned his, her or its shares for at least two years is entitled to sell his, her or its shares under Rule 144(k) without regard to the volume limitations described above. Persons deemed to be affiliates are subject to the volume limitations, even after the applicable holding periods have been satisfied. We are unable to estimate the number of our common shares that may be sold under Rule 144 because this will depend on the market price for our common stock, the personal circumstances of the sellers and other factors. Any future sale of substantial amounts of our common stock in the open market may adversely affect the market price of our common stock.

At December 31, 2001, options to purchase 9,136,874 shares of our common stock were outstanding under our stock option plans, 3,831,044 of which were exercisable. Of these shares, 681,119 shares are issuable upon exercise of options held by non-affiliates and may be resold without restriction pursuant to our effective registration statement on Form S-8.

Also, as of December 31, 2001, approximately 10,804,593 shares of common stock were issuable upon exercise of presently outstanding warrants. These shares are entitled to certain registration rights, and upon the effectiveness of an applicable registration statement, would be eligible for resale without restriction. Until a registration statement covering these shares is effective, these shares of common stock would be tradable subject to the holding period restrictions under, and compliance with the other requirements of, Rule 144 discussed above.

No predictions can be made as to the effect that sales of common stock under Rule 144, pursuant to a registration statement or otherwise, or the availability of shares of common stock for sale, will have on the market price prevailing from time to time. Sales of substantial amounts of common stock in the public market, or the perception that these sales could occur, could adversely affect prevailing market prices and could impair our future ability to raise capital through an offering of our equity securities. See "Risk Factors."

SELLING STOCKHOLDERS

The following table sets forth information with respect to each selling stockholder's beneficial ownership of our common stock as of December 31, 2001 and as adjusted to reflect the sale of common stock offered by this prospectus. Except as otherwise indicated, to our knowledge, all persons listed below have sole voting and investment power with respect to their securities, except to the extent that authority is shared by spouses under applicable law or as otherwise noted below. The information in the table concerning the selling stockholders who may offer common stock under this prospectus from time to time is based on information provided to us by these securityholders, except for the conversion price of shares of Series A Preferred Stock into common stock and the exercise ratio of the Investor Warrants. Information concerning these selling stockholders may change from time to time and any changes of which we are advised will be set forth in a prospectus supplement to the extent required. See "Plan of Distribution."

Each stockholder's percentage ownership in the following table is based on 54,643,762 shares of common stock issued and outstanding as of December 31, 2001. For purposes of calculating each stockholder's percentage ownership, all options and warrants exercisable on or before March 1, 2002 held by the particular stockholder are treated as outstanding shares, but are not deemed outstanding for purposes of computing the percentage ownership of any other person. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to shares.

Selling Stockholder	Shares of Common Stock Beneficially Owned Prior to this Offering	Shares of Common Stock Being Offered	Shares of Common Stock Beneficially Owned After this Offering	
	Number	Number	Number	Percentage
Aether Capital LLC(1)	9,238,845	5,064,933	4,173,912	7.54%
Alpha Capital AG	422,077	422,077	*	*
Bank of Montreal Capital Corp.(2)	5,635,460	1,688,312	3,947,148	7.09
Cornerstone Equity Investors IV, L.P.(3)	12,583,230	5,064,933	7,518,297	13.45
GMN Investors II, L.P.	2,982,152	1,266,233	1,715,919	3.12
Louis, Robin	140,865	42,207	98,658	*
The Lynch Foundation	658,441	658,441	*	*
Peter S. Lynch and Carolyn A. Lynch JROS	604,416	604,416	*	*
Lynch Children's Trust FBO Anne Lynch	79,350	79,350	*	*
Lynch Children's Trust FBO Elizabeth Lynch	79,350	79,350	*	*
Lynch Children's Trust FBO Mary Lynch	79,349	79,349	*	*
Peter S. Lynch Charitable Lead Annuity Trust	38,831	38,831	*	*
Peter S. Lynch Charitable Trust	38,831	38,831	*	*
Peter and Carolyn Lynch Charitable Remainder Trust	278,570	278,570	*	*
Major, John E.(4)	2,173,968	422,077	1,751,891	3.11
Marco Polo Industries Co. Ltd.(5)	3,854,606	650,000	3,204,606	5.81
McCabe, Anne E.	67,532	67,532	*	*
McCabe, George F.	126,623	126,623	*	*
Millet, David F.	253,246	253,246	*	*
Mitgang, Michael	132,439	84,415	48,024	*
Newton, Sarah B.	168,831	168,831	*	*
Pequot Navigator Offshore Fund Inc.	844,155	844,155	*	*
Pequot Scout Fund L.P.	1,688,311	1,688,311	*	*
Pilot Ventures Trust	422,077	422,077	*	*

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Selling Stockholder	Shares of Common Stock Beneficially Owned Prior to this Offering	Shares of Common Stock Being Offered	Shares of Common Stock Beneficially Owned After this Offering	
	Number	Number	Number	Percentage
Randolph Street Partners III — Tranche C	131,726	75,973	55,755	*
Randolph Street Partners 1998 DIF, LLC	155,688	50,649	105,039	*
RS Emerging Growth Pacific Partners Master Fund Unit Trust	4,322,078	4,322,078	*	*
RS Emerging Growth Pacific Partners Onshore L.P.	199,219	199,219	*	*
RS Emerging Growth Partners L.P.	97,921	97,921	*	*
RS Emerging Growth Premium Partners L.P.	449,090	449,090	*	*
The RS Information Age Fund	2,161,038	2,161,038	*	*
RS Internet Age Fund	1,215,584	1,215,584	*	*
Silicon Valley Bank	500,000	500,000	*	*
Special Situations Cayman Fund L.P.	1,750,519	1,730,519	*	*
Special Situations Fund III L.P.	5,191,558	5,191,558	*	*
Special Situations Private Equity Fund L.P.	2,363,635	2,363,635	*	*
Special Situations Technology Fund L.P.	1,688,311	1,688,311	*	*
Triton West Group, Inc.	3,376,622	3,376,622	*	*
Ventures West Investments Ltd.(2)	845,326	253,246	592,080	1.08
WEC Asset Management LLC	1,689,311	1,688,311	*	*
Wireless Equities	844,155	844,155	*	*
Znaimer, Sam(2)	112,696	33,766	78,930	*

* Represents less than 1.0% of the outstanding Common Stock.

- (1) David S. Oros, one of Novatel’s directors, serves as Chairman, Chief Executive Officer and President of Aether Systems, Inc., which is the sole member of Aether Capital, LLC, the record holder of these securities. Mr. Oros holds voting and investment control over these securities and disclaims beneficial ownership of these securities except to the extent of his pecuniary interest.
- (2) Bank of Montreal Capital Corporation and Ventures West Investments Limited are both controlled by Ventures West Capital Ltd. Sam Znaimer, one of Novatel’s former directors, is a senior vice president and a member of the board of directors of Ventures West Capital Ltd.
- (3) Robert Getz and Mark Rossi, two of Novatel’s directors, are each a Managing Director of Cornerstone Equity Investors, LLC. Cornerstone Equity Investors IV, L.P., the record holder of these securities, is an investment fund whose managing general partner is Cornerstone Equity Investors, LLC. Mr. Getz and Mr. Rossi hold voting and investment control over these securities and each disclaims beneficial ownership of these securities except to the extent of his respective pecuniary interest.
- (4) John E. Major is the Chairman of the board of directors and Chief Executive Officer of Novatel.
- (5) Horst Pudwill, one of our former directors, owns a limited partnership interest in Marco Polo Industries Co., Ltd., an investment firm. Mr. Pudwill holds voting and investment control over these securities and disclaims beneficial ownership of these securities except to the extent of his pecuniary interest.

DESCRIPTION OF CAPITAL STOCK

Our certificate of incorporation authorizes the issuance of 365,000,000 shares of capital stock, of which 350,000,000 shares are designated as common stock, par value \$.001 per share, and 15,000,000 shares are designated as Preferred Stock, 30,000 of which have been designated as Series A Preferred Stock. As of

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December 31, 2001, 54,643,762 shares of common stock (net of treasury shares) were issued and outstanding and 27,712 shares of Series A Preferred Stock were issued and outstanding.

Common Stock

Holders of common stock are entitled to one vote for each share held of record on each matter submitted to a vote of stockholders. Subject to preferences that may be applicable to any outstanding preferred stock, holders of common stock are entitled to receive ratably dividends as may be declared by our Board of Directors from funds legally available for that purpose. In the event of a liquidation, dissolution or winding up, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and subject to the prior distribution rights of any outstanding preferred stock. Our common stock carries no preemptive or conversion rights or other subscription rights and there are no redemption or sinking fund provisions applicable to it.

Section 2115 of the California Corporations Code (the "California Law") provides that a corporation incorporated in a state other than California (such as our company, which is incorporated in Delaware) may nevertheless be subject to certain of the provisions of the California Law (as specified in Section 2115 of the California Law) applicable to California corporations (commonly designated a "Quasi-California Corporation") if more than one-half of its outstanding voting securities are owned of record by persons having addresses in California and more than half of its business is conducted in California (generally, if the average of its property factor, payroll factor and sales factor (as defined in Sections 25129, 25132 and 25134 of the California Revenue and Taxation Code) is more than 50 percent during its latest full income year). However, a foreign corporation will not be treated as a Quasi-California Corporation if it has outstanding securities designated as qualified for trading on The Nasdaq Stock Market or any successor thereto. Our common stock is qualified to trade on The Nasdaq Stock Market, and thus Section 2115 is not presently applicable to us.

Preferred Stock

Our board of directors, without the approval of the holders of the common stock, is authorized to designate for issuance up to 15,000,000 shares of preferred stock, in any series and with any rights, privileges and preferences as our board of directors may from time to time determine. As of the date of this prospectus, 30,000 of these shares have been designated as Series A Preferred Stock, 27,172 of which are issued and outstanding.

Series A Preferred Stock. Each share of Series A Preferred Stock is entitled to receive cumulative dividends, payable commencing as of the date of issuance and thereafter quarterly on January 1, April 1, July 1 and October 1 of each year, when and as declared by our board of directors at the initial rate of 8.0% per annum, compounded quarterly, of the purchase price paid per share of Series A Preferred Stock in preference to any payment made on any shares of common stock. However, the dividend rate on the Series A Preferred Stock will be reduced to the rate of 6.5% per annum following stockholder approval of the issuance of Series A Preferred Stock and Investor Warrants (the "2001 Private Placement Issuances"), if obtained. In addition, each share of Series A Preferred Stock will share in all ordinary dividends or distributions, except for liquidating distributions, declared or paid on the common stock on an as-converted basis. Each share of Series A Preferred Stock is also entitled to a liquidation preference of \$1,000.00 per share (the "Liquidation Preference"), plus any accrued but unpaid dividends, in preference to any other class or series of our capital stock.

The Series A Preferred Stock will be convertible, at the option of the holder at any time, into the number of shares of common stock as is determined by dividing the Liquidation Preference plus an amount equal to all accrued and unpaid dividends by the "conversion price," which is initially \$0.77 per share of common stock, as may be adjusted from time to time as a result of stock dividends, distributions payable in common stock, stock splits, reverse stock splits, recapitalizations, reclassifications, combinations or exchanges of shares, separations, reorganizations, liquidations or the like. Following any of the events listed in the previous sentence, the conversion price and the number of shares of common stock issuable upon conversion of the Series A

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Preferred Stock in effect immediately prior to those events will, concurrently with the effectiveness of those events, be proportionately decreased or increased, as appropriate.

If we declare or pay a dividend or other distribution to holders of common stock payable in securities other than common stock, the holders of Series A Preferred Stock will receive upon conversion, in addition to the entitled number of shares of common stock, the amount of securities they would have received had they converted prior to the dividend or distribution. Similarly, if the common stock issuable upon conversion of the Series A Preferred Stock is changed into the same or a different number of shares of any class or classes of stock by capital reorganization, reclassification, or otherwise, the holders of the Series A Preferred Stock will receive upon conversion the securities they would have received had they converted prior to the reorganization or reclassification. Further, if we sell substantially all of our assets or merge or consolidate with or into another entity, the Series A Preferred Stock will 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 deliverable upon conversion of Series A Preferred Stock would have been entitled to receive upon sale, consolidation or merger based on the Conversion Price, effective during the sale, consolidation or merger.

Notwithstanding the foregoing, if stockholder approval is not obtained for the 2001 Private Placement Issuances, the aggregate number of shares of common stock issuable upon conversion of the Series A Preferred Stock and exercise of the Investor Warrants will be limited under our listing agreement with The Nasdaq Stock Market. If this occurs, we will be permitted to issue only up to an aggregate of approximately 10,869,000 shares of common stock upon conversion of shares of Series A Preferred Stock and exercise of the Investor Warrants (the "Nasdaq Cap").

On or at any time following the earliest of:

- the sale or merger of our company wherein a change of control occurs,
- December 21, 2008; and
- (A) the 30th day following the day we may first distribute definitive proxy statements to stockholders under Rule 14a-6 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), if the SEC does not review our preliminary proxy statement, or (B) the 90th day following the notification by the SEC of its review of our preliminary proxy statement, if stockholder approval of the 2001 Private Placement Issuances is not obtained by the applicable date,

then each holder of Series A Preferred Stock may elect to have us redeem any outstanding shares of Series A Preferred Stock, to the extent we have funds legally available for the redemption, and in the case of the events described in the third bullet above, to the extent that the shares of Series A Preferred Stock could not then be converted into shares of common stock under the Nasdaq Cap. If funds are then legally available, the redeeming holder of Series A Preferred Stock will receive an amount equal to:

- the number of shares of Series A Preferred Stock submitted for redemption multiplied by
- the Liquidation Preference plus all accrued but unpaid dividends thereon, through the date of redemption, whether or not declared.

However, a holder of Series A Preferred Stock will not be entitled to redemption as a result of a sale or merger if the change of control results from the acquisition by that holder of Series A Preferred Stock or that holder's affiliates of beneficial ownership of our securities representing more than 50% of the voting power.

We may elect to redeem, in whole or in part, outstanding shares of the Series A Preferred Stock on a pro rata basis among the holders of the Series A Preferred Stock at a redemption price per share equal to the Liquidation Preference plus all accrued but unpaid dividends thereon, provided that:

- the registration statement of which this prospectus is a part is effective;
- the average of the closing prices of the common stock as reported by The Nasdaq Stock Market over the 20 consecutive trading-day period ending not more than five business days prior to our notice of

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redemption is greater than or equal to the product of (x) the Series A Conversion Price in effect on the last day of the 20 consecutive trading-day period and (y) 2.50; and

- during the period beginning on the date of our notice of redemption and ending on the redemption date:
 - we have not received any request from the SEC or any other federal or state governmental authority for amendments or supplements to the registration statement or this prospectus or for additional information;
 - no stop order suspending the effectiveness of the registration statement or the initiation of any proceedings for that purpose has been issued by the SEC or any other federal or state governmental authority;
 - we have not 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 that purpose; and
 - there has not occurred any event or circumstance which would necessitate the making of any changes in the registration statement or this prospectus, or any document incorporated or deemed to be incorporated therein or herein by reference, so that, in the case of the registration statement, it does 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 this prospectus, it does not contain any untrue statement of a material fact or any omission to state a material fact required to be stated or necessary to make the statements, in the light of the circumstances under which they were made, not misleading.

The holders of Series A Preferred Stock will be entitled to notice of any meeting of our stockholders and will vote together with the holders of common stock as a single class upon any matter submitted to the stockholders for a vote, on an as-converted basis as of the record date of the vote or upon the date of the written consent. Notwithstanding the foregoing, the voting power of holders of the Series A Preferred Stock will be limited until we have obtained stockholder approval. If stockholder consent is not obtained, each holder of shares of Series A Preferred Stock will have that number of votes equal to the product of:

- the number of whole shares of common stock into which each of the share of Series A Preferred Stock could be converted as of the record date of the vote or upon the date of the written consent is convertible and
- a fraction, the numerator of which is equal to the Nasdaq Cap less the sum of (A) the total number of shares of common stock issued to date upon conversion and (B) the total number of shares of common stock issued to date upon exercise of the Investor Warrants, and the denominator of which is equal to the total number of shares of common stock issuable upon conversion of all shares of Series A Preferred Stock originally issued.

The holders of Series A Preferred Stock will also have a right to participate in our future issuances of any shares of capital stock or securities convertible into or exercisable for any shares of, any class of our capital stock, subject to certain limitations and exceptions.

Warrants

As of December 31, 2001, there were warrants outstanding to purchase a total of 21,391,086 shares of common stock, comprised of the Investor Warrants and warrants from previous private placement transactions.

Investor Warrants. Each Investor Warrant has an initial exercise price of \$1.20 per share (the "Warrant Exercise Price"), and will be exercisable in whole or in part prior to December 21, 2005. The number of shares of common stock issuable upon exercise of the Investor Warrants will be subject to the Nasdaq Cap until the 2001 Private Placement Issuances are approved by the stockholders. If the number of shares of outstanding common stock changes after the 2001 Private Placement by reason of stock dividends, distributions payable in

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common stock, stock splits, reverse stock splits, recapitalizations, reclassifications, combinations or exchanges of shares, separations, reorganizations, liquidations or the like, the Warrant Exercise Price and the number of shares of common stock issuable upon exercise of each Investor Warrant in effect immediately prior to the deemed issuance will, concurrently with the effectiveness of the deemed issuance, be proportionately decreased or increased, as appropriate. The holders of the Investor Warrants will not be entitled to any voting rights or any other rights as a stockholder until the Investor Warrant is duly exercised into shares of common stock.

If we declare or pay a dividend or other distribution to holders of common stock payable in securities other than common stock, the holders of the Investor Warrants will receive upon exercise, in addition to the entitled number of shares of common stock, the amount of securities they would have received had they exercised prior to the dividend or distribution. Similarly, if the common stock issuable upon exercise of the Investor Warrants is changed into the same or a different number of shares of any class or classes of stock by capital reorganization, reclassification, or otherwise, the holders of the Investor Warrants will receive upon exercise the securities they would have received had they exercised their Investor Warrants prior to the reorganization or reclassification. Further, if we sell substantially all of our assets or merge or consolidate with or into another entity, the Investor Warrants will be exercisable 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 deliverable upon exercise of the Investor Warrants would have been entitled to receive upon the sale, merger or consolidation based on the applicable Warrant Exercise Price, effective with respect to the sale, merger or consolidation.

Notwithstanding the foregoing, unless and until stockholder approval is obtained for the 2001 Private Placement Issuances, the shares of common stock issuable upon exercise of the Investor Warrants will be subject to the Nasdaq Cap, and we will be permitted to issue only up to an aggregate of approximately 10,869,000 shares of common stock upon conversion of the Series A Preferred Stock and exercise of the Investor Warrants.

We may require the warrant holder to exercise the Investor Warrants provided that:

- the registration statement of which this prospectus is a part is effective;
- the average closing price of our common stock as reported by The Nasdaq Stock Market over the 20 consecutive trading-day period ending not more than five business days prior to our notice of exercise is greater than or equal to the product of (x) the Warrant Exercise Price in effect on the last day of the 20 consecutive trading-day period and (y) 2.00; and
- during the period beginning on the date of our notice to exercise and ending on the exercise date:
 - we have not received any request from the SEC or any other federal or state governmental authority for amendments or supplements to the registration statement or this prospectus or for additional information;
 - no stop order suspending the effectiveness of the registration statement or the initiation of any proceedings for that purpose has been issued by the SEC or any other federal or state governmental authority;
 - we have not 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 that purpose; and
 - there has not occurred any event or circumstance which would necessitate the making of any changes in the registration statement or this prospectus, or any document incorporated or deemed to be incorporated therein or herein by reference, so that, in the case of the registration statement, it does 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 this case of this prospectus, it does not contain any untrue statement of a material fact or any omission to state a material fact required to be stated necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading.

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Warrants from Previous Private Placements. As of December 31, 2001, there were warrants outstanding to purchase a total of 10,804,593 shares of common stock. Generally, each warrant contains provisions for the adjustment of its exercise price and the number of shares issuable upon its exercise upon the occurrence of any stock dividend, stock split, reorganization, reclassification, consolidation and certain dilutive issuances of securities at prices below the then existing applicable warrant exercise price. In addition, the shares of common stock issuable upon any exercise of the warrants provide their holders with rights to have those shares registered and qualified under federal and state securities laws. Some of these warrants have net exercise provisions under which the holder may, in lieu of payment of the exercise price in cash, surrender the warrant and receive a net amount of shares based on the fair market value of common stock at the time of exercise of the warrant after deduction of the aggregate exercise price.

Options

As of December 31, 2001, there were options issued under our stock option plans outstanding to purchase an aggregate of approximately 9,136,874 shares of common stock at a weighted average exercise price of \$4.93.

DELAWARE LAW AND LIMITATIONS ON CHANGES IN CONTROL

Certain provisions of Delaware law and our amended and restated certificate of incorporation and bylaws could make it more difficult for a third party to acquire us through a tender offer, a proxy contest or otherwise and the removal of incumbent officers and directors. These provisions are expected to discourage certain types of coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate with us first. We believe that the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging such proposal because, among other things, negotiation of such proposals could result in an improvement of their terms.

Our amended and restated certificate of incorporation authorizes our board to establish one or more series of undesignated preferred stock, the terms of which can be determined by our board at the time of issuance without the need for stockholder approval. Our amended and restated certificate of incorporation also provides that stockholder action can be taken only at an annual or special meeting of stockholders and may not be taken by written consent. In addition, our bylaws provide that special meetings of stockholders can be called only by our board of directors, the chairman of our board or our chief executive officer, but do not permit our stockholders to call a special meeting of stockholders. Our amended and restated certificate of incorporation also provides that our board of directors is divided into three classes, with each director assigned to a class with a term of three years. Our bylaws establish an advance notice procedure with regard to stockholder proposals and the nomination of candidates for election of directors other than by or at the direction of our board of director.

We are subject to Section 203 of the Delaware General Corporation Law, which includes anti-takeover provisions. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date that the person became an interested stockholder unless, subject to exceptions, the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status, did own, 15% or more of the corporation's voting stock. These provisions may have an anti-takeover effect, including discouraging attempts that might result in the payment of a premium over the market price for the shares of common stock held by stockholders, or delaying, deferring or preventing a change in control without further action by the stockholders.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common stock and the Series A Preferred Stock is U.S. Stock Transfer Corporation. The transfer agent's address and telephone number is 1745 Gardena Avenue, Glendale, California 91204, (818) 502-1404.

PLAN OF DISTRIBUTION

The selling stockholders named herein (or by pledgees, donees, transferees or other successors-in-interest, selling shares received from a named selling shareholder as a gift, partnership, distribution or other non-sale-related transfer after the date of this prospectus) may offer the shares from time to time in one or more transactions (which may involve crosses or block transactions):

- on any stock exchange, in The Nasdaq Stock Market, or in the over-the-counter market;
- in transactions otherwise than on any stock exchange or in the over-the-counter market; or
- through the writing of options (whether the options are listed on an options exchange or otherwise) on, or settlement of short sales of, the common stock.

Any of these transactions may be effected at market prices prevailing at the time of sale, at prices related to the prevailing market prices, at varying prices determined at the time of sale or at negotiated or fixed prices, in each case as determined by the selling stockholder or by agreement between the selling stockholder and underwriters, brokers, dealers or agents, or purchasers. If the selling stockholders effect these transactions by selling common stock to or through underwriters, brokers, dealers or agents, those underwriters, brokers, dealers or agents may receive compensation in the form of discounts, concessions or commissions from the selling stockholders or commissions from purchaser of common stock for whom they may act as agent (which discounts, concessions or commissions as to particular underwriters, brokers, dealers or agents may be in excess of those customary in the types of transactions involved). The selling stockholders and any brokers, dealers or agents that participate in the distribution of the common stock may be deemed to be underwriters, and any profit on the sale of common stock by them and any discounts, concessions or commissions received by any of these underwriters, brokers, dealers or agents may be deemed to be underwriting discounts and commissions under the Securities Act.

Under the securities laws of certain states, the common stock may be sold in these states only through registered or licensed brokers or dealers. In addition, in certain states the common stock may not be sold unless the common stock has been registered or qualified for sale in the state or an exemption from registration or qualification is available and is complied with.

We will pay all of the expenses incident to the registration, offering and sale of the common stock to the public hereunder other than commissions, fees and discounts of underwriters, brokers, dealers and agents. We have agreed to indemnify the selling stockholders and their controlling persons against certain liabilities, including liabilities under the Securities Act. We estimate that the expenses of the offering to be borne by us will be approximately \$70,000. We will not receive any proceeds from the sale of any of the common stock by the selling stockholders.

U.S. Bancorp Piper Jaffray, Inc., acted as placement agent in connection with the placement of the Series A Preferred Stock which has been or will be converted into the common stock offered hereby, and it received a fee in connection therewith.

We have informed the selling stockholders that the anti-manipulation provisions of Regulation M under the Exchange Act may apply to purchases and sales of common stock by the selling stockholders, and that there are restrictions on market-making activities by persons engaged in the distribution of the common stock. We have also advised the selling stockholders that if a particular offer of common stock is to be made on terms constituting a material change from the information set forth above with respect to the Plan of Distribution, then to the extent required, a prospectus supplement must be distributed setting forth the terms and related information as required.

LEGAL MATTERS

The validity of the shares of common stock offered hereby has been passed upon by Latham & Watkins, Los Angeles, California.

EXPERTS

The financial statements and schedules incorporated by reference in this prospectus and elsewhere in the registration statement, to the extent and for the periods indicated in their report have been audited by Arthur Andersen LLP independent public accountants, and are included in reliance upon the authority of said firm as experts in giving said report.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information filed by us at the SEC's public reference room at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and in New York, New York. Copies of this material can also be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, and its public reference rooms in New York, New York, at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Copies of this information may also be inspected at the reading room of the library of the National Association of Securities Dealers, Inc., 1734 K Street, N.W., Washington, D.C. 20006. Our filings with the SEC are also available to the public from commercial document retrieval services and at the SEC's web site at "<http://www.sec.gov>."

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

You should not rely on forward-looking statements in this prospectus. This prospectus contains forward-looking statements that relate to future events or to our future business or performance. In some cases, you can identify forward-looking statements by words such as "anticipates," "believes," "plans," "expects," "future," "intends," "may," "will," "should," "estimates," "predicts," "potential," "continue" and other similar expressions. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in "Risk Factors" and elsewhere in this prospectus. This prospectus also contains forward-looking statements attributed to third parties relating to their estimates regarding the growth of our markets. Forward-looking statements are subject to known and unknown risks, assumptions, limitations, uncertainties and other factors that may cause our actual results, as well as those of the markets we serve, levels of activity, performance, achievements and prospects to be materially different from those expressed or implied by the forward-looking statements. These risks, uncertainties and factors include, among others, those identified in "Risk Factors" and elsewhere in this prospectus. Except as required by law, we undertake no obligation to update publicly any forward-looking statement for any reason, even if new information becomes available or other events occur.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" the information we filed with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we will make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until the selling stockholders sell all the shares of common stock offered by this prospectus.

- our annual report on Form 10-K for the fiscal year ended December 31, 2000;
- our current report on Form 8-K, filed on January 18, 2002; and

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- our quarterly reports on Form 10-Q for the quarters ended March 31, 2001, June 30, 2001 and September 30, 2001.

We have also filed a registration statement on Form S-3 with the Securities and Exchange Commission under the Securities Act that registers the shares we are offering. This prospectus does not contain all of the information set forth in the registration statement. You should read the registration statement for further information about us and our common stock.

We will furnish without charge to you, upon written or oral request, a copy of any or all of the documents described above, except for exhibits to those documents, unless the exhibits are specifically incorporated by reference into those documents. Requests should be addressed to:

Corporate Secretary

Novatel Wireless, Inc.
9360 Towne Centre Drive, Suite 110
San Diego, California 92121
telephone number (858) 320-8800.

PART II**INFORMATION NOT REQUIRED IN PROSPECTUS****Item 14. Other Expenses of Issuance and Distribution.**

The following table sets forth the fees and expenses in connection with the issuance and distribution of the securities being registered hereunder. We will pay all of the costs identified below. Except for the SEC registration fee, all amounts are estimates.

	<u>Amount to be Paid</u>
SEC Registration Fee	4,480
Printing and Engraving Expenses	10,000
Accountants' Fees and Expenses	25,000
Legal Fees and Expenses	25,000
Miscellaneous Expenses	5,520
Total	<u>\$70,000</u>

Item 15. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnification to directors and officers in terms sufficiently broad to permit such indemnification under some circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933, as amended (the "Securities Act"). Article XIV of our amended and restated certificate of incorporation and Article VI of our bylaws provide for indemnification of our directors, officers, employees and other agents to the maximum extent permitted by Delaware law. In addition, we have entered into Indemnification Agreements with our officers and directors. Our amended and restated certificate of incorporation provides that subject to Delaware law, our directors will not be personally liable for monetary damages awarded as a result of a breach of their fiduciary duty owed to Novatel Wireless, Inc. and its stockholders. This provision does not eliminate our directors fiduciary duty and in appropriate circumstances equitable remedies such as injunctive or other forms of non-monetary relief will remain available under Delaware law.

Item 16. Exhibits and Financial Statement Schedules.

<u>Exhibit Number</u>	<u>Description</u>
4.1	Form of Common Stock Purchase Warrant issued in connection with the Company's Series B Convertible Preferred Stock
4.2	Form of Common Stock Purchase Warrant issued in connection with the Company's Series C Convertible Preferred Stock
4.3	Form of Common Stock Purchase Warrant issued in connection with the Company's Series C Debentures
4.4	Form of Common Stock Purchase Warrant issued in connection with the Company's Series D Convertible Preferred Stock
4.5	Warrant to Purchase Stock, dated as of November 29, 2001, by and between the Company and Silicon Valley Bank
5.1	Form of Opinion of Latham & Watkins regarding legality
10.1	Loan and Security Agreement, dated as of November 29, 2001, by and between the Company and Silicon Valley Bank

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Exhibit Number	Description
10.2	The Registration Rights Agreement, dated as of November 29, 2001, by and between the Company and Silicon Valley Bank
23.1	Consent of Latham & Watkins (included in Exhibit 5.1)
23.2	Consent of Arthur Andersen LLP
24.1	Power of Attorney (included on signature page)

Item 17. Undertakings.

The undersigned registrant hereby undertakes:

(i) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration amendment:

- to include any prospectus required by Section 10(a)(3) of the Securities Act;
- to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment) which, individually or in the aggregate, would be a fundamental change in the information in the registration statement; and
- to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to the information in the registration statement.

(ii) That, for purposes of determining any liability under the Securities Act:

- each of these post-effective amendments; and
- each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (including each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement

will be deemed to be a new registration statement relating to the securities offered by this prospectus, and the offering of these securities at that time will be deemed to be the initial bona offering.

(iii) To remove from registration any of the securities being registered which remain unsold at the termination of the offering, using a post-effective amendment.

To the extent that indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 15 above, or otherwise, the registrant has been advised that in the SEC's opinion, this indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. If a claim for indemnification against these liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by a director, officer or controlling person of the registrant in connection with these securities, the registrant will submit to a court of appropriate jurisdiction the question of whether indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of this issue, unless its counsel advises it that the issue has been settled by controlling precedent.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Diego, State of California, as of the 18th day of January, 2002.

NOVATEL WIRELESS, INC.

By: /s/ MELVIN L. FLOWERS

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

POWER OF ATTORNEY

Each director and/or officer of the registrant whose signature appears below hereby appoints John E. Major and Melvin L. Flowers, and both of them severally, as his true and lawful attorney-in-fact and agent, to sign in his name and behalf, in any and all capacities stated below, and to file with the Securities and Exchange Commission, any and all amendment, including post-effective amendments and any registration statement for the same offering that is to be effective under Rule 462(b) of the Securities Act, to this registration statement, and the registrant hereby also appoints each such person as its attorney-in-fact and agent with like authority to sign and file any such amendments in its name and behalf.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed below by the following persons in the capacities indicated on the 18th day of January, 2002.

Signature	Title
<hr/> <p>/s/ JOHN E. MAJOR</p> <hr/> <p>John E. Major</p>	<hr/> <p>Chairman and Chief Executive Officer</p>
<hr/> <p>/s/ MELVIN L. FLOWERS</p> <hr/> <p>Melvin L. Flowers</p>	<hr/> <p>Senior Vice President, Finance and Chief Financial Officer and Secretary</p>
<hr/> <p>Robert Getz</p> <hr/> <p>/s/ PENG K. LIM</p>	<hr/> <p>Director</p>
<hr/> <p>Peng K. Lim</p> <hr/> <p>/s/ DAVID S. OROS</p>	<hr/> <p>Director</p>
<hr/> <p>David S. Oros</p> <hr/> <p>/s/ MARK ROSSI</p>	<hr/> <p>Director</p>
<hr/> <p>Mark Rossi</p> <hr/> <p>/s/ STEVEN SHERMAN</p>	<hr/> <p>Director</p>
<hr/> <p>Steven Sherman</p>	

NOVATEL WIRELESS, INC.
REGISTRATION STATEMENT ON FORM S-3

EXHIBIT INDEX

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23.1	Consent of Latham & Watkins (included in Exhibit 5.1)
23.2	Consent of Arthur Andersen LLP
24.1	Power of Attorney (included on signature page)

THE WARRANT EVIDENCED HEREBY, AND THE SHARES OF COMMON STOCK ISSUABLE HEREUNDER, HAVE BEEN AND WILL BE ISSUED WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE APPLICABLE SECURITIES LAWS OF ANY STATE. SUCH SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND SHALL NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS THE PROPOSED DISPOSITION IS THE SUBJECT OF A CURRENTLY EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY, TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SAID ACT AND SUCH STATE SECURITIES LAWS IN CONNECTION WITH SUCH DISPOSITION.

NOVATEL WIRELESS, INC.

COMMON STOCK PURCHASE WARRANT

Void After_____, 2003

This Stock Purchase Warrant is Issued to

[INSERT NAME AND ADDRESS OF GRANTEE]

(hereinafter called the "initial registered holder" or the "registered holder," which term shall include its successors and assigns) by Novatel Wireless, Inc., a Delaware corporation (hereinafter referred to as the "Company"). The holder of this Warrant is entitled to certain of the benefits conferred by that certain Amended and Restated Series B Convertible Preferred Stock and Warrant Purchase Agreement dated as of _____, 1998 (the "Purchase Agreement"), and that certain Registration Rights Agreement, as amended, dated as of _____, 1997, as amended (the "Registration Rights Agreement"), copies of which are on file at the office of the Company at the address specified below. This Warrant may be transferred by the registered holder only in accordance with the provisions of Sections 1.04 and 5 hereof. A copy of the Purchase Agreement and the Registration Rights Agreement will be furnished to any subsequent registered holder hereof upon written request. The Registration Rights Agreement contains an undertaking by the Company under certain circumstances to effect registration and qualification under federal and state securities laws of, or to take other action with respect to, the shares of Common Stock, par value \$.001, of the Company. ("Common Stock") issuable on exercise of this Warrant.

Section 1. The Warrant.

1.01 For value received and subject to the terms and conditions hereinafter set forth, the registered holder is entitled, upon surrender of this Warrant at any time on or prior to April 24, 2003 (with the subscription form annexed hereto duly executed) at the office of the Company at 4250 East Camelback Road, Suite K115, Phoenix, AZ 85018, or such other office of which the Company shall notify the registered holder hereof in writing, to purchase from the Company _____, fully paid and non-assessable shares ("Initial Exercisable Shares" and, as adjusted, from time to time as hereinafter provided, "Exercisable Shares") of Common Stock for an initial exercise price of \$4.26 per share as adjusted from time to time as provided below, (the "Warrant Exercise Price"). This Warrant may be exercised in full or in part from time to time. As promptly as practicable after surrender of this Warrant and receipt of payment of the Warrant Exercise Price, the Company shall issue and deliver to the registered holder a certificate or certificates for shares of Common Stock, in certificates of such denominations and in such names as the registered holder may specify, together with any other stock, securities or property to which such holder may be entitled to receive pursuant to Sections 1.05(B), 1.05(C) or 1.05(D) hereof. In the case of the purchase of less than all the shares purchasable under this Warrant, the Company shall cancel this Warrant upon the surrender hereof and shall execute and deliver a substitute Warrant of like tenor for the balance of the shares purchasable hereunder. This Warrant shall expire at 8:00 P.M. (Eastern Standard Time) on _____, 2003 and shall be void thereafter.

1.02 During the period within which the rights represented by this Warrant may be exercised, the Company shall at all times have authorized and reserved for the purpose of issue upon exercise of the rights evidenced hereby, a sufficient number of shares of its Common Stock to provide for the exercise of such rights. Upon surrender for exercise, this Warrant shall be canceled and shall not be reissued; provided, however, that upon the partial exercise hereof a substitute Warrant representing the rights to subscribe for and purchase any such unexercised portion hereof shall be issued.

1.03 Subject to compliance with applicable securities laws, this Warrant may be subdivided into one or more Common Stock Purchase Warrants entitling the registered holder to purchase shares of Common Stock in multiples of one or more whole shares, upon surrender of this Warrant by the registered holder for such purpose at the office of the Company.

1.04 The Company shall maintain at its office (or at such other office or agency of the Company as it may from time to time designate in writing to the registered holder hereof), a register containing the names and addresses of the holders of all Stock Purchase Warrants. The registered holder of such a Warrant shall be the person in whose name such Warrant is originally issued and registered, unless a subsequent holder shall have presented to the Company such Warrant, duly assigned to him, for inspection and a written notice of his acquisition of such Warrant and designating in writing the address of such holder, in which case such subsequent holder of the Warrant shall become a subsequent registered holder. Any registered holder of this Warrant may change his address as shown on such register by written

notice to the Company requesting such change. Any written notice required or permitted to be given to the registered holder of this Warrant shall be mailed, by registered or certified mail, to such registered holder at his address as shown on such register.

1.05 The rights of the registered holder shall be subject to the following terms and conditions:

(A) Adjustments to the Warrant Exercise Price.

(i) Special Definitions. For purposes of this Subsection 1.05, the following definitions shall apply:

(1) "Option" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Common Stock or Convertible Securities.

(2) "Warrant Exercise Price" shall mean initially \$4.26 per share and shall be subject to adjustment as hereinafter provided.

(3) "Original Issue Date" shall mean the date on which this Warrant was issued.

(4) "Stock Purchase Warrants" shall mean the Warrants sold by the Company pursuant to the Purchase Agreement.

(5) "Convertible Securities" shall mean any evidences of indebtedness, shares of capital stock (other than Common Stock) or other securities directly or indirectly convertible into or exchangeable for Common Stock.

(6) "Additional Shares of Common Stock" shall mean all shares of Common Stock issued (or, pursuant to Subsection 1.05(A)(iii), deemed to be issued) by the Company after the Original Issue Date, other than:

(a) up to 2,347,418 shares of the Company's Common Stock (appropriately adjusted to take account of any stock split, stock dividend, combination of shares or the like) to be issued upon conversion of the Company's Series B Convertible Preferred Stock ("Series B Preferred Stock"), assuming conversion of all of the outstanding shares of the Series B Preferred Stock of Novatel Wireless Technologies Ltd. ("NWT") into shares of the Series B Preferred Stock;

(b) up to 3,515,655 shares of the Company's Common Stock (appropriately adjusted to take account of any stock split, stock dividend, combination of shares or the like) to be issued upon conversion of shares of the Company's Series A Preferred Stock, assuming conversion of all of the

outstanding shares of the Series A Preferred Stock of NWT into shares of the Series A Convertible Preferred Stock of the Company ("Series A Preferred Stock");

(c) up to 800,176 shares of the Company's Common Stock to be issued upon exercise of warrants to purchase the Company's Common Stock granted by the Company;

(d) up to 80,106 shares of the Company's Common Stock to be issued upon exchange of shares of the exchangeable common stock of NWT issued upon exercise of warrants to purchase such shares;

(e) any minimum number of shares of capital stock required by law to be issued to directors of the Company;

(f) up to 796,056 shares (appropriately adjusted to take account of any stock split, stock dividend, combination of shares or the like), or such higher number of shares as is recommended by the Compensation Committee of the Company's Board of Directors and approved by the Company's Board of Directors, of Common Stock (or related options) issued or issuable to officers, directors or employees of, or consultants to, the Company pursuant to a stock purchase or option or warrant plan or other similar arrangement approved by the Board of Directors;

(g) any shares of capital stock, not to exceed one-half of one percent of the total issued and outstanding capital stock of the Company 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 Company, including the affirmative vote of a majority of the directors designated for election by the holders of the Series A and Series B Preferred Stock; and

(h) not more than ten shares of capital stock of the Company 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 Company, including the affirmative vote of a majority of the directors designated for election by the holders of the Company's Series A and Series B Preferred Stock.

(ii) No Adjustment to Warrant Exercise Price. No adjustment to the Warrant Exercise Price shall be made unless the consideration per share for an Additional Share of Common Stock issued or deemed to be issued by the Company is less than the Warrant Exercise Price in effect on the date of, and immediately prior to, the issue of such Additional Share of Common Stock.

(iii) Issue of Securities Deemed Issue of Additional Shares of Common Stock.

(1) Options and Convertible Securities. In the event the Company at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Common Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business (Eastern Standard Time or Eastern Daylight Savings Time, if applicable) on such record date, provided that Additional Shares of Common Stock shall not be deemed to have been issued unless the consideration per share (determined pursuant to Subsection 1.05(A)(v) hereof) of such Additional Shares of Common Stock would be less than the Warrant Exercise Price in effect on the date of and immediately prior to such issue, or such record date, as the case may be, and provided further that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(a) no further adjustment in the Warrant Exercise Price shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(b) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase in the Consideration as defined in Subsection 1.05(A)(v) payable to the Company, or decrease in the number of shares of Common Stock issuable, upon the exercise, conversion or exchange thereof, the Warrant Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(c) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Warrant Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:

(i) In the case of Convertible Securities or Options for Common Stock the only Additional Shares of Common Stock issued were the shares of Common Stock, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange; and

(ii) in the case of Options for Convertible Securities only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the Additional Shares of Common Stock deemed to have been then issued was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Company (determined pursuant to Subsection 1.05(A)(v)) upon the issue of the Convertible Securities with respect to which such Options were actually exercised;

(d) no readjustment pursuant to clause (b) or (c) above shall have the effect of increasing the Warrant Exercise Price to an amount which exceeds the lower of (i) the Warrant Exercise Price on the original adjustment date, or (ii) the Warrant Exercise Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and such readjustment date;

(e) in the case of any Options which expire by their terms not more than thirty days after the date of issue thereof, no adjustment of the Warrant Exercise Price shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the same manner provided in clause (c) above; and

(f) if such record date shall have been fixed and such Options or Convertible Securities are not issued on the date fixed therefor, the adjustment previously made in the Warrant Exercise Price which became effective on such record date shall be canceled as of 8:00 P.M. Eastern Standard Time (or Eastern Daylight Savings Time if applicable) on such record date, and thereafter the Warrant Exercise Price shall be adjusted pursuant to this Subsection 1.05(A)(iii) as of the actual date of their issuance.

(2) Stock Dividends. Stock Distributions and Subdivisions.
In the event the Company at any time or from time to time after the Original Issue Date

shall declare or pay any dividend or make any other distribution on the Common Stock payable in Common Stock or effect a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock), then and in any such event, Additional Shares of Common Stock shall be deemed to have been issued:

(a) in the case of any such dividend or distribution, immediately after 8:00 P.M. (Eastern Standard Time on Eastern Daylight Savings Time, if applicable) on the record date for the determination of holders of any class of securities entitled to receive such dividend or distribution, or

(b) in the case of any such subdivision, at 8:00 P.M. (Eastern Standard Time or Eastern Daylight Savings Time, if applicable) on the date immediately prior to the date upon which such corporate action becomes effective.

If such record date shall have been fixed and no part of such dividend shall have been paid on the date fixed therefor, the adjustment previously made in the Warrant Exercise Price which became effective on such record date shall be canceled as of 8:00 P.M. (Eastern Standard Time or Eastern Daylight Savings time, if applicable) on such record date, and thereafter the Warrant Exercise Price shall be adjusted pursuant to this Section 1.05(A)(iii) as of the time of actual payment of such dividend.

(iv) Adjustment to the Warrant Exercise Price Upon Issuance of Additional Shares of Common Stock. In the event that at any time or from time to time after the Original Issue Date, the Company shall issue Additional Shares of Common Stock (including, without limitation, Additional Shares of Common Stock deemed to be issued pursuant to Subsection 1.05(A)(iii)(1) but excluding Additional Shares of Common Stock deemed to be issued pursuant to Subsection 1.05(A)(iii)(2), which event is dealt with in Subsection 1.05(A)(vi)(1)), without consideration or for a consideration per share less than the applicable Warrant Exercise Price in effect on the date of and immediately prior to such issue, then and in such event, such Warrant Exercise Price shall be reduced concurrently with such issue, to a price equal to the Consideration Per Share for which such Additional Shares of Common Stock are issued or deemed to be issued; provided that the applicable Warrant Exercise Price shall not be so reduced at any time if the amount of such reduction would be an amount less than \$.01, but any such amount shall be carried forward and reduction with respect thereto made at the time of and together with any subsequent reduction which, together with such amount and any other amount or amounts so carried forward, shall aggregate \$.01 or more.

(v) Determination of Consideration. For purposes of this Subsection 1.05(A), the consideration (the "Consideration") received or receivable by the Company for the issue of any Additional Shares of Common Stock shall be computed as follows:

(1) Cash and Property: Such Consideration shall:

(a) insofar as it consists of cash, be computed at the aggregate amounts of cash received by the Company excluding amounts paid or payable for accrued interest or accrued dividends;

(b) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

(c) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received or receivable computed as provided in Subsections 1.05(A)(v)(1)(a) and 1.05(A)(v)(1)(b) above, allocable to such Additional Shares of Common Stock as determined in good faith by the Board of Directors; provided, however, that in the event warrants or other options to purchase shares of Common Stock are issued without consideration or for a nominal consideration contemporaneously with the issuance of debt or preferred stock, or both, then the consideration received by the Company for such debt or preferred stock shall be deemed properly allocated to the issuance of the warrants or options.

(2) Additional Shares of Common Stock other than Options and Convertible Securities. The Consideration per share (the "Consideration Per Share") for the issue of any Additional Shares of Common Stock other than Options and Convertible Securities shall be the Consideration for the issue of any Additional Shares of Common Stock other than Options or Convertible Securities, divided by the total number of such Additional Shares of Common Stock issued by the Corporation in exchange therefor.

(3) Options and Convertible Securities. The Consideration per share (also the "Consideration Per Share," as the context requires) for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 1.05(A)(iii)(1), relating to Options and Convertible Securities, shall be computed by dividing (x) the Consideration for the issue of such Options or Convertible Securities, plus the aggregate amount of additional Consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by (y) the number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such

number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(vi) Adjustment of the Warrant Exercise Price for Dividends, Distributions, Subdivisions, Combinations or Consolidations of Common Stock.

(1) Stock Dividends, Distributions or Subdivisions. In the event the Company shall be deemed to have issued Additional Shares of Common Stock pursuant to Subsection 1.05(A)(iii)(2) in a stock dividend, stock distribution or subdivision, the Warrant Exercise Price in effect immediately before such deemed issue shall, concurrently with the effectiveness of such deemed issue, be proportionately decreased.

(2) Combinations or Consolidations. In the event the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, the Warrant Exercise Price in effect immediately prior to such combination or consolidation shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

(B) Adjustments for Certain Dividends and Distributions. In the event that at any time or from time to time after the Original Issue Date the Company 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 Company other than shares of Common Stock, then and in each such event provision shall be made so that the holders of Stock Purchase Warrants shall receive upon exercise thereof in addition to the number of shares of Common Stock receivable thereupon, the amount of securities of the Company that they would have received had their Stock Purchase Warrants been exercised for 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 exercise date, retained such securities receivable by them as aforesaid during such period, giving application during such period to all adjustments called for herein.

(C) Adjustments for Reclassification, Exchange, or Substitution. In the event that at any time or from time to time after the Original Issue Date, the Common Stock issuable upon the exercise of this Warrant 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 above, or a merger, consolidation, or sale of assets provided for below), then and in each such event the registered holder of this Warrant shall have the right thereafter to exercise this Warrant for the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification, or other change, by holders of the number of shares of Common Stock into which such Warrant might have been exercisable for immediately prior

to such reorganization, reclassification, or change, all subject to further adjustment as provided herein.

(D) Adjustment for Merger, Consolidation or Sale of Assets. In the event that at any time or from time to time after the Original Issue Date, the Company shall sell all or substantially all of its assets or merge or consolidate with or into another entity, this Warrant shall thereafter be exercisable for 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 Company deliverable upon exercise of this Warrant 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 in this Section 1.05 with respect to the rights and interest thereafter of the registered holders of the Stock Purchase Warrants, to the end that the provisions set forth in this Section 1.05 (including provisions with respect to changes in and other adjustments of the Warrant Exercise 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 exercise of this Warrant.

(E) No Impairment. The Company shall not, by amendment of its Certificate of Incorporation or By-Laws 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 Company but shall at all times in good faith assist in the carrying out of all the provisions of this Section 1.05 and in the taking of all such action as may be necessary or appropriate on order to protect the rights of the registered holder of this Warrant against impairment.

(F) Notice of Adjustment of the Warrant Exercise Price or Number of Exercisable Shares. Upon the occurrence of each adjustment, readjustment or other change relating to the Warrant Exercise Price or in the Number of Exercisable Shares, then, and in each such case, the Company at its expense shall give written notice thereof, by first class mail, postage prepaid, addressed to the registered holder at the address of such registered holder as shown on the books of the Company, which notice shall state the Warrant Exercise Price resulting from such adjustment and the increase or decrease in the number of Exercisable Shares (or other denominations of securities) purchasable at the Warrant Exercise Price upon the exercise of this Warrant setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

(G) Notice. In case at any time: (1) the Company shall pay any dividend or make any distribution (other than regular cash dividends from earnings or earned surplus paid at an established rate) to the holders of its Common Stock; (2) the Company shall offer for subscription pro rata to the holders of its Common Stock any additional shares of stock of any class or other rights; (3) there shall be any capital reorganization or reclassification of the capital stock of the Company, or consolidation or merger of the Company with or sale of all or substantially all of its assets to another corporation; or (4) there shall be a voluntary or

involuntary dissolution, liquidation or winding up of the Company; then, in any one or more of such cases, the Company shall give written notice, by first class mail, postage prepaid, addressed to the registered holder at the address of such registered holder as shown on the books of the Company of the date on which (a) the books of the Company shall close or a record date shall be fixed for determining the shareholders entitled to such dividend, distribution or subscription rights, or (b) such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up shall take place, as the case may be. Such notice shall also provide reasonable details of the proposed transaction and specify the date as of which the holders of Common Stock of record shall participate in such dividend, distribution or subscription rights, or shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, as the case may be. Such written notice shall be given at least 20 days prior to the action in question and not less than 20 days prior to the record date or the date on which the Company's transfer books are closed in respect thereto.

(H) Voting Rights. This Warrant shall not entitle the registered holder to any voting rights or any other rights as a stockholder of the Company but upon presentation of this Warrant with the subscription form annexed duly executed and the tender of payment of the Warrant Exercise Price at the office of the Company pursuant to the provisions of this Warrant the registered holder shall forthwith be deemed a stockholder of the Company in respect of the shares of Common Stock so subscribed and paid for.

(I) No Change Necessary. The form of this Warrant need not be changed because of any adjustment in the Warrant Exercise Price or in the number of shares of Common Stock issuable upon its exercise. A Warrant issued after any adjustment on any partial exercise or upon replacement may continue to express the same Warrant Exercise Price and the same number of shares of Common Stock (appropriately reduced in the case of partial exercise) as are stated on this Warrant as initially issued, and that Warrant Exercise Price and that number of shares shall be considered to have been so changed as of the close of business on the date of adjustment.

Section 2. Covenant of the Company. All shares of Common Stock which may be issued upon the exercise of the rights represented by this Warrant, shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable and free from all taxes, liens and charges with respect to the issue thereof.

Section 3. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon exercise of this Warrant. If, upon exercise of this Warrant as an entirety, the registered holder would, except for the provisions of this Section 3, be entitled to receive a fractional share of Common Stock, then the Company shall pay in cash to such registered holder an amount equal to such fractional share multiplied by the fair market value of one share of Common Stock (as reasonably determined by the Board of Directors of the Company) on the date of such exercise.

Section 4. Substitution. In case this Warrant shall be mutilated, lost, stolen or destroyed, the Company will issue a new Warrant of like tenor and denomination and deliver the same (a) in exchange and substitution for and upon surrender and cancellation of any mutilated Warrant, or (b) in lieu of any Warrant lost, stolen or destroyed, upon receipt of evidence satisfactory to the Company of the loss, theft, or destruction of such Warrant (including a reasonably detailed affidavit with respect to the circumstances of any loss, theft or destruction), and of indemnity (or, in the case of the initial holder or any other institutional holder, an indemnity agreement) satisfactory to the Company.

Section 5. Transfer Restrictions. This Warrant or the shares of Common Stock into which this Warrant is exercisable shall not be sold, transferred, pledged or hypothecated unless the proposed disposition is the subject of a currently effective registration statement under the Securities Act of 1933, as amended, or unless the Company has received an opinion of counsel reasonably satisfactory in form and scope to the Company that such registration is not required except that such restrictions shall not apply to any transfer of this Warrant or the shares of Common Stock into which this Warrant is exercisable: (i) to a partner or other affiliate of the registered holder, including any entity of which the registered holder or a related entity is a General Partner; (ii) by gift or bequest or through inheritance to, or for the benefit of, any member or members of the registered holder's immediate family; (iii) by a registered holder to a trust (a) in respect of which the registered holder serves as trustee, provided that the trust instrument governing such trust shall provide that the registered holder, as trustee, shall retain sole and exclusive control over the voting and disposition of such Warrant until the termination of this Warrant or (b) for the benefit solely of any member or members of the registered holder's immediate family; and (iv) pursuant to any underwritten public offering of Common Stock pursuant to an effective registration statement under the Securities Act.

Section 6. Remedies. The Company stipulates that the remedies at law of the registered holder of this Warrant in the event of any default or threatened default by the Company in the performance of or compliance with any of the terms of this Warrant are not and will not be adequate, and that such terms may be specifically enforced by a decree for the specific performance of any agreement contained herein or by an injunction against a violation of any of the terms hereof or otherwise.

Section 7. Taxes. The Company shall pay any taxes or other charges that may be imposed in respect of the issuance and delivery of the Warrant or any shares of Common Stock or other property upon exercise hereof.

Section 8. Governing Law. This Warrant shall be deemed a contract made under the laws of the State of Delaware and its provisions and the rights and obligations of the parties hereunder shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of Delaware, without regard to its principles of conflicts of laws.

Section 9. Miscellaneous. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

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IN WITNESS WHEREOF, the Company has caused this Stock Purchase Warrant to be signed by its Chairman thereunto duly authorized and its corporate seal to be hereunto affixed and attested by its Secretary as of the ____ day of April, 1998.

ATTEST: NOVATEL WIRELESS, INC.

By: -----

Name: Melvin L. Flowers
Its: Secretary

By: -----

Name: John Major
Its: Chairman

SUBSCRIPTION FORM

The undersigned, the registered holder of the within Stock Purchase Warrant, hereby irrevocably elects to exercise the purchase right represented by such Warrant for, and to purchase thereunder, _____ shares of Common Stock of Novatel Wireless, Inc., and herewith makes payment of \$_____ therefor and requests that the certificates representing such shares be issued in the name of and delivered to:

and if such shares shall not include all of the shares issuable under this Warrant, that a new Warrant of like tenor and date be delivered to the undersigned for the shares not issued.

Dated: _____

Signature

FORM OF ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

_____ whose address is _____

_____, the within

Warrant with respect to _____ shares purchasable thereby, and does hereby irrevocably constitute and appoint _____ attorney to transfer the within Warrant on the books of the within named corporation with full power of substitution in the premises.

Dated: _____

In the presence of:

Signature

THE WARRANT EVIDENCED HEREBY, AND THE SHARES OF COMMON STOCK ISSUABLE HEREUNDER, HAVE BEEN AND WILL BE ISSUED WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE APPLICABLE SECURITIES LAWS OF ANY STATE. SUCH SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND SHALL NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS THE PROPOSED DISPOSITION IS THE SUBJECT OF A CURRENTLY EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY, TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SAID ACT AND SUCH STATE SECURITIES LAWS IN CONNECTION WITH SUCH DISPOSITION.

NOVATEL WIRELESS, INC.

COMMON STOCK PURCHASE WARRANT

void After December 31, 2004

This Stock Purchase Warrant is Issued to

[INSERT NAME AND ADDRESS OF GRANTEE]

(hereinafter called the "initial registered holder" or the "registered holder," which term shall include its successors and assigns) by Novatel Wireless, Inc., a Delaware corporation (hereinafter referred to as the "Company"). The holder of this Warrant is entitled to certain of the benefits conferred by that certain Series C Convertible Preferred Stock and Warrant Purchase Agreement dated as of _____, 1999 (the "Purchase Agreement"), and that certain Series C Investors' Rights Agreement dated as of _____, 1999 (the "Investors' Rights Agreement"), copies of which are on file at the office of the Company at the address specified below. This Warrant may be transferred by the registered holder only in accordance with the provisions of Sections 1.04 and 5 hereof. A copy of the Purchase Agreement and the Investors' Rights Agreement will be furnished to any subsequent registered holder hereof upon written request. The Investors' Rights Agreement contains an undertaking by the Company under certain circumstances to effect registration and qualification under federal and state securities laws of, or to take other action with respect to, the shares of Common Stock, par value \$.001, of the Company ("Common Stock") issuable on exercise of this Warrant.

Section 1. The Warrant.

1.01. For value received and subject to the terms and conditions hereinafter set forth, the registered holder is entitled, upon surrender of this Warrant at any time on or prior to December 31, 2004 (with the subscription form annexed hereto duly executed) at the office of the Company at 9360 Towne Centre Drive, Suite 110, San Diego, CA 92121, or such other office of which the Company shall notify the registered holder hereof in writing, to purchase from the Company _____ (_____) fully paid and non-assessable shares ("Initial Exercisable Shares" and, as adjusted from time to time as hereinafter provided, "Exercisable Shares") of Common Stock for an initial exercise price of \$10.00 per share as adjusted from time to time as provided below (the "Warrant Exercise Price"). This Warrant may be exercised in full or in part from time to time. As promptly as practicable after surrender of this Warrant and receipt of payment of the Warrant Exercise Price, the Company shall issue and deliver to the registered holder a certificate or certificates for shares of Common Stock, in certificates of such denominations and in such names as the registered holder may specify, together with any other stock, securities or property to which such holder may be entitled to receive pursuant to Sections 1.05(B), 1.05(C) or 1.05(D) hereof. In the case of the purchase of less than all the shares purchasable under this Warrant, the Company shall cancel this Warrant upon the surrender hereof and shall execute and deliver a substitute Warrant of like tenor for the balance of the shares purchasable hereunder. This Warrant shall expire at 8:00 P.M. (Eastern Standard Time) on _____, 2004 and shall be void thereafter.

1.02. During the period within which the rights represented by this Warrant may be exercised, the Company shall at all times have authorized and reserved for the purpose of issue upon exercise of the rights evidenced hereby, a sufficient number of shares of its Common Stock to provide for the exercise of such rights. Upon surrender for exercise, this Warrant shall be canceled and shall not be reissued; provided, however, that upon the partial exercise hereof a substitute Warrant representing the rights to subscribe for and purchase any such unexercised portion hereof shall be issued.

1.03. Subject to compliance with applicable securities laws, this Warrant may be subdivided into one or more Stock Purchase Warrants entitling the registered holder to purchase shares of Common Stock in multiples of one or more whole shares, upon surrender of this Warrant by the registered holder for such purpose at the office of the Company.

1.04. The Company shall maintain at its office (or at such other office or agency of the Company as it may from time to time designate in writing to the registered holder hereof), a register containing the names and addresses of the holders of all Stock Purchase Warrants. The registered holder of such a Warrant shall be the person in whose name the Warrant is originally issued and registered, unless a subsequent holder shall have presented to the Company such Warrant, duly assigned to him, for inspection and a written notice of his acquisition of such Warrant and designating in writing the address of such holder, in which case such subsequent holder of the Warrant shall become a subsequent registered holder. Any registered holder of this Warrant may change his address as shown on such register by written notice to the Company requesting such change. Any written notice required or permitted to be given to the registered holder of this Warrant shall be mailed, by registered or certified mail, to such registered holder at his address as shown on such register.

1.05. The rights of the registered holder shall be subject to the following terms and conditions:

(A) Adjustments to the Warrant Exercise Price.

(i) Special Definitions. For purposes of this Subsection 1.05, the following definitions shall apply:

(1) "Option" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Common Stock or Convertible Securities.

(2) "Warrant Exercise Price" shall mean initially \$10.00 per share and shall be subject to adjustment as hereinafter provided.

(3) "Original Issue Date" shall mean the date on which this Warrant was issued.

(4) "Stock Purchase Warrants" shall mean the Warrants sold by the Company pursuant to the Purchase Agreement.

(5) "Series C Purchase Price" shall mean \$8.34 per share of the Company's Series C Convertible Preferred Stock, par value \$0.001 per share ("Series C Preferred Stock").

(6) "Convertible Securities" shall mean any evidences of indebtedness, shares of capital stock (other than Common Stock) or other securities directly or indirectly convertible into or exchangeable for Common Stock.

(7) "Additional Shares of Common Stock" shall mean all shares of Common Stock issued (or, pursuant to Subsection 1.05(A)(iii), deemed to be issued) by the Company after the Original Issue Date, other than:

(a) issuance of Common Stock upon the exercise or conversion of securities of the Company outstanding as of the Original Issue Date;

(b) securities issued upon the conversion of the Company's Series C Preferred Stock;

(c) securities issued upon the conversion of the Company's Series B Convertible Preferred Stock, par value \$0.0001 per share (the "Series B Preferred Stock"), including such shares of Series B Preferred issued upon the conversion of all of the outstanding shares of the Series B Preferred Stock of Novatel Wireless Technologies Ltd. ("NWT") into shares of the Series B Preferred Stock;

(d) securities issued upon the conversion of the Company's Series A Convertible Preferred Stock, par value \$0.0001 per share

(the "Series A Preferred Stock"), including such shares of Series A Preferred issued upon the conversion of all of the outstanding shares of the Series A Preferred Stock of NWT into shares of the Series A Preferred Stock;

(e) shares of the Company's Common Stock to be issued upon exercise or conversion of options or warrants to purchase the Company's Common Stock outstanding as of the Original Issue Date, respectively;

(f) up to 330,105 shares of the Company's Common Stock to be issued upon exchange of shares of the exchangeable common stock of NWT issued upon exercise of warrants to purchase such shares;

(g) any minimum number of shares of capital stock required by law to be issued to directors of the Company;

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

(i) up to 2,000,000 shares of the Company's Common Stock (or related options) (appropriately adjusted to take account of any stock split, stock dividend, combination of shares or the like), or such higher number of shares (or options) as is recommended by the Compensation Committee of the Company's Board of Directors and approved by the Company's Board of Directors, issued or issuable to officers, directors or employees of, or consultants to, the Company pursuant to a stock purchase or option or warrant plan or other similar arrangement approved by the Board of Directors;

(j) any issuance of securities for which adjustment of the Warrant Exercise Price is made pursuant to Subsection 1.05(A);

(k) securities (or securities issued upon the exercise of securities) issued in connection with financing arrangements with lending institutions or equipment leasing arrangements;

(l) any shares of capital stock of the Company, not to exceed one-half of one percent of the total issued and outstanding capital stock of the Company 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 Company, including the affirmative vote of a majority of the directors designated for election by the holders of the Series C Preferred Stock; and

(m) not more than ten shares of capital stock of the Company 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 Company, including the affirmative

vote of a majority of the directors designated for election by the holders of the Series C Preferred Stock.

(ii) No Adjustment to Warrant Exercise Price. Except as set forth in Subsection 1.05(A)(vi), no adjustment to the Warrant Exercise Price shall be made unless the consideration per share for an Additional Share of Common Stock issued or deemed to be issued by the Company is less than the Series C Purchase Price.

(iii) Issue of Securities Deemed Issue of Additional Shares of Common Stock.

(1) Options and Convertible Securities. In the event the Company at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Common Stock issuable upon the exercise of such Options, or in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business (Eastern Standard Time or Eastern Daylight Savings Time, if applicable) on such record date, provided that Additional Shares of Common Stock shall not be deemed to have been issued unless the consideration per share (determined pursuant to Subsection 1.05(A)(v) hereof) of such Additional Shares of Common Stock would be less than the Series C Purchase Price in effect on the date of and immediately prior to such issue, or such record date, as the case may be, and provided further that in any such case in which Additional Shares of Common Stock are deemed to be issued;

(a) no further adjustment in the Warrant Exercise Price shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(b) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase in the Consideration (as defined in Subsection 1.05(A)(v)) payable to the Company, or decrease in the number of shares of Common Stock or Convertible Securities issuable, upon the exercise, conversion or exchange thereof, the Warrant Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(c) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall

not have been exercised, the Warrant Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:

(i) In the case of Convertible Securities or Options for Common Stock the only Additional Shares of Common Stock issued were the shares of Common Stock, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange; and

(ii) in the case of Options for Convertible Securities only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the Additional Shares of Common Stock deemed to have been then issued was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Company (determined pursuant to Subsection 1.05(A)(v)) upon the issue of the Convertible Securities with respect to which such Options were actually exercised;

(d) no readjustment pursuant to clause (b) or (c) above shall have the effect of increasing the Warrant Exercise Price to an amount which exceeds the lower of (i) the Warrant Exercise Price on the original adjustment date, or (ii) the Warrant Exercise Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and such readjustment date;

(e) in the case of any Options which expire by their terms not more than thirty days after the date of issue thereof, no adjustment of the Warrant Exercise Price shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the same manner provided in clause (c) above; and

(f) if such record date shall have been fixed and such Options or Convertible Securities are not issued on the date fixed therefor, the adjustment previously made in the Warrant Exercise Price which became effective on such record date shall be canceled as of 8:00 P.M. Eastern Standard Time (or Eastern Daylight Savings Time if applicable) on such record date, and thereafter the Warrant Exercise Price shall be adjusted pursuant to this Subsection 1.05(A)(iii) as of the actual date of their issuance.

(2) Stock Dividends, Stock Distributions and Subdivisions.

In the event the Company at any time or from time to time after the Original Issue Date shall declare or pay any dividend or make any other distribution on the Common Stock payable in Common Stock or effect a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock), then and in any such event, Additional Shares of Common Stock shall be deemed to have been issued:

(a) in the case of any such dividend or distribution, immediately after 8:00 P.M. (Eastern Standard Time or Eastern Daylight Savings Time, if applicable) on the record date for the determination of holders of any class of securities entitled to receive such dividend or distribution, or

(b) in the case of any such subdivision, at 8:00 P.M. (Eastern Standard Time or Eastern Daylight Savings Time, if applicable) on the date immediately prior to the date upon which such corporate action becomes effective.

If such record date shall have been fixed and no part of such dividend shall have been paid on the date fixed therefor, the adjustment previously made in the Warrant Exercise Price which became effective on such record date shall be canceled as of 8:00 P.M. (Eastern Standard Time or Eastern Daylight Savings time, if applicable) on such record date, and thereafter the Warrant Exercise Price shall be adjusted pursuant to this Section 1.05(A)(iii) as of the time of actual payment of such dividend.

Adjustment to the Warrant Exercise Price Upon Issuance of Additional Shares of Common Stock. In the event that at any time or from time to time after the Original Issue Date, the Company shall issue Additional Shares of Common Stock (including, without limitation, Additional Shares of Common Stock deemed to be issued pursuant to Subsection 1.05(A)(iii)(1) but excluding Additional Shares of Common Stock deemed to be issued pursuant to Subsection 1.05(A)(iii)(2), which event is dealt with in Subsection 1.05(A)(vi)(1)), without consideration or for a consideration per share less than the Series C Purchase Price, then and in such event, (A) so long as the consideration per share for which such Additional Shares of Common Stock are issued or deemed to be issued is above or equal to \$5.14, the Warrant Exercise Price shall be reduced concurrently with such issue, to a price equal to such consideration per share; and (B) if the consideration per share for which such Additional Shares of Common Stock are issued or deemed issued is below \$5.14, the Warrant Exercise Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying \$5.14 by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of shares of Common Stock which the aggregate consideration received by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at \$5.14, and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of such Additional Shares of Common Stock so issued. For the purpose of the above calculation, the number of shares of Common Stock outstanding immediately prior to such issue shall be calculated on a fully diluted basis, as if all shares of Series A Preferred Stock, Series B Preferred

Stock and Series C Preferred Stock and all Convertible Securities had been fully converted into shares of Common Stock immediately prior to such issuance and any outstanding warrants, options or other rights for the purchase of shares of stock or convertible securities had been fully exercised immediately prior to such issuance (and the resulting securities fully converted into shares of Common Stock, if so convertible) as of such date, but not including in such calculation any additional shares of Common Stock issuable with respect to shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Convertible Securities, or outstanding options, warrants or other rights for the purchase of shares of stock or convertible securities, solely as a result of the adjustment of the Series A Conversion Price, Series B Conversion Price or Series C Conversion Price (or other conversion ratios) pursuant to the Corporation's Restated Certificate of Incorporation resulting from the issuance of the Additional Shares of Common Stock causing the adjustment in question.

(iv) Determination of Consideration. For purposes of this Subsection 1.05(A), the consideration (the "Consideration") received or receivable by the Company for the issue of any Additional Shares of Common Stock shall be computed as follows:

(1) Cash and Property: Such Consideration shall:

(a) insofar as it consists of cash, be computed at the aggregate amounts of cash received by the Company excluding amounts paid or payable for accrued interest or accrued dividends;

(b) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

(c) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received or receivable computed as provided in Subsections 1.05(A)(v)(1)(a) and 1.05(A)(v)(1)(b) above, allocable to such Additional Shares of Common Stock as determined in good faith by the Board of Directors; provided, however, that in the event warrants or other options to purchase shares of Common Stock are issued without consideration or for a nominal consideration contemporaneously with the issuance of debt or preferred stock, or both, then the consideration received by the Company for such debt or preferred stock shall be deemed properly allocated to the issuance of the warrants or options.

(2) Additional Shares of Common Stock other than Options and Convertible Securities. The Consideration per share for the issue of any Additional Shares of Common Stock other than Options and Convertible Securities shall be the Consideration for the issue of any Additional Shares of Common Stock other than Options or Convertible Securities, divided by the total number of such Additional Shares of Common Stock issued by the Corporation in exchange therefor.

(3) Options and Convertible Securities. The Consideration per share for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 1.05(A)(iii)(1), relating to Options and Convertible Securities, shall be computed by dividing (x) the Consideration for the issue of such Options or Convertible Securities, plus the aggregate amount of additional Consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such Consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by (y) the number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(v) Adjustment of the Warrant Exercise Price for Dividends, Distributions, Subdivisions, Combinations or Consolidations of Common Stock.

(1) Stock Dividends, Distributions or Subdivisions. In the event the Company shall be deemed to have issued Additional Shares of Common Stock pursuant to Subsection 1.05(A)(iii)(2) in a stock dividend, stock distribution or subdivision, the Warrant Exercise Price in effect immediately before such deemed issue shall, concurrently with the effectiveness of such deemed issue, be proportionately decreased.

(2) Combinations or Consolidations. In the event the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, the Warrant Exercise Price in effect immediately prior to such combination or consolidation shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

(B) Adjustments for Certain Dividends and Distributions. In the event that at any time or from time to time after the Original Issue Date the Company 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 Company other than shares of Common Stock, then and in each event provision shall be made so that the holders of Stock Purchase Warrants shall receive upon exercise thereof in addition to the number of shares of Common Stock receivable thereupon, the amount of securities of the Company that they would have received had their Stock Purchase Warrants been exercised for 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 exercise date, retained such securities receivable by them as aforesaid during such period, giving application during such period to all adjustments called for herein.

(C) Adjustment of Reclassification, Exchange, or Substitution. In the event that at any time or from time to time after the Original Issue Date, the Common Stock issuable upon the exercise of this Warrant 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 above, or a merger, consolidation, or sale of assets provided for below), then and in each such event the registered holder of this Warrant shall have the right thereafter to exercise this Warrant for the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification, or other change, by holders of the number of shares of Common Stock into which such Warrant might have been exercisable for immediately prior to such reorganization, reclassification, or change, all subject to further adjustment as provided herein.

(D) Adjustment for Merger, Consolidation or Sale of Assets. In the event that at any time or from time to time after the Original Issue Date, the Company shall sell all or substantially all of its assets or merger or consolidate with or into another entity, this Warrant shall thereafter be exercisable for 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 Company deliverable upon exercise of this Warrant 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 in this Section 1.05 with respect to the rights and interest thereafter of the registered holders of the Stock Purchase Warrants, to the end that the provisions set forth in this Section 1.05 (including provisions with respect to changes in and other adjustments of the Warrant Exercise 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 exercise of this Warrant.

(E) No Impairment. The Company shall not, by amendment of its Certificate of Incorporation or By-Laws 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 Company but shall at all times in good faith assist in the carrying out of all the provisions of this Section 1.05 and in the taking of all such action as may be necessary or appropriate on order to protect the rights of the registered holder of this Warrant against impairment.

(F) Notice of Adjustment of the Warrant Exercise Price or Number of Exercisable Shares. Upon the occurrence of each adjustment, readjustment or other change relating to the Warrant Exercise Price or in the number of Exercisable Shares, then, and in each such case, the Company at its expense shall give written notice thereof, by first class mail, postage prepaid, addressed to the registered holder at the address of such registered holder as shown on the books of the Company, which notice shall state the Warrant Exercise Price resulting from such adjustment and the increase or decrease in the number of Exercisable Shares (or other denominations of securities) purchasable at the Warrant Exercise Price upon the exercise of this Warrant setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

(G) Notice. In case at any time: (1) the Company shall pay any dividend or make any distribution (other than regular cash dividends from earnings or earned surplus paid at an established rate) to the holders of its Common Stock; (2) the Company shall offer for subscription pro rata to the holders of its Common Stock any additional shares of stock of any

class or other rights; (3) there shall be any capital reorganization or reclassification of the capital stock of the Company, or consolidation or merger of the Company with or sale of all or substantially all of its assets to another corporation; or (4) there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Company; then, in any one or more of such cases, the Company shall give written notice, by first class mail, postage prepaid, addressed to the registered holder at the address of such registered holder as shown on the books of the Company of the date on which (a) the books of the Company shall close or a record date shall be fixed for determining the shareholders entitled to such dividend, distribution or subscription rights, or (b) such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up shall take place, as the case may be. Such notice shall also provide reasonable details of the proposed transaction and specify the date as of which the holders of Common Stock of record shall participate in such dividend, distribution or subscription rights, or shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, as the case may be. Such written notice shall be given at least 20 days prior to the action in question and not less than 20 days prior to the record date or the date on which the Company's transfer books are closed in respect thereto.

(H) Voting Rights. This Warrant shall not entitle the registered holder to any voting rights or any other rights as a stockholder of the Company but upon presentation of this Warrant with the subscription form annexed duly executed and the tender of payment of the Warrant Exercise Price at the office of the Company pursuant to the provisions of this Warrant the registered holder shall forthwith be deemed a stockholder of the Company in respect of the shares of Common Stock so subscribed and paid for.

(I) No Change Necessary. The form of this Warrant need not be changed because of any adjustment in the Warrant Exercise Price or in the number of shares of Common Stock issuable upon its exercise. A Warrant issued after any adjustment on any partial exercise or upon replacement may continue to express the same Warrant Exercise Price and the same number of shares of Common Stock (appropriately reduced in the case of partial exercise) as are stated on this Warrant as initially issued, and that Warrant Exercise Price and that number of shares shall be considered to have been so changed as of the close of business on the date of adjustment.

Section 2. Covenant of the Company. All shares of Common Stock which may be issued upon the exercise of the rights represented by this Warrant, shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable and free from all taxes, liens and charges with respect to the issue thereof.

Section 3. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon exercise of this Warrant. If, upon exercise of this Warrant as an entirety, the registered holder would, except for the provisions of this Section 3, be entitled to receive a fractional share of Common Stock, then the Company shall pay in cash to such registered holder an amount equal to such fractional share multiplied by the fair market value of one share of Common Stock (as reasonably determined by the Board of Directors of the Company) on the date of such exercise.

Section 4. Substitution. In case this Warrant shall be mutilated, lost, stolen or destroyed, the Company will issue a new Warrant of like tenor and denomination and deliver the same (a) in exchange and substitution for and upon surrender and cancellation of any mutilated Warrant, or (b) in lieu of any Warrant lost, stolen or destroyed, upon receipt of evidence satisfactory to the Company of the loss, theft, or destruction of such Warrant (including a reasonably detailed affidavit with respect to the circumstances of any loss, theft or destruction), and of indemnity (or, in the case of the initial holder or any other institutional holder, an indemnity agreement) satisfactory to the Company.

Section 5. Transfer Restrictions. This Warrant or the shares of Common Stock into which this Warrant is exercisable shall not be sold, transferred, pledged or hypothecated unless the proposed disposition is the subject of a currently effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), or unless the Company has received an opinion of counsel reasonably satisfactory in form and scope to the Company that such registration is not required except that such restrictions shall not apply to any transfer of this Warrant or the shares of Common Stock into which this Warrant is exercisable; (i) to a partner or other affiliate of the registered holder, including any entity of which the registered holder or a related entity is a General Partner; (ii) by gift or bequest or through inheritance to, or for the benefit of, any member or members of the registered holder's immediate family; (iii) by a registered holder to a trust (a) in respect of which the registered holder serves as trustee, provided that the trust instrument governing such trust shall provide that the registered holder, as trustee, shall retain sole and exclusive control over the voting and disposition of such Warrant until the termination of this Warrant or (b) for the benefit solely of any member or members of the registered holder's immediate family; and (iv) pursuant to any underwritten public offering of Common Stock pursuant to an effective registration statement under the Securities Act.

Section 6. Taxes. The Company shall pay any taxes or other charges that may be imposed in respect of the issuance and delivery of the Warrant or any shares of Common Stock or other property upon exercise hereof.

Section 7. Governing Law. This Warrant shall be deemed a contract made under the laws of the State of Delaware and its provisions and the rights and obligations of the parties hereunder shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of Delaware, without regard to its principles of conflicts of laws.

Section 8. Miscellaneous. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

IN WITNESS WHEREOF, the Company has caused this Common Stock Purchase Warrant to be signed by its Chief Executive Officer thereunto duly authorized and its corporate seal to be hereunto affixed and attested by its Secretary this ____ day of December, 1999.

ATTEST:

NOVATEL WIRELESS, INC.

By: -----

Name: Roger Hartman
Its: Secretary

By: -----

Name: Robert Corey
Its: Chief Executive Officer

SUBSCRIPTION FORM

The undersigned, the registered holder of the within Common Stock Purchase Warrant, hereby irrevocably elects to exercise the purchase right represented by such Warrant for, and to purchase thereunder, _____ shares of Common Stock of Novatel Wireless, Inc., and herewith makes payment of \$_____ therefor and requests that the certificates representing such shares be issued in the name of and delivered to:

and if such shares shall not include all of the shares issuable under this Warrant, that a new Warrant of like tenor and date be delivered to the undersigned for the shares not issued.

Dated: _____

Signature

FORM OF ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ whose address is _____

_____, the within
Common Stock Purchase Warrant with respect to _____ shares purchasable
thereby, and does hereby irrevocably constitute and appoint _____
attorney to transfer such Warrant on the books of the within named corporation
with full power of substitution in the premises.

Dated: _____

In the presence of:

Signature

THE WARRANT EVIDENCED HEREBY, AND THE SHARES OF COMMON STOCK ISSUABLE HEREUNDER, HAVE BEEN AND WILL BE ISSUED WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE APPLICABLE SECURITIES LAWS OF ANY STATE. SUCH SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND SHALL NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS THE PROPOSED DISPOSITION IS THE SUBJECT OF A CURRENTLY EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY, TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SAID ACT AND SUCH STATE SECURITIES LAWS IN CONNECTION WITH SUCH DISPOSITION.

NOVATEL WIRELESS, INC.

COMMON STOCK PURCHASE WARRANT

Void After _____, 2004

This Stock Purchase Warrant is Issued to

[INSERT NAME AND ADDRESS OF GRANTEE]

(hereinafter called the "initial registered holder" or the "registered holder," which term shall include its successors and assigns) by Novatel Wireless, Inc., a Delaware corporation (hereinafter referred to as the "Company"). The holder of this Warrant is entitled to certain of the benefits conferred by that certain Unit Purchase Agreement dated as of _____, 1999 (the "Purchase Agreement"), and that certain Registration Rights Agreement, as amended, dated as of _____, 1999 (the "Registration Rights Agreement"), copies of which are on file at the office of the Company at the address specified below. This Warrant may be transferred by the registered holder only in accordance with the provisions of Sections 1.04 and 5 hereof. A copy of the Purchase Agreement and the Registration Rights Agreement will be furnished to any subsequent registered holder hereof upon written request. The Registration Rights Agreement contains an undertaking by the Company under certain circumstances to effect registration and qualification under federal and state securities laws of, or to take other action with respect to, the shares of Common Stock, par value \$.001, of the Company ("Common Stock") issuable on exercise of this Warrant.

Section 1. The Warrant.

1.01. For value received and subject to the terms and conditions hereinafter set forth, the registered holder is entitled, upon surrender of this Warrant at any time on or prior to _____, 2004 (with the subscription form annexed hereto duly executed) at the office of the Company at 6540 Lusk Blvd., Suite C-166, San Diego, CA 92121, or such other office of which the Company shall notify the registered holder hereof in writing, to purchase from the Company [INSERT NUMBER OF SHARES] fully paid and non-assessable shares ("Initial Exercisable Shares" and, as adjusted from time to time as hereinafter provided, "Exercisable Shares") of Common Stock for an initial exercise price of \$2.00 per share as adjusted from time to time as provided below (the "Warrant Exercise Price"). This Warrant may be exercised in full or in part from time to time. As promptly as practicable after surrender of this Warrant and receipt of payment of the Warrant Exercise Price, the Company shall issue and deliver to the registered holder a certificate or certificates for shares of Common Stock, in certificates of such denominations and in such names as the registered holder may specify, together with any other stock, securities or property to which such holder may be entitled to receive pursuant to Sections 1.05(B), 1.05(C) or 1.05(D) hereof. In the case of the purchase of less than all the shares purchasable under this Warrant, the Company shall cancel this Warrant upon the surrender hereof and shall execute and deliver a substitute Warrant of like tenor for the balance of the shares purchasable hereunder. This Warrant shall expire at 8:00 P.M. (Eastern Standard Time) on _____, 2004 and shall be void thereafter.

1.02. During the period within which the rights represented by this Warrant may be exercised, the Company shall at all times have authorized and reserved for the purpose of issue upon exercise of the rights evidenced hereby, a sufficient number of shares of its Common Stock to provide for the exercise of such rights. Upon surrender for exercise, this Warrant shall be canceled and shall not be reissued; provided, however, that upon the partial exercise hereof a substitute Warrant representing the rights to subscribe for and purchase any such unexercised portion hereof shall be issued.

1.03. Subject to compliance with applicable securities laws, this Warrant may be subdivided into one or more Stock Purchase Warrants entitling the registered holder to purchase shares of Common Stock in multiples of one or more whole shares, upon surrender of this Warrant by the registered holder for such purpose at the office of the Company.

1.04. The Company shall maintain at its office (or at such other office or agency of the Company as it may from time to time designate in writing to the registered holder hereof), a register containing the names and addresses of the holders of all Stock Purchase Warrants. The registered holder of such a Warrant shall be the person in whose name such Warrant is originally issued and registered, unless a subsequent holder shall have presented to the Company such Warrant, duly assigned to him, for inspection and a written notice of his acquisition of such Warrant and designating in writing the address of such holder, in which case such subsequent holder of the Warrant shall become a subsequent registered holder. Any registered holder of this Warrant may change his address as shown on such register by written notice to the Company requesting such change. Any written notice required or permitted to be given to the registered holder of this Warrant shall be mailed, by registered or certified mail, to such registered holder at his address as shown on such register.

1.05. The rights of the registered holder shall be subject to the following terms and conditions:

(A) Adjustments to the Warrant Exercise Price.

(i) Special Definitions. For purposes of this Subsection 1.05, the following definitions shall apply:

(1) "Option" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Common Stock or Convertible Securities.

(2) "Warrant Exercise Price" shall mean initially \$2.00 per share and shall be subject to adjustment as hereinafter provided.

(3) "Original Issue Date" shall mean the date on which this Warrant was issued.

(4) "Stock Purchase Warrants" shall mean the Warrants sold by the Company pursuant to the Purchase Agreement.

(5) "Convertible Securities" shall mean any evidences of indebtedness, shares of capital stock (other than Common Stock) or other securities directly or indirectly convertible into or exchangeable for Common Stock.

(6) "Convertible Debentures" shall mean the Convertible Debentures sold by the Company pursuant to the Purchase Agreement.

(7) "Additional Shares of Common Stock" shall mean all shares of Common Stock issued (or, pursuant to Subsection 1.05(A)(iii), deemed to be issued) by the Company after the Original Issue Date, other than:

(a) up to 2,347,418 shares of the Company's Common Stock (appropriately adjusted to take account of any stock split, stock dividend, combination of shares or the like) to be issued upon conversion of the Company's Series B Convertible Preferred Stock, par value \$0.001 per share ("Series B Preferred Stock"), assuming conversion of all of the outstanding shares of the Series B Preferred Stock of Novatel Wireless Technologies Ltd. ("NWT") into shares of the Series B Preferred Stock;

(b) up to 4,980,444 shares of the Company's Common Stock (appropriately adjusted to take account of any stock split, stock dividend, combination of shares or the like) to be issued upon conversion of shares of the Company's Series A Convertible Preferred Stock, par value \$0.001 per share ("Series A Preferred Stock"), assuming conversion of all of the outstanding shares of the Series A Preferred Stock of NWT into shares of the Series A Convertible Preferred Stock of the Company;

(c) up to 2,110,176 shares of the Company's Common Stock to be issued upon exercise of warrants to purchase the Company's Common Stock granted by the Company;

(d) up to 330,105 shares of the Company's Common Stock to be issued upon exchange of shares of the exchangeable common stock of NWT issued upon exercise of warrants to purchase such shares;

(e) any minimum number of shares of capital stock required by law to be issued to directors of the Company;

(f) up to 796,056 shares of the Company's Common Stock (appropriately adjusted to take account of any stock split, stock dividend, combination of shares or the like), or such higher number of shares as is recommended by the Compensation Committee of the Company's Board of Directors and approved by the Company's Board of Directors, of Common Stock (or related options) issued or issuable to officers, directors or employees of, or consultants to, the Company pursuant to a stock purchase or option or warrant plan or other similar arrangement approved by the Board of Directors;

(g) any shares of the Company's Preferred Stock, par value \$0.001 per share, issued upon the conversion of the amounts outstanding under the Convertible Debentures in accordance with the terms thereof, and any shares of the Company's Common Stock issued upon conversion of such shares of Preferred Stock in accordance with the terms thereof;

(h) any shares of capital stock of the Company, not to exceed one-half of one percent of the total issued and outstanding capital stock of the Company 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 Company, including the affirmative vote of a majority of the directors designated for election by the holders of the Series A and Series B Preferred Stock; and

(i) not more than ten shares of capital stock of the Company 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 Company, including the affirmative vote of a majority of the directors designated for election by the holders of the Company's Series A and Series B Preferred Stock.

(ii) No Adjustment to Warrant Exercise Price. No adjustment to the Warrant Exercise Price shall be made unless the consideration per share for an Additional Share of Common Stock issued or deemed to be issued by the Company is less than the Warrant Exercise Price in effect on the date of, and immediately prior to, the issue of such Additional Share of Common Stock.

(iii) Issue of Securities Deemed Issue of Additional Shares of Common Stock.

(1) Options and Convertible Securities. In the event the Company at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Common Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business (Eastern Standard Time or Eastern Daylight Savings Time, if applicable) on such record date, provided that Additional Shares of Common Stock shall not be deemed to have been issued unless the consideration per share (determined pursuant to Subsection 1.05(A)(v) hereof) of such Additional Shares of Common Stock would be less than the Warrant Exercise Price in effect on the date of and immediately prior to such issue, or such record date, as the case may be, and provided further that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(a) no further adjustment in the Warrant Exercise Price shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(b) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase in the Consideration as defined in Subsection 1.05(A)(v) payable to the Company, or decrease in the number of shares of Common Stock issuable, upon the exercise, conversion or exchange thereof, the Warrant Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(c) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Warrant Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:

(i) In the case of Convertible Securities or Options for Common Stock the only Additional Shares of Common Stock issued were the shares of Common Stock, if any, actually issued upon the exercise

of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange; and

(ii) in the case of Options for Convertible Securities only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the Additional Shares of Common Stock deemed to have been then issued was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Company (determined pursuant to Subsection 1.05(A)(v)) upon the issue of the Convertible Securities with respect to which such Options were actually exercised;

(d) no readjustment pursuant to clause (b) or (c) above shall have the effect of increasing the Warrant Exercise Price to an amount which exceeds the lower of (i) the Warrant Exercise Price on the original adjustment date, or (ii) the Warrant Exercise Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and such readjustment date;

(e) in the case of any Options which expire by their terms not more than thirty days after the date of issue thereof, no adjustment of the Warrant Exercise Price shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the same manner provided in clause (c) above; and

(f) if such record date shall have been fixed and such options or Convertible Securities are not issued on the date fixed therefor, the adjustment previously made in the Warrant Exercise Price which became effective on such record date shall be canceled as of 8:00 P.M. Eastern Standard Time (or Eastern Daylight Savings Time if applicable) on such record date, and thereafter the Warrant Exercise Price shall be adjusted pursuant to this Subsection 1.05(A)(iii) as of the actual date of their issuance.

(2) Stock Dividends, Stock Distributions and Subdivisions. In the event the Company at any time or from time to time after the Original Issue Date shall declare or pay any dividend or make any other distribution on the Common Stock payable in Common Stock or effect a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock), then and in any such event, Additional Shares of Common Stock shall be deemed to have been issued:

(a) in the case of any such dividend or distribution, immediately after 8:00 P.M. (Eastern Standard Time or Eastern Daylight Savings Time, if applicable) on the record date for the determination of holders of any class of securities entitled to receive such dividend or distribution, or

(b) in the case of any such subdivision, at 8:00 P.M. (Eastern Standard Time or Eastern Daylight Savings Time, if applicable) on the date immediately prior to the date upon which such corporate action becomes effective.

If such record date shall have been fixed and no part of such dividend shall have been paid on the date fixed therefor, the adjustment previously made in the Warrant Exercise Price which became effective on such record date shall be canceled as of 8:00 P.M. (Eastern Standard Time or Eastern Daylight Savings time, if applicable) on such record date, and thereafter the Warrant Exercise Price shall be adjusted pursuant to this Section 1.05(A)(iii) as of the time of actual payment of such dividend.

(iv) Adjustment to the Warrant Exercise Price Upon Issuance of Additional Shares of Common Stock. In the event that at any time or from time to time after the Original Issue Date, the Company shall issue Additional Shares of Common Stock (including, without limitation, Additional Shares of Common Stock deemed to be issued pursuant to Subsection 1.05(A)(iii)(1) but excluding Additional Shares of Common Stock deemed to be issued pursuant to Subsection 1.05(A)(iii)(2), which event is dealt with in Subsection 1.05(A)(vi)(1)), without consideration or for a consideration per share less than the applicable Warrant Exercise Price in effect on the date of and immediately prior to such issue, then and in such event, such Warrant Exercise Price shall be reduced concurrently with such issue, to a price equal to the Consideration Per Share for which such Additional Shares of Common Stock are issued or deemed to be issued; provided that the applicable Warrant Exercise Price shall not be so reduced at any time if the amount of such reduction would be an amount less than \$.01, but any such amount shall be carried forward and reduction with respect thereto made at the time of and together with any subsequent reduction which, together with such amount and any other amount or amounts so carried forward, shall aggregate \$.01 or more.

(v) Determination of Consideration. For purposes of this Subsection 1.05(A), the consideration (the "Consideration") received or receivable by the Company for the issue of any Additional Shares of Common Stock shall be computed as follows:

(1) Cash and Property: Such Consideration shall:

(a) insofar as it consists of cash, be computed at the aggregate amounts of cash received by the Company excluding amounts paid or payable for accrued interest or accrued dividends;

(b) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

(c) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received or receivable computed as provided in Subsections 1.05(A)(v)(1)(a) and 1.05(A)(v)(1)(b) above, allocable to such Additional Shares of Common Stock as determined in good faith by the Board of Directors; provided, however, that in the event warrants or other options to purchase shares of Common Stock are issued without consideration or for a nominal consideration contemporaneously with the issuance of debt or preferred stock, or both, then the consideration received by the Company for such debt or preferred stock shall be deemed properly allocated to the issuance of the warrants or options.

(2) Additional Shares of Common Stock other than Options and Convertible Securities. The Consideration per share (the "Consideration Per Share") for the issue of any Additional Shares of Common Stock other than Options and Convertible Securities shall be the Consideration for the issue of any Additional Shares of Common Stock other than Options or Convertible Securities, divided by the total number of such Additional Shares of Common Stock issued by the Corporation in exchange therefor.

(3) Options and Convertible Securities. The Consideration per share (also the "Consideration Per Share," as the context requires) for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 1.05(A)(iii)(1), relating to Options and Convertible Securities, shall be computed by dividing (x) the Consideration for the issue of such Options or Convertible Securities, plus the aggregate amount of additional Consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by (y) the number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(vi) Adjustment of the Warrant Exercise Price for Dividends, Distributions, Subdivisions, Combinations or Consolidations of Common Stock.

(1) Stock Dividends, Distributions or Subdivisions. In the event the Company shall be deemed to have issued Additional Shares of Common Stock pursuant to Subsection 1.05(A)(iii)(2) in a stock dividend, stock distribution or subdivision, the Warrant Exercise Price in effect immediately before such deemed issue shall, concurrently with the effectiveness of such deemed issue, be proportionately decreased.

(2) Combinations or Consolidations. In the event the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, the Warrant Exercise Price in effect immediately prior to such combination or consolidation shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

(B) Adjustments for Certain Dividends and Distributions. In the event that at any time or from time to time after the Original Issue Date the Company 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 Company other than shares of Common Stock, then and in each such event provision shall be made so that the holders of Stock Purchase Warrants shall receive upon exercise thereof in addition to the number of shares of Common Stock receivable thereupon, the amount of securities of the Company that they would have received had their Stock Purchase Warrants been exercised for 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 exercise date, retained such securities receivable by them as aforesaid during such period, giving application during such period to all adjustments called for herein.

(C) Adjustment for Reclassification, Exchange, or Substitution. In the event that at any time or from time to time after the Original Issue Date, the Common Stock issuable upon the exercise of this Warrant 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 above, or a merger, consolidation, or sale of assets provided for below), then and in each such event the registered holder of this Warrant shall have the right thereafter to exercise this Warrant for the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification, or other change, by holders of the number of shares of Common Stock into which such Warrant might have been exercisable for immediately prior to such reorganization, reclassification, or change, all subject to further adjustment as provided herein.

(D) Adjustment for Merger, Consolidation or Sale of Assets. In the event that at any time or from time to time after the Original Issue Date, the Company shall sell all or substantially all of its assets or merge or consolidate with or into another entity, this Warrant shall thereafter be exercisable for 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 Company deliverable upon exercise of this Warrant 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 in this Section 1.05 with respect to the rights and interest thereafter of the registered holders of the Stock Purchase Warrants, to the end that the provisions set forth in this Section 1.05 (including provisions with respect to changes in and other adjustments of the Warrant Exercise 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 exercise of this Warrant.

(E) Adjustment upon Conversion of Amounts Due under Debenture. In the event that at any time or from time to time after the Original Issue Date, the registered holder

elects to convert all of the principal amount and interest thereon then outstanding under the Debenture, dated as of the date of this Warrant, issued and sold by the Company to the registered holder pursuant to the Purchase Agreement (the "Debenture") into shares of Series A Convertible Preferred Stock, par value \$.001 per share, of the Company in accordance with the terms of the Debenture, as the same may be amended from time to time, the number of Exercisable Shares hereunder shall be reduced by 50%.

(F) No Impairment. The Company shall not, by amendment of its Certificate of Incorporation or By-Laws 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 Company but shall at all times in good faith assist in the carrying out of all the provisions of this Section 1.05 and in the taking of all such action as may be necessary or appropriate on order to protect the rights of the registered holder of this Warrant against impairment.

(G) Notice of Adjustment of the Warrant Exercise Price or Number of Exercisable Shares. Upon the occurrence of each adjustment, readjustment or other change relating to the Warrant Exercise Price or in the number of Exercisable Shares, then, and in each such case, the Company at its expense shall give written notice thereof, by first class mail, postage prepaid, addressed to the registered holder at the address of such registered holder as shown on the books of the Company, which notice shall state the Warrant Exercise Price resulting from such adjustment and the increase or decrease in the number of Exercisable Shares (or other denominations of securities) purchasable at the Warrant Exercise Price upon the exercise of this Warrant setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

(H) Notice. In case at any time: (1) the Company shall pay any dividend or make any distribution (other than regular cash dividends from earnings or earned surplus paid at an established rate) to the holders of its Common Stock; (2) the Company shall offer for subscription pro rata to the holders of its Common Stock any additional shares of stock of any class or other rights; (3) there shall be any capital reorganization or reclassification of the capital stock of the Company, or consolidation or merger of the Company with or sale of all or substantially all of its assets to another corporation; or (4) there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Company; then, in any one or more of such cases, the Company shall give written notice, by first class mail, postage prepaid, addressed to the registered holder at the address of such registered holder as shown on the books of the Company of the date on which (a) the books of the Company shall close or a record date shall be fixed for determining the shareholders entitled to such dividend, distribution or subscription rights, or (b) such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up shall take place, as the case may be. Such notice shall also provide reasonable details of the proposed transaction and specify the date as of which the holders of Common Stock of record shall participate in such dividend, distribution or subscription rights, or shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, as the case may be. Such written notice shall be given at least 20 days prior to the

action in question and not less than 20 days prior to the record date or the date on which the Company's transfer books are closed in respect thereto.

(I) Voting Rights. This Warrant shall not entitle the registered holder to any voting rights or any other rights as a stockholder of the Company but upon presentation of this Warrant with the subscription form annexed duly executed and the tender of payment of the Warrant Exercise Price at the office of the Company pursuant to the provisions of this Warrant the registered holder shall forthwith be deemed a stockholder of the Company in respect of the shares of Common Stock so subscribed and paid for.

(J) No Change Necessary. The form of this Warrant need not be changed because of any adjustment in the Warrant Exercise Price or in the number of shares of Common Stock issuable upon its exercise. A Warrant issued after any adjustment on any partial exercise or upon replacement may continue to express the same Warrant Exercise Price and the same number of shares of Common Stock (appropriately reduced in the case of partial exercise) as are stated on this Warrant as initially issued, and that Warrant Exercise Price and that number of shares shall be considered to have been so changed as of the close of business on the date of adjustment.

Section 2. Covenant of the Company. All shares of Common Stock which may be issued upon the exercise of the rights represented by this Warrant, shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable and free from all taxes, liens and charges with respect to the issue thereof.

Section 3. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon exercise of this Warrant. If, upon exercise of this Warrant as an entirety, the registered holder would, except for the provisions of this Section 3, be entitled to receive a fractional share of Common Stock, then the Company shall pay in cash to such registered holder an amount equal to such fractional share multiplied by the fair market value of one share of Common Stock (as reasonably determined by the Board of Directors of the Company) on the date of such exercise.

Section 4. Substitution. In case this Warrant shall be mutilated, lost, stolen or destroyed, the Company will issue a new Warrant of like tenor and denomination and deliver the same (a) in exchange and substitution for and upon surrender and cancellation of any mutilated Warrant, or (b) in lieu of any Warrant lost, stolen or destroyed, upon receipt of evidence satisfactory to the Company of the loss, theft, or destruction of such Warrant (including a reasonably detailed affidavit with respect to the circumstances of any loss, theft or destruction), and of indemnity (or, in the case of the initial holder or any other institutional holder, an indemnity agreement) satisfactory to the Company.

Section 5. Transfer Restrictions. This Warrant or the shares of Common Stock into which this Warrant is exercisable shall not be sold, transferred, pledged or hypothecated unless the proposed disposition is the subject of a currently effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), or unless the Company has received an opinion of counsel reasonably satisfactory in form and scope to the Company that such registration is not required except that such restrictions shall not apply to any transfer of this

Warrant or the shares of Common Stock into which this Warrant is exercisable: (i) to a partner or other affiliate of the registered holder, including any entity of which the registered holder or a related entity is a General Partner; (ii) by gift or bequest or through inheritance to, or for the benefit of, any member or members of the registered holder's immediate family; (iii) by a registered holder to a trust (a) in respect of which the registered holder serves as trustee, provided that the trust instrument governing such trust shall provide that the registered holder, as trustee, shall retain sole and exclusive control over the voting and disposition of such Warrant until the termination of this Warrant or (b) for the benefit solely of any member or members of the registered holder's immediate family; and (iv) pursuant to any underwritten public offering of Common Stock pursuant to an effective registration statement under the Securities Act.

Section 6. Remedies. The Company stipulates that the remedies at law of the registered holder of this Warrant in the event of any default or threatened default by the Company in the performance of or compliance with any of the terms of this Warrant are not and will not be adequate, and that such terms may be specifically enforced by a decree for the specific performance of any agreement contained herein or by an injunction against a violation of any of the terms hereof or otherwise.

Section 7. Taxes. The Company shall pay any taxes or other charges that may be imposed in respect of the issuance and delivery of the Warrant or any shares of Common Stock or other property upon exercise hereof.

Section 8. Governing Law. This Warrant shall be deemed a contract made under the laws of the State of Delaware and its provisions and the rights and obligations of the parties hereunder shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of Delaware, without regard to its principles of conflicts of laws.

Section 9. Miscellaneous. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

IN WITNESS WHEREOF, the Company has caused this Common Stock Purchase Warrant to be signed by its Chief Executive Officer thereunto duly authorized and its corporate seal to be hereunto affixed and attested by its Secretary this ___ day of _____, 1999.

ATTEST:

NOVATEL WIRELESS, INC.

By: _____
Name: Roger Hartman
Its: Secretary

By: _____
Name: Robert Corey
Its: Chief Executive Officer

SUBSCRIPTION FORM

The undersigned, the registered holder of the within Common Stock Purchase Warrant, hereby irrevocably elects to exercise the purchase right represented by such Warrant for, and to purchase thereunder, _____ shares of Common Stock of Novatel Wireless, Inc., and herewith makes payment of \$ _____ therefor and requests that the certificates representing such shares be issued in the name of and delivered to:

and if such shares shall not include all of the shares issuable under this Warrant, that a new Warrant of like tenor and date be delivered to the undersigned for the shares not issued.

Dated: _____

Signature

FORM OF ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

_____ whose address is _____

_____, the within

Common Stock Purchase Warrant with respect to _____ shares purchasable

thereby, and does hereby irrevocably constitute and appoint _____

attorney to transfer such Warrant on the books of the within named corporation

with full power of substitution in the premises.

Dated: _____

In the presence of:

Signature

THE WARRANT EVIDENCED HEREBY, AND THE SHARES OF COMMON STOCK ISSUABLE HEREUNDER, HAVE BEEN AND WILL BE ISSUED WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE APPLICABLE SECURITIES LAWS OF ANY STATE. SUCH SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND SHALL NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS THE PROPOSED DISPOSITION IS THE SUBJECT OF A CURRENTLY EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY, TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SAID ACT AND SUCH STATE SECURITIES LAWS IN CONNECTION WITH SUCH DISPOSITION.

NOVATEL WIRELESS, INC.

COMMON STOCK PURCHASE WARRANT

Void After _____, 2005

This Stock Purchase Warrant is Issued to

[INSERT NAME AND ADDRESS OF GRANTEE]

(hereinafter called the "initial registered holder" or the "registered holder," which term shall include its successors and assigns) by Novatel Wireless, Inc., a Delaware corporation (hereinafter referred to as the "Company"). The holder of this common stock purchase warrant ("Warrant") is entitled to certain of the benefits conferred by that certain Series D Convertible Preferred Stock and Warrant Purchase Agreement dated as of _____, 2000 (the "Purchase Agreement"), and that certain Amended and Restated Investors' Rights Agreement dated as of _____, 2000 (the "Investors' Rights Agreement"), copies of which are on file at the office of the Company at the address specified below. This Warrant may be transferred by the registered holder only in accordance with the provisions of Section 1.06 and Section 5 hereof. A copy of the Purchase Agreement and the Investors' Rights Agreement will be furnished to any subsequent registered holder hereof upon written request. The Investors' Rights Agreement contains an undertaking by the Company under certain circumstances to effect registration and qualification under federal and state securities laws of, or to take other action with respect to, the shares of common stock, par value \$0.001, of the Company ("Common Stock") issuable on exercise of this Warrant.

Section 1. The Warrant.

1.01. Manner of Exercise. For value received and subject to the terms and conditions hereinafter set forth, the registered holder hereof is entitled, upon surrender of this Warrant (with the subscription form annexed hereto duly executed) at the office of the Company at 9360 Towne Centre Drive, Suite 110, San Diego, CA 92121, or such other office of which the Company shall notify the registered holder hereof in writing, to purchase from the Company _____ (_____) fully paid and nonassessable shares ("Initial Exercisable Shares" and, as may be adjusted from time to time as hereinafter provided, "Exercisable Shares") of Common Stock for an initial exercise price of \$17.25 per share as may be adjusted from time to time as provided below (the "Warrant Exercise Price"). This Warrant may be exercised in full or in part from time to time when exercisable. As promptly as practicable after surrender of this Warrant and receipt of payment of the Warrant Exercise Price, the Company shall issue and deliver to the registered holder a certificate or certificates for shares of Common Stock, in certificates of such denominations and in such names as the registered holder hereof may specify, together with any other stock, securities or property which such holder may be entitled to receive pursuant to Sections 1.07(B), 1.07(C) or 1.07(D) hereof. In the case of the purchase of less than all the shares purchasable under this Warrant, the Company shall cancel this Warrant upon the surrender hereof and shall execute and deliver a substitute Warrant of like tenor for the balance of the shares purchasable hereunder.

1.02. Date of Exercisability. This Warrant may be exercised by its registered holder on or after the earliest to occur of (i) the first anniversary of the Closing (as defined in the Purchase Agreement) and prior to termination, (ii) the closing of a firm commitment public offering pursuant to an effective registration statement on Form S-1 under the Securities Act of 1933, as amended, at a public offering price (prior to underwriting discounts and commissions) equal to or exceeding \$17.25 per share of Common Stock (as adjusted for any stock dividends, combinations or splits with respect to such shares) and in which the proceeds to the Company from such offering aggregate not less than \$35 million (prior to underwriting discounts and commissions), or (iii) the commencement of the 30-day period prior to the consummation of a transaction effecting (a) the sale of all or substantially all the assets of the Company; (b) the sale (other than in connection with financing arrangements) of capital stock or other securities representing a majority of the total voting power of shares of stock entitled to vote in the election of directors; or (c) a merger consolidation or tender offer in which the Company is not the surviving entity (hereinafter, a "Change in Control"). This Warrant shall expire at 8:00 P.M. (Eastern Standard Time) on _____, 2005 and shall be void thereafter.

1.03. Payment of Exercise Price; Net Issue Exercise

A. The Warrant Exercise Price may be paid by cash, check, wire transfer or by the surrender to the Company of promissory notes or other instruments representing indebtedness of the Company to the registered holder.

B. In lieu of exercising this Warrant in the manner provided above in Section 1.03(A), the registered holder may elect to receive shares equal to the then fair market value of this Warrant (or the portion thereof being canceled) by surrender of this Warrant at the

principal office of the Company together with notice of such election on the subscription form appended hereto duly executed by such registered holder or such registered holder's duly authorized attorney, in which event the Company shall issue to the registered holder a number of shares of Common Stock computed using the following formula:

$$X = \frac{Y (A - R)}{A}$$

Where

- X = The number of shares of Common Stock to be issued to the registered holder.
- Y = The number of shares of Common Stock purchasable under this Warrant (at the date of such calculation).
- A = The fair market value of one share of Common Stock (at the date of such calculation).
- B = The Warrant Exercise Price (as adjusted to the date of such calculation).

(i) For purposes of this Section 1.03(B), the fair market value of one share of Common Stock on the date of calculation shall mean:

(A) if the exercise is in connection with an initial public offering of shares of the Company's Common Stock, and if the Company's Registration Statement relating to such public offering has been declared effective by the Securities and Exchange Commission, then the fair market value per share of Common Stock shall be the initial "Price to Public" specified in the final prospectus with respect to the offering;

(B) if this Warrant is exercised after, and not in connection with, the close of the Company's initial public offering, and if the Company's Common Stock is then traded on a securities exchange or The Nasdaq Stock Market or actively traded over-the-counter:

(1) if the Company's Common Stock is traded on a securities exchange or The Nasdaq Stock Market, the fair market value shall be deemed to be the average of the closing price per share over the twenty (20) day period ending three days before the date of calculation; or

(2) if the Company's Common Stock is actively traded over-the-counter, the fair market value per share of the Company's common stock shall be deemed to be the average of the closing bid or sales price (whichever is applicable) over the thirty (30) day period ending three days before the date of calculation; or

(C) if neither (A) nor (B) is applicable, the fair market value per share of the Company's Common Stock shall be the amount determined in good faith by the Company's Board of Directors, unless the Company is, at such time, within the thirty (30) consecutive day period immediately preceding the consummation of a Change in Control in which case the fair market value per share of Common Stock shall be deemed to be the value of

the consideration per share received by the holders of such stock pursuant to such consummation of a Change in Control.

1.04. During the period within which the rights represented by this Warrant may be exercised, the Company shall at all times have authorized and reserved for the purpose of issue upon exercise of the rights evidenced hereby, a sufficient number of shares of its Common Stock to provide for the exercise of such rights. Upon surrender for exercise, this Warrant shall be canceled and shall not be reissued; provided, however, that upon the partial exercise hereof a substitute Warrant representing the rights to subscribe for and purchase any such unexercised portion hereof shall be issued.

1.05. Subject to compliance with applicable securities laws, this Warrant may be subdivided into one or more common stock purchase warrants entitling the registered holder to purchase shares of Common Stock in multiples of one or more whole shares, upon surrender of this Warrant by the registered holder for such purpose at the office of the Company,

1.06. The Company shall maintain at its office (or at such other office or agency of the Company as it may from time to time designate in writing to the registered holder hereof), a register containing the names and addresses of the holders of all the Company's common stock purchase warrants. The registered holder of such a warrant shall be the person in whose name such warrant is originally issued and registered, unless a subsequent holder shall have presented to the Company such warrant, duly assigned to him, for inspection and a written notice of his acquisition of such warrant and designating in writing the address of such holder, in which case such subsequent holder of the warrant shall become a subsequent registered holder. Any registered holder of this Warrant may change his address as shown on such register by written notice to the Company requesting such change. Any written notice required or permitted to be given to the registered holder of this Warrant shall be mailed, by registered or certified mail, to such registered holder at his address as shown on such register.

1.07. The rights of the registered holder hereof shall be subject to the following terms and conditions:

(A) Adjustment to the Warrant Exercise Price.

(i) Special Definitions. For purposes of this Subsection 1.07, the following definitions shall apply:

(1) "Option" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Common Stock or Convertible Securities.

(2) "Warrant Exercise Price" shall mean initially \$17.25 per share of Common Stock and shall be subject to adjustment as hereinafter provided.

(3) "Original Issue Date" shall mean the date on which this Warrant was issued.

(4) "Stock Purchase Warrants" shall mean the Warrants sold by the Company pursuant to the Purchase Agreement.

(5) "Series D Purchase Price" shall mean \$17.25 per share of the Company's Series D Convertible Preferred Stock, par value \$0.001 per share ("Exercise D Preferred Stock").

(6) "Converted Securities" shall mean any evidences of indebtedness, shares of capital stock (other than Common Stock) or other securities directly or indirectly convertible into or exchangeable for Common Stock.

(7) "Additional Shares of Common Stock" shall mean any shares of Common Stock issued (or, pursuant to Subsection 1.07(A)(iii), deemed to be issued) by the Company after the Original Issue Date, other than:

(a) shares of Common Stock issuable upon the exercise or conversion of securities of the Company outstanding as of the Original Issue Date;

(b) shares of Common Stock issuable upon conversion of up to 2,263,857 shares of Series A Preferred Stock and up to 1,251,798 shares of Series A Preferred Stock (appropriately adjusted to take account of any stock split, stock dividend, combination of shares or the like) to be issued upon exchange of shares of the Series A preferred stock of Novatel Wireless Technologies, Ltd. (the "NWT Exchangeable Series A");

(c) shares of Common Stock issuable upon conversion of up to 2,084,281 shares of Series B Preferred Stock and up to 213,614 shares of Series B Preferred Stock (appropriately adjusted to take account of any stock split, stock dividend, combination of shares or the like) to be issued upon exchange of the shares of the Series B preferred stock of NWT (the "NWT Exchangeable Series B");

(d) up to 330,105 shares of Common Stock (appropriately adjusted to take account of any stock split, stock dividend, combination of shares or the like) to be issued upon exercise of warrants issued by NWT to purchase shares of the exchangeable common stock of NWT (the "NWT Exchangeable Common");

(e) up to 781,605 shares of Common Stock issuable upon exercise of the warrants granted to certain investors pursuant to the Series B Stock Purchase Agreement;

(f) up to 1,308,057 shares of Common Stock issuable upon exercise of warrants granted to certain investors pursuant to that certain Unit Purchase Agreement dated as of June 15, 1999;

(g) shares of Common Stock issuable upon the conversion of up to 3,698,087 shares of the Series C Preferred Stock;

(h) up to 716,213 shares of Common Stock issuable upon exercise of warrants granted to certain investors pursuant to the Series C Stock Purchase Agreement and ancillary transactions;

(i) any issuance of securities for which adjustment of the Series C Conversion Price is made pursuant to Subsection 3(h);

(j) shares of Common Stock issuable upon the conversion of up to 2,600,000 shares of Series D Preferred Stock;

(k) up to 520,000 shares of Common Stock issuable upon exercise of warrants granted to certain investors pursuant to the Series D Stock Purchase Agreement;

(l) any minimum number of shares of capital stock required by law to be issued to directors of the Company;

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

(n) up to 2,000,000 shares of the Common Stock (or related options)(appropriately adjusted to take account of any stock split, stock dividend, combination of shares or the like), or such higher number of shares (or options) as is recommended by the Compensation Committee of the Company's Board of Directors and approved by the Company's Board of Directors, issued or issuable to officers, directors or employees of, or consultants to, the Company's pursuant to a stock purchase or option or warrant plan or other similar arrangement approved by the Board of Directors;

(o) securities (or securities issued upon the exercise of securities) issued in connection with financing arrangements with lending institutions or equipment leasing arrangements;

(p) any shares of capital stock of the Company, not to exceed one-half of one percent of the total issued and outstanding capital stock of the Company 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 Company, including the affirmative vote of a majority of the directors designated for election by the holders of the Series D Preferred Stock; and

(q) not more than ten shares of capital stock of the Company 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 Company, including the affirmative vote of a majority of the directors designated for election by the holders of the Series D Preferred Stock.

(ii) No Adjustment to Warrant Exercise Price. Except as set forth in Subsection 1.07(A)(vi), no adjustment to the Warrant Exercise Price shall be made unless the consideration per share for an Additional Share of Common Stock issued or deemed to be issued by the Company is less than the Series D Purchase Price.

(iii) Issue of Securities Deemed Issue of Additional Shares of Common Stock.

(1) Options and Convertible Securities. In the event the Company at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Common Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business (Eastern Standard Time or Eastern Daylight Savings Time, if applicable) on such record date, provided that Additional Shares of Common Stock shall not be deemed to have been issued unless the consideration per share (determined pursuant to Subsection 1.07(A)(v) hereof) of such Additional Shares of Common Stock would be less than the Series D Purchase Price in effect on the date of and immediately prior to such issue, or such record date, as the case may be, and provided further that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(a) no further adjustment in the Warrant Exercise Price shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(b) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase in the Consideration (as defined in Subsection 1.07(A)(v)) payable to the Company, or decrease in the number of shares of Common Stock or Convertible Securities issuable, upon the exercise, conversion or exchange thereof, the Warrant Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(c) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Warrant Exercise Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and

any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:

(i) in the case of Convertible Securities or Options for Common Stock, the only Additional Shares of Common Stock issued were the shares of Common Stock, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange; and

(ii) in the case of Options for Convertible Securities only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the Additional Shares of Common Stock deemed to have been then issued was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Company (determined pursuant to Subsection 1.07(A)(v)) upon the issue of the Convertible Securities with respect to which such Options were actually exercised;

(d) no readjustment pursuant to clause (b) or (c) of this Section 1.07(A)(iii) shall have the effect of increasing the Warrant Exercise Price to an amount which exceeds the lower of (i) the Warrant Exercise Price on the original adjustment date, or (ii) the Warrant Exercise Price that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and such readjustment date;

(e) in the case of any Options which expire by their terms not more than thirty days after the date of issue thereof, no adjustment of the Warrant Exercise Price shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the same manner provided in clause (c) of this Section 1.07(A)(iii); and

(f) if such record date shall have been fixed and such Options or Convertible Securities are not issued on the date fixed therefor, the adjustment previously made in the Warrant Exercise Price which became effective on such record date shall be canceled as of 8:00 P.M. Eastern Standard Time (or Eastern Daylight Savings Time if applicable) on such record date, and thereafter the Warrant Exercise Price shall be adjusted pursuant to this Subsection 1.07(A)(iii) as of the actual date of their issuance.

(2) Stock Dividends, Stock Distributions and Subdivisions. In the event the Company at any time or from time to time after the Original Issue Date

shall declare or pay any dividend or make any other distribution on the Common Stock payable in Common Stock or effect a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock), then and in any such event, Additional Shares of Common Stock shall be deemed to have been issued:

(a) in the case of any such dividend or distribution, immediately after 8:00 P.M. (Eastern Standard Time or Eastern Daylight Savings Time, if applicable) on the record date for the determination of holders of any class of securities entitled to receive such dividend or distribution, or

(b) in the case of any such subdivision, at 8:00 P.M. (Eastern Standard Time or Eastern Daylight Savings Time, if applicable) on the date immediately prior to the date upon which such corporate action becomes effective.

If such record date shall have been fixed and no part of such dividend shall have been paid on the date fixed therefor, the adjustment previously made in the Warrant Exercise Price which became effective on such record date shall be canceled as of 8:00 P.M. (Eastern Standard Time or Eastern Daylight Savings time, if applicable) on such record date, and thereafter the Warrant Exercise Price shall be adjusted pursuant to this Section 1.07(A)(iii) as of the time of actual payment of such dividend.

Adjustment to the Warrant Exercise Price Upon Issuance of Additional Shares of Common Stock. In the event that at any time or from time to time after the Original Issue Date, the Company shall issue Additional Shares of Common Stock (including, without limitation, Additional Shares of Common Stock deemed to be issued pursuant to Subsection 1.07(A)(iii)(1), but excluding Additional Shares of Common Stock deemed to be issued pursuant to Subsection 1.07(A)(iii)(2), which event is dealt with in Subsection 1.07(A)(vi)(1)), without consideration or for consideration per share less than the Series D Purchase Price, then and in such event, if the consideration per share for which such Additional Shares of Common Stock are issued or deemed issued is below \$17.25, the Warrant Exercise Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying \$17.25 by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of shares of Common Stock which the aggregate consideration received by the Company for the total number of Additional Shares of Common Stock so issued would purchase at \$17.25 per share, and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of such Additional Shares of Common Stock so issued. For the purpose of the above calculation, the number of shares of Common Stock outstanding immediately prior to such issue shall be calculated on a fully diluted basis, as if all shares of Series A Preferred Stock (including the NWT Exchangeable Series A), Series B Preferred Stock (including the NWT Exchangeable Series B), Series C Preferred Stock (including the Series C Warrant Shares) and Series D Preferred Stock, the NWT Exchangeable Common, and all Options and Convertible Securities had been fully converted into, or exercised, or exchanged for shares of Common Stock immediately prior to such issuance (and the resulting securities fully converted into shares of

Common Stock, if so convertible) as of such date, but not including in such calculation any additional shares of Common Stock issuable with respect to shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Options Convertible Securities, or other rights for the purchase of shares of stock or convertible securities, solely as a result of the adjustment of the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price or Series D Conversion Price (or other conversion ratios) pursuant to the Company's Amended and Restated Certificate of Incorporation resulting from the issuance of the Additional Shares of Common Stock causing the adjustment in question.

(iv) Determination of Consideration. For purposes of this Subsection 1.07(A), the consideration (the "Consideration") received or receivable by the Company for the issue of any Additional Shares of Common Stock shall be computed as follows:

(1) Cash and Property: Such Consideration shall:

(a) insofar as it consists of cash, be computed at the aggregate amounts of cash received by the Company excluding amounts paid or payable for accrued interest or accrued dividends;

(b) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Company's Board of Directors; and

(c) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received or receivable computed as provided in Subsections 1.07(A)(v)(1)(a) and 1.07(A)(v)(1)(b) above, allocable to such Additional Shares of Common Stock as determined in good faith by the Company's Board of Directors; provided, however, that in the event warrants or other options to purchase shares of Common Stock are issued without consideration or for a nominal consideration contemporaneously with the issuance of debt or preferred stock, or both, then the consideration received by the Company for such debt or preferred stock shall be deemed properly allocated to the issuance of the warrants or options.

(2) Additional Shares of Common Stock other than Options and Convertible Securities. The Consideration per share for the issue of any Additional Shares of Common Stock other than Options and Convertible Securities shall be the Consideration for the issue of any Additional Shares of Common Stock other than Options or Convertible Securities, divided by the total number of such Additional Shares of Common Stock issued by the Company in exchange therefor.

(3) Options and Convertible Securities. The Consideration per share for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 1.07(A)(iii)(1), relating to Options and Convertible Securities, shall be computed by dividing (x) the Consideration for the issue of such Options or Convertible Securities, plus the aggregate amount of additional Consideration (as set forth in the

instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such Consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by (y) the number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(v) Adjustment of the Warrant Exercise Price for Dividends, Distributions, Subdivisions, Combinations or Consolidations of Common Stock.

(1) Stock Dividends, Distributions or Subdivisions. In the event the Company shall be deemed to have issued Additional Shares of Common Stock pursuant to Subsection 1.07(A)(iii)(2) in a stock dividend, stock distribution or subdivision, the Warrant Exercise Price in effect immediately before such deemed issue shall, concurrently with the effectiveness of such deemed issue, be proportionately decreased.

(2) Combinations or Consolidations. In the event the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, the Warrant Exercise Price in effect immediately prior to such combination or consolidation shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

(B) Adjustments for Certain Dividends and Distributions. In the event that at any time or from time to time after the Original Issue Date the Company 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 Company other than shares of Common Stock, then and in each such event provision shall be made so that the holder of this Warrant shall receive upon exercise thereof in addition to the number of shares of Common Stock receivable thereupon, the amount of securities of the Company that they would have received had this Warrant been exercised for 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 exercise date, retained such securities receivable by them as aforesaid during such period, giving application during such period to all adjustments called for herein.

(C) Adjustment for Reclassification, Exchange, or Substitution. In the event that at any time or from time to time after the Original Issue Date, the Common Stock issuable upon the exercise of this Warrant 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 above, or a merger, consolidation, or sale of assets provided for below), then and in each such event the registered holder of this Warrant shall have the right thereafter to exercise this Warrant for the kind and amount of shares of stock and other securities and property receivable upon such

reorganization, reclassification, or other change, by holders of the number of shares of Common Stock into which such Warrant might have been exercisable immediately prior to such reorganization, reclassification, or change, all subject to further adjustment as provided herein.

(D) Adjustment for Merger, Consolidation or Sale of Assets. In the event that at any time or from time to time after the Original Issue Date, the Company shall sell all or substantially all its assets or merge or consolidate with or into another entity, this warrant shall thereafter be exercisable for the kind and amount of shares of stock or other securities or property which a holder of the number of shares of Common Stock of the Company assumable upon exercise of this Warrant 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 in this Section 1.07 with respect to the rights and interest thereafter of the registered holder of this Warrant, to the end that the provisions set forth in this Section 1.07 (including provisions with respect to changes in and other adjustments of the Warrant Exercise 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 exercise of this Warrant.

(E) No Impairment. The Company shall not, by amendment of its Certificate of Incorporation or Bylaws 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 Company but shall at all times in good faith assist in the carrying out of all the provisions of this Section 1.07 and in the taking of all such action as may be necessary or appropriate on order to protect the rights of the registered holder of this Warrant against impairment.

(F) Notice of Adjustment of the Warrant Exercise Price or Number of Exercisable Shares. Upon the occurrence of each adjustment, readjustment or other change relating to the Warrant Exercise Price or in the number of Exercisable Shares, then, and in each such case, the Company at its expense shall give written notice thereof, by first class mail, postage prepaid, addressed to the registered holder at the address of such registered holder as shown on the books of the Company, which notice shall state the Warrant Exercise Price resulting from such adjustment and the increase or decrease in the number of Exercisable Shares (or other denominations of securities) purchasable at the Warrant Exercise Price upon the exercise of this Warrant setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

(G) Notice. In case at any time: (1) the Company shall pay any dividend or make any distribution (other than regular cash dividends from earnings or earned surplus paid at an established rate) to the holders of its Common Stock; (2) the Company shall offer for subscription pro rata to the holders of its Common Stock any additional shares of stock of any class or other rights; (3) there shall be any capital reorganization or reclassification of the capital stock of the Company, or consolidation or merger of the Company with or sale of all or substantially all its assets to another corporation; or (4) there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Company; then, in any one or more of such enumerated cases, the Company shall give written notice, by first class mail, postage prepaid,

addressed to the registered holder at the address of such registered holder as shown on the books of the Company on the date on which (a) the books of the Company shall close or a record date shall be fixed for determining the shareholders entitled to such dividend, distribution or subscription rights, or (b) such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up shall take place, as the case may be. Such notice shall also provide reasonable details of the proposed transaction and specify the date as of which the holders of Common Stock of record shall participate in such dividend, distribution or subscription rights, or shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, as the case may be. Such written notice shall be given at least 20 calendar days prior to the action in question and not fewer than 20 calendar days prior to the record date or the date on which the Company's transfer books are closed in respect thereto.

(H) Voting Rights. This Warrant shall not entitle its registered holder to any voting rights or any other rights as a stockholder of the Company, but upon presentation of this Warrant with the subscription form annexed duly executed and the tender of payment of the Warrant Exercise Price at the office of the Company pursuant to the provisions of this Warrant the registered holder shall forthwith be deemed a stockholder of the Company in respect of the shares of Common Stock so subscribed and paid for.

(I) No Change Necessary. The form of this Warrant need not be changed because of any adjustment in the Warrant Exercise price or in the number of shares of Common Stock issuable upon its exercise. A Warrant issued after any adjustment on any partial exercise or upon replacement may continue to express the same Warrant Exercise Price and the same number of shares of Common Stock (appropriately reduced in the case of partial exercise) as are stated on this Warrant as initially issued, and that Warrant Exercise Price and that number of shares shall be considered to have been so changed as of the close of business on the date of adjustment.

Section 2. Covenant of the Company. All shares of Common Stock which may be issued upon the exercise of the rights represented by this Warrant, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof.

Section 3. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon exercise of this Warrant. If, upon exercise of this Warrant as an entirety, its registered holder would, except for the provisions of this Section 3, be entitled to receive a fractional share of Common Stock, then the Company shall pay in cash to such registered holder an amount equal to such fractional share multiplied by the fair market value of one share of Common Stock (as reasonably determined by the Board of Directors of the Company) on the date of such exercise,

Section 4. Substitution. In case this Warrant shall be mutilated, lost, stolen or destroyed, the Company will issue a new Warrant of like tenor and denomination and deliver the same (a) in exchange and substitution for and upon surrender and cancellation of any mutilated Warrant, or (b) in lieu of any Warrant lost, stolen or destroyed, upon receipt of evidence satisfactory to the Company of the loss, theft, or destruction of such Warrant (including a

reasonably detailed affidavit with respect to the circumstances of any loss, theft or destruction), and of indemnity (or, in the case of the initial registered holder or any other institutional holder, an indemnity agreement) satisfactory to the Company.

Section 5. Transfer Restrictions. This Warrant or the shares of Common Stock into which this Warrant is exercisable shall not be sold, transferred, pledged or hypothecated unless the proposed disposition is the subject of a currently effective registration statement under the Securities Act, or unless the Company has received an opinion of counsel reasonably satisfactory in form and scope to the Company that such registration is not required except that such restrictions shall not apply to any transfer of this Warrant or the shares of Common Stock into which this Warrant is exercisable: (i) to a partner or other affiliate of the registered holder, including any entity of which the registered holder or a related entity is a general partner; (ii) by gift or bequest or through inheritance to, or for the benefit of, any member or members of the registered holder's immediate family; (iii) by a registered holder to a trust (a) in respect of which the registered holder serves as trustee, provided that the trust instrument governing such trust shall provide that the registered holder, as trustee, shall retain sole and exclusive control over the voting and disposition of such Warrant until the termination of this Warrant or (b) for the benefit solely of any member or members of the registered holder's immediate family; and (iv) pursuant to any underwritten public offering of Common Stock pursuant to an effective registration statement under the Securities Act.

Section 6. Taxes. The Company shall pay any taxes or other charges that may be imposed in respect of the issuance and delivery of the Warrant or any shares of Common Stock or other property upon exercise hereof.

Section 7. Governing Law. This Warrant shall be deemed a contract made under the laws of the State of Delaware and its provisions and the rights and obligations of the parties hereunder shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of Delaware, without regard to its principles of conflicts of laws.

Section 8. Miscellaneous. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought,

[Signature Page Follows]

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR ANY APPLICABLE STATE SECURITIES LAW, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR PURSUANT TO RULE 144 AND AN EXEMPTION UNDER APPLICABLE STATE LAW OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE CORPORATION AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

WARRANT TO PURCHASE STOCK

Corporation: Novatel Wireless, Inc.
 Number of Shares: 250,000 (subject to increase to 500,000 as provided for below)
 Class of Stock: Common Stock
 Initial Exercise Price: \$0.83 (equal to the average closing price per share of Common Stock of the Company for the 30 trading days immediately preceding the Issue Date of this Warrant)
 Issue Date: November 29, 2001
 Expiration Date: November 29, 2008

THIS WARRANT CERTIFIES THAT, for the agreed upon value of \$1.00 and for other good and valuable consideration, SILICON VALLEY BANK ("Holder") is entitled to purchase the number of fully paid and nonassessable shares of the class of securities (the "Shares") of the corporation (the "Company") at the initial exercise price per Share (the "Warrant Price") all as set forth above and as adjusted pursuant to Article 2 of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant.*

*THE NUMBER OF SHARES SET FORTH ABOVE SHALL AUTOMATICALLY INCREASE FROM 250,000 TO 500,000 AT SUCH TIME AS THE FIRST OF THE FOLLOWING SHALL OCCUR: (i) THE COMPANY RECEIVES AT LEAST \$5,000,000 CONSIDERATION FOR THE ISSUANCE OF EQUITY SECURITIES OF THE COMPANY AFTER THE ISSUE DATE OF THIS WARRANT OR (ii) THE HOLDER INCREASES THE \$2 MILLION CAP (AS DEFINED IN THAT CERTAIN LOAN AND SECURITY AGREEMENT OF APPROXIMATE EVEN DATE BETWEEN THE COMPANY AND HOLDER (AS AMENDED FROM TIME TO TIME, THE "LOAN AGREEMENT")) OR \$3.5 MILLION CAP (AS DEFINED IN THE LOAN AGREEMENT), WHICHEVER IS APPLICABLE, TO EITHER THE \$5 MILLION CAP (AS DEFINED IN THE LOAN AGREEMENT) OR THE MAXIMUM CREDIT LIMIT (AS DEFINED IN THE LOAN AGREEMENT) PURSUANT TO THE TERMS OF THE LOAN AGREEMENT.

ARTICLE 1. EXERCISE.

1.1 Method of Exercise. Holder may exercise this Warrant by delivering a duly executed Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company. Unless Holder is exercising the conversion right set forth in Section 1.2. Holder shall also deliver to the Company a check for the aggregate Warrant Price for the Shares being purchased.

1.2 Conversion Right. In lieu of exercising this Warrant as specified in Section 1.1, Holder may from time to time convert this Warrant, in whole or in part, into a number of Shares determined by dividing (a) the aggregate fair market value of the Shares or other securities otherwise issuable upon exercise of this Warrant minus the aggregate Warrant Price of such Shares by (c) the fair market value of one Share. The fair market value of the Shares shall be determined pursuant to Section 1.3.

1.3 Fair Market Value. If the Shares are traded in a public market, the fair market value of the Shares shall be the closing price of the Shares (or the closing price of the

Company's stock into which the Shares are convertible) reported for the business day immediately before Holder delivers its Notice of Exercise to the Company. If the Shares are not traded in a public market, the Board of Directors of the Company shall determine fair market value in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Promptly after Holder exercises or converts this Warrant, the Company shall deliver to Holder certificates for the Shares acquired and, if this Warrant has not been fully exercised or converted and has not expired, a new Warrant representing the Shares not so acquired.

1.5 Replacement of Warrants. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation, or surrender and cancellation of this Warrant, the Company shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

1.6 Assumption on Sale, Merger, or Consolidation of the Company.

1.6.1 "Acquisition". For the purpose of this Warrant, "Acquisition" means any sale, license, or other disposition of all or substantially all of the assets of the Company, or any reorganization, consolidation, or merger of the Company where the holders of the Company's securities before the transaction beneficially own less than 50% of the outstanding voting securities of the surviving entity after the transaction.

1.6.2 Assumption of Warrant. Upon the closing of any Acquisition, the successor entity shall assume the obligations of this Warrant, and this Warrant shall be exercisable for the same securities, cash, and property as would be payable for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on the record date for the Acquisition and subsequent closing. The Initial Exercise Price and/or number of Shares shall be adjusted accordingly.

ARTICLE 2. ADJUSTMENTS TO THE SHARES.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend on its common stock (or the Shares if the Shares are securities other than common stock) payable in common stock, or other securities, subdivides the outstanding common stock into a greater amount of common stock, or, if the Shares are securities other than common stock, subdivides the Shares in a transaction that increases the amount of common stock into which the Shares are convertible, then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned the Shares of record as of the date the dividend or subdivision occurred. If the outstanding shares are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Initial Exercise Price shall be proportionately increased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any reclassification, exchange, substitution, or other event that results in a change of the number and/or class of the securities issuable upon exercise or conversion of this Warrant, Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number and kind of securities and property that Holder would have received for the Shares if this Warrant had been exercised immediately before such reclassification, exchange, substitution, or other event. Such an event shall include any automatic conversion of the outstanding or issuable securities of the Company of the same class or series as the Shares to common stock pursuant to the terms of the Company's Certificate of Incorporation upon the closing of a registered public offering of the Company's common stock. The Company or its successor shall promptly issue to Holder a new Warrant for such new securities or other property. The new Warrant shall provide for adjustments

which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 2 including, without limitation, adjustments to the Initial Exercise Price and to the number of securities or property issuable upon exercise of the new Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, substitutions, or other events.

2.3 Adjustments for Diluting Issuances. The Warrant Price and the number of Shares issuable upon exercise of this Warrant or, if the Shares are Preferred Stock, the number of shares of common stock issuable upon conversion of the Shares, shall be subject to adjustment, from time to time in the manner set forth in the Company's Certificate of Incorporation*. The provisions set forth for the Shares in the Company's Certificate of Incorporation relating to the above in effect as of the Issue Date may not be amended, modified or waived, without the prior written consent of Holder unless such amendment, modification or waiver affects Holder in the same manner as they affect all other shareholders of the same series of shares granted to the Holder.

*OR, IF NONE, THEN AS SET FORTH IN THAT CERTAIN ANTIDILUTION AGREEMENT OF APPROXIMATE EVEN DATE HEREWITH BETWEEN THE COMPANY AND HOLDER

2.4 No Impairment. The Company shall not, by amendment of its Certificate of Incorporation or through a reorganization, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Warrant by the Company, but shall at all times in good faith assist in carrying out of all the provisions of this Article 2 and in taking all such action as may be necessary or appropriate to protect Holder's rights under this Article against impairment.

2.5 Fractional Shares. No fractional Shares shall be issuable upon exercise or conversion of the Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional share interest arises upon any exercise or conversion of the Warrant, the Company shall eliminate such fractional share interest by paying Holder the amount computed by multiplying the fractional interest by the fair market value of a full Share.

2.6 Certificate as to Adjustments. Upon each adjustment of the Warrant Price, the Company shall promptly notify Holder in writing, and, at the Company's expense, promptly compute such adjustment, and furnish Holder with a certificate of its Chief Financial Officer setting forth such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Warrant Price in effect upon the date thereof and the series of adjustments leading such Warrant Price.

ARTICLE 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to the Holder as follows:

(a) The initial Warrant Price referenced on the first page of this Warrant is not greater than (i) the price per share at which the Shares were last issued in an arms-length transaction in which at least \$500,000 of the Shares were sold and (ii) the fair market value of the Shares as of the date of this Warrant.

(b) All Shares which may be issued upon the exercise of the purchase right represented by this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws.

(c) The Capitalization Table previously provided to Holder remains true and complete as of the Issue Date.

3.2 Notice of Certain Events. If the Company proposes at any time (a) to declare any dividend or distribution upon its common stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) to offer for subscription pro rata to the holders of any class or series of its stock any additional shares of stock of any class or series or other rights; (c) to effect any reclassification or recapitalization of common stock; (d) to merge or consolidate with or into any other corporation, or sell, lease, license, or convey all or substantially all of its assets, or to liquidate, dissolve or wind up; or (e) offer holders of registration rights the opportunity to participate in an underwritten public offering of the company's securities for cash, then, in connection with each such event, the Company shall give Holder (1) at least 10 days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of common stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (c) and (d) above; (2) in the case of the matters referred to in (c) and (d) above at least 10 days prior written notice of the date when the same will take place (and specifying the date on which the holders of common stock will be entitled to exchange their common stock for securities or other property deliverable upon the occurrence of such event); and (3) in the case of the matter referred to in (e) above, the same notice as is given to the holders of such registration rights.

3.3 Registration Under Securities Act of 1933, as amended. The Company agrees that the Shares or, if the Shares are convertible into common stock of the Company, such common stock, shall be subject to the registration rights set forth in the Company's [Investor Rights Agreement dated _____] or similar agreement*. The provisions set forth in the Company's Investors' Right Agreement or similar agreement relating to the above in effect as of the Issue Date may not be amended, modified or waived without the prior written consent of Holder unless such amendment, modification or waiver affects Holder in the same manner as they affect all other shareholders of the same series of shares granted to the Holder.

*OR, IF NONE, THEN AS SET FORTH IN THAT CERTAIN REGISTRATION RIGHTS AGREEMENT OF APPROXIMATE EVEN DATE HEREWITH BETWEEN THE COMPANY AND HOLDER

ARTICLE 4. REPRESENTATIONS, WARRANTIES OF THE HOLDER. The Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. Except for transfers to Holder's affiliates, this Warrant and the securities to be acquired upon exercise of this Warrant by the Holder will be acquired for investment for the Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the 1933 Act, and the Holder has no present intention of selling, granting any participation in, or otherwise distributing the same. If not an individual, the Holder also represents that the Holder has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. The Holder has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. The Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to the Holder or to which the Holder has access.

4.3 Investment Experience. The Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. The Holder: (i) has experience as an investor in securities of companies in the development stage and acknowledges that the Holder is able to fend for itself, can bear the economic risk of such Holder's investment in

this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that the Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or (ii) has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables the Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. The Holder is an "accredited investor" within the meaning of Regulation D promulgated under the 1933 Act.

ARTICLE 5. MISCELLANEOUS.

5.1 Term: This Warrant is exercisable in whole or in part at any time and from time to time on or before the Expiration Date.

5.2 Legends. This Warrant and the Shares (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) shall be imprinted with a legend in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR UNDER ANY APPLICABLE STATE LAWS, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT AND AN EXEMPTION UNDER APPLICABLE STATE LAW OR PURSUANT TO RULE 144 OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE CORPORATION AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to an affiliate of Holder or if there is no material question as to the availability of current information as referenced in Rule 144(c), Holder represents that it has complied with Rule 144(d) and (e) in reasonable detail, the selling broker represents that it has complied with Rule 144(f), and the Company is provided with a copy of Holder's notice of proposed sale.

5.4 Transfer Procedure. Subject to the provisions of Section 5.3, Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the securities issuable, directly or indirectly, upon conversion of the Shares, if any) to Silicon Valley Bancshares, or The Silicon Valley Bank Foundation, or to any affiliate of Holder at any time without prior notice to Company; provided, however, if Holder transfers this warrant to any other transferee, Holder will give the Company notice of the portion of the Warrant being transferred with the name, address and taxpayer identification number of the transferee and surrendering this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable). The Company may refuse to transfer this Warrant to any person who directly competes with the Company unless the Company's stock is publicly traded.

5.5 Notices. All notices and other communications from the Company to the Holder, or vice versa, shall be deemed delivered and effective when given personally or mailed by first-class registered or certified mail, postage prepaid, at such address as may have been furnished to the Company or the Holder, as the case may be, in writing by the Company or such holder from time to time. All notices to the Holder shall be addressed as follows:

Silicon Valley Bank
Attn: Treasury Department
3003 Tasman Drive, HG 110
Santa Clara, CA 95054

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorney's Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Automatic Conversion upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above is greater than the Exercise Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be converted pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised or converted, and the Company shall deliver a certificate representing the Shares (or such other securities) issued upon such conversion to the Holder.

5.9 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its principles regarding conflicts of law.

"COMPANY"
Novatel Wireless, Inc.

By: _____

Name: _____

(Print)

Title: Chairman of the Board and
Chief Executive Officer

By: _____

Name: _____

(Print)

Title: Chief Financial Officer and
Secretary

"HOLDER"
Silicon Valley Bank

By: _____

Name: _____

Title: _____

Silicon Valley Bank
Attn: Treasury Department
3003 Tasman Drive, HG 110
Santa Clara, CA 95054

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"COMPANY"
Novatel Wireless, Inc.

By: /s/ JOHN MAJOR

Name: John Major

(Print)

Title: Chairman of the Board and
Chief Executive Officer

By: /s/ MELVIN FLOWERS

Name: Melvin Flowers

(Print)

Title: Chief Financial Officer and
Secretary

"HOLDER"
Silicon Valley Bank

By:

Name:

Title:

Silicon Valley Bank
Attn: Treasury Department
3003 Tasman Drive, HG 110
Santa Clara, CA 95054

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"COMPANY"
Novatel Wireless, Inc.

By: /s/ JOHN MAJOR

Name: John Major

(Print)

Title: Chairman of the Board and
Chief Executive Officer

By: /s/ MELVIN FLOWERS

Name: Melvin Flowers

(Print)

Title: Chief Financial officer
and Secretary

"HOLDER"
Silicon Valley Bank

By: /s/ MILAD I. HANNA

Name: Milad I. Hanna

Title: Sr. Vice President

[LATHAM & WATKINS LETTERHEAD]

_____, 2002

Novatel Wireless, Inc.
 9360 Towne Centre Drive, Suite 110
 San Diego, California 92121

Re: Registration for resale of [_____] shares of common stock,
 par value \$0.01 per share, of Novatel Wireless, Inc.

Ladies and Gentlemen:

In connection with the registration for resale of _____ shares of common stock, par value \$.01 per share (the "Common Stock"), of Novatel Wireless, Inc., a Delaware corporation (the "Company"), under the Securities Act of 1933, as amended, on Form S-3 as filed with the Securities and Exchange Commission on January 18, 2002 (the "Registration Statement"), you have requested our opinion with respect to the matters set forth below. The shares being registered for resale include: (i) 35,288,311 shares of Common Stock which are issuable upon conversion of the Company's Series A Convertible Preferred Stock (the "Series A Preferred Stock") issued in a December 2001 private placement transaction (the "2001 Private Placement"); (ii) _____ shares of Common Stock which are currently issuable upon exercise of certain outstanding warrants issued by the Company in connection with the 2001 Private Placement and other private placement transactions (collectively, the "Warrants"); and (iii) 5,000,000 shares of Common Stock issued to Sanmina-SCI Corporation (the "Sanmina Shares"), pursuant to that certain Settlement Agreement and Mutual Release, dated as of January 12, 2002.

In our capacity as your counsel in connection with such registration, we are familiar with the proceedings taken by the Company in connection with the authorization and issuance of the Common Stock and, for the purposes of this opinion, have assumed such proceedings will be timely completed in the manner presently proposed and that the terms of each issuance will otherwise be in compliance with law. In addition, we have made such legal and factual examinations and inquiries, including an examination of originals or copies certified or otherwise identified to our satisfaction of such documents, corporate records and instruments, as we have deemed necessary or appropriate for purposes of this opinion.

In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity to authentic original documents of all documents submitted to us as copies. We have been furnished with, and with your consent have relied upon, certificates of officers of the Company with respect to certain factual matters. In addition, we have obtained and relied upon such certificates and assurances from public officials as we have deemed necessary.

We are opining herein as to the effect on the subject transaction only of the General Corporation Law of the State of Delaware, and we express no opinion with respect to the applicability thereto, or the effect thereon, of the laws of any other jurisdiction or, in the case of Delaware, any other laws, or as to any matters of municipal law or the laws of any local agencies within any state.

Subject to the foregoing, it is our opinion as of the date hereof that:

1. The Series A Preferred Stock have been duly authorized, and assuming the conversion of the Series A Preferred Stock in accordance with its terms, the shares of Common Stock issuable upon conversion of the Series A Preferred Stock, when issued, will be validly issued, fully paid and nonassessable;
2. The Warrants have been duly authorized, and assuming that the full consideration for each share issuable upon exercise of the Warrants is received by the Company in accordance with the terms of the Warrants, as applicable, the shares of Common Stock issuable upon exercise of the Warrants, when issued, will be validly issued, fully paid and nonassessable; and
3. The Sanmina Shares have been duly authorized and are validly issued, fully paid and nonassessable.

Novatel Wireless, Inc.

_____, 2002

Page 2

We consent to your filing this opinion as an exhibit to the Registration Statement and to the reference to our firm contained under the heading "Legal Matters."

Very truly yours,

SILICON VALLEY BANK

LOAN AND SECURITY AGREEMENT

BORROWER: NOVATEL WIRELESS, INC.
 ADDRESS: 9360 TOWNE CENTRE DRIVE, SUITE 110
 SAN DIEGO, CA 92121

DATE: NOVEMBER 29, 2001

THIS LOAN AND SECURITY AGREEMENT is entered into on the above date between SILICON VALLEY BANK, COMMERCIAL FINANCE DIVISION ("Silicon"), whose address is 3003 Tasman Drive, Santa Clara, California 95054 and the borrower(s) named above (jointly and severally, the "Borrower"), whose chief executive office is located at the above address ("Borrower's Address"). The Schedule to this Agreement (the "Schedule") shall for all purposes be deemed to be a part of this Agreement, and the same is an integral part of this Agreement. (Definitions of certain terms used in this Agreement are set forth in Section 8 below.)

1. LOANS.

1.1 LOANS. Silicon will make loans to Borrower (the "Loans"), in amounts determined by Silicon in its sole discretion, up to the amounts (the "Credit Limit") shown on the Schedule, provided no Default or Event of Default has occurred and is continuing, and subject to deduction of any Reserves for accrued interest and such other Reserves as Silicon deems proper from time to time.

1.2 INTEREST. All Loans and all other monetary Obligations shall bear interest at the rate shown on the Schedule, except where expressly set forth to the contrary in this Agreement. Interest shall be payable monthly, on the last day of the month. Interest may, in Silicon's discretion, be charged to Borrower's loan account, and the same shall thereafter bear interest at the same rate as the other Loans. Silicon may, in its discretion, charge interest to Borrower's Deposit Accounts maintained with Silicon. Regardless of the amount of Obligations that may be outstanding from time to time, Borrower shall pay Silicon minimum monthly interest during the term of this Agreement in the amount set forth on the Schedule (the "Minimum Monthly Interest").

1.3 OVERADVANCES. If at any time or for any reason the total of all outstanding Loans and all other Obligations exceeds the Credit Limit (an "Overadvance"), Borrower shall immediately pay the amount of the excess to Silicon, without notice or demand. Without limiting Borrower's obligation to repay to Silicon on demand the amount of any Overadvance, Borrower agrees to pay Silicon interest on the outstanding amount of any Overadvance, on demand, at a rate equal to the interest rate which would otherwise be applicable to the Overadvance, plus an additional 2% per annum.

1.4 FEES. Borrower shall pay Silicon the fee(s) shown on the Schedule, which are in addition to all interest and other sums payable to Silicon and are not refundable.

1.5 LETTERS OF CREDIT. At the request of Borrower, Silicon may, in its sole discretion, issue or arrange for the issuance of letters of credit for the account of Borrower, in each case in form and substance satisfactory to Silicon in its sole discretion (collectively, "Letters of Credit"). The aggregate face amount of all outstanding Letters of Credit from time to time shall not exceed the amount shown on the Schedule (the "Letter of Credit Sublimit"), and shall be reserved against Loans which would otherwise be available hereunder, and in the event at any time there are insufficient Loans available to Borrower for such reserve, Borrower shall deposit and maintain with Silicon cash collateral in an amount at all times equal to such deficiency, which shall be held as Collateral for all purposes of this Agreement. Borrower shall pay all bank charges (including charges of Silicon) for the issuance of Letters of Credit, together with such additional fee as Silicon's letter of credit department shall charge in connection with the issuance of the Letters of Credit. Any payment by Silicon under or in connection with a Letter of Credit shall constitute a Loan hereunder on the date such payment is made. Each Letter of Credit shall have an expiry date no later than thirty days prior to the Maturity Date. Borrower hereby agrees to indemnify, save, and hold Silicon harmless from any loss, cost, expense, or liability, including payments made by Silicon,

expenses, and reasonable attorneys' fees incurred by Silicon arising out of or in connection with any Letters of Credit. Borrower agrees to be bound by the regulations and interpretations of the issuer of any Letters of Credit guaranteed by Silicon and opened for Borrower's account or by Silicon's interpretations of any Letter of Credit issued by Silicon for Borrower's account, and Borrower understands and agrees that Silicon shall not be liable for any error, negligence, or mistake, whether of omission or commission, in following Borrower's instructions or those contained in the Letters of Credit or any modifications, amendments, or supplements thereto. Borrower understands that Letters of Credit may require Silicon to indemnify the issuing bank for certain costs or liabilities arising out of claims by Borrower against such issuing bank. Borrower hereby agrees to indemnify and hold Silicon harmless with respect to any loss, cost, expense, or liability incurred by Silicon under any Letter of Credit as a result of Silicon's indemnification of any such issuing bank. The provisions of this Loan Agreement, as it pertains to Letters of Credit, and any other present or future documents or agreements between Borrower and Silicon relating to Letters of Credit are cumulative.

2. SECURITY INTEREST.

2.1 SECURITY INTEREST. To secure the payment and performance of all of the Obligations when due, Borrower hereby grants to Silicon a security interest in all of Borrower's interest in the following, whether now owned or hereafter acquired, and wherever located: All Inventory, Equipment, Receivables, and General Intangibles, including, without limitation, all of Borrower's Deposit Accounts, and all money, and all property now or at any time in the future in Silicon's possession (including claims and credit balances), and all proceeds (including proceeds of any insurance policies, proceeds of proceeds and claims against third parties), all products and all books and records related to any of the foregoing (all of the foregoing, together with all other property in which Silicon may now or in the future be granted a lien or security interest, is referred to herein, collectively, as the "Collateral").

3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF BORROWER.

In order to induce Silicon to enter into this Agreement and to make Loans, Borrower represents and warrants to Silicon as follows, and Borrower covenants that the following representations will continue to be true, and that Borrower will at all times comply with all of the following covenants:

3.1 CORPORATE EXISTENCE AND AUTHORITY. Borrower, if a corporation, is and will continue to be, duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation. Borrower is and will continue to be qualified and licensed to do business in all jurisdictions in which any failure to do so would have a material adverse effect on Borrower. The execution, delivery and performance by Borrower of this Agreement, and all other documents contemplated hereby (i) have been duly and validly authorized, (ii) are enforceable against Borrower in accordance with their terms (except as enforcement may be limited by equitable principles and by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to creditors' rights generally), and (iii) do not violate Borrower's articles or certificate of incorporation, or Borrower's by-laws, or any law or any material agreement or instrument which is binding upon Borrower or its property, and (iv) do not constitute grounds for acceleration of any material indebtedness or obligation under any material agreement or instrument which is binding upon Borrower or its property.

3.2 NAME; TRADE NAMES AND STYLES. The name of Borrower set forth in the heading to this Agreement is its correct name. Listed on the Schedule are all prior names of Borrower and all of Borrower's present and prior trade names. Borrower shall give Silicon 30 days' prior written notice before changing its name or doing business under any other name. Borrower has complied, and will in the future comply, with all laws relating to the conduct of business under a fictitious business name.

3.3 PLACE OF BUSINESS; LOCATION OF COLLATERAL. The address set forth in the heading to this Agreement is Borrower's chief executive office. In addition, Borrower has places of business and Collateral is located only at the locations set forth on the Schedule. Borrower will give Silicon at least 30 days prior written notice before opening any additional place of business, changing its chief executive office, or moving any of the Collateral to a location other than Borrower's Address or one of the locations set forth on the Schedule.*

* NOTWITHSTANDING THE FOREGOING, SO LONG AS THIS AGREEMENT IS IN EFFECT, BORROWER SHALL NOT TRANSFER ANY ASSETS OR COLLATERAL TO ANY PARENT, SUBSIDIARY OR AFFILIATE OF BORROWER NOR SHALL BORROWER TRANSFER ANY ASSETS OR COLLATERAL TO ANY LOCATION LOCATED OUTSIDE OF THE UNITED STATES REGARDLESS OF WHETHER OR NOT SUCH LOCATION IS SET FORTH ON THE SCHEDULE; PROVIDED, HOWEVER, THAT BORROWER MAY

MAKE PAYMENTS OF EXPENSES ON BEHALF OF NOVATEL WIRELESS TECHNOLOGIES, LTD. FOR EXPENSES INCURRED BY SUCH SUBSIDIARY IN THE ORDINARY COURSE OF BUSINESS PROVIDED SUCH EXPENSES DO NOT EXCEED \$11,000,000 IN ANY FISCAL YEAR. NOTWITHSTANDING THE FOREGOING, HOWEVER, IF BORROWER FORMS A NEW WHOLLY-OWNED SUBSIDIARY THAT IS INCORPORATED AND LOCATED IN THE UNITED STATES TO WHICH BORROWER DESIRES TO TRANSFER A PORTION OF ITS GENERAL INTANGIBLES, BORROWER WILL BE PERMITTED TO DO SO PROVIDED THAT (i) BORROWER OBTAINS SILICON'S PRIOR WRITTEN CONSENT AS PROVIDED FOR HEREIN, (ii) SUCH SUBSIDIARY IS MADE A CO-BORROWER UNDER THIS AGREEMENT AND (iii) SUCH SUBSIDIARY GRANTS SILICON A FIRST PRIORITY PERFECTED SECURITY INTEREST IN THE COLLATERAL OF SUCH SUBSIDIARY.

3.4 TITLE TO COLLATERAL; PERMITTED LIENS. Borrower is now, and will at all times in the future be, the sole owner of all the Collateral, except for items of Equipment which are leased by Borrower. The Collateral now is and will remain free and clear of any and all liens, charges, security interests, encumbrances and adverse claims, except for Permitted Liens. Silicon now has, and will continue to have, a first-priority perfected and enforceable security interest in all of the Collateral, subject only to the Permitted Liens, and Borrower will at all times defend Silicon and the Collateral against all claims of others. None of the Collateral now is or will be affixed to any real property in such a manner, or with such intent, as to become a fixture. Borrower is not and will not become a lessee under any real property lease pursuant to which the lessor may obtain any rights in any of the Collateral and no such lease now prohibits, restrains, impairs or will prohibit, restrain or impair Borrower's right to remove any Collateral from the leased premises. Whenever any Collateral is located upon premises in which any third party has an interest (whether as owner, mortgagee, beneficiary under a deed of trust, lien or otherwise), Borrower shall, whenever requested by Silicon, use its best efforts to cause such third party to execute and deliver to Silicon, in form acceptable to Silicon, such waivers and subordinations as Silicon shall specify, so as to ensure that Silicon's rights in the Collateral are, and will continue to be, superior to the rights of any such third party. Borrower will keep in full force and effect, and will comply with all the terms of, any lease of real property where any of the Collateral now or in the future may be located.

3.5 MAINTENANCE OF COLLATERAL. Borrower will maintain the Collateral in good working condition, and Borrower will not use the Collateral for any unlawful purpose. Borrower will immediately advise Silicon in writing of any material loss or damage to the Collateral.

3.6 BOOKS AND RECORDS. Borrower has maintained and will maintain at Borrower's Address complete and accurate books and records, comprising an accounting system in accordance with generally accepted accounting principles.

3.7 FINANCIAL CONDITION, STATEMENTS AND REPORTS. All financial statements now or in the future delivered to Silicon have been, and will be, prepared in conformity with generally accepted accounting principles and now and in the future will completely and accurately reflect the financial condition of Borrower, at the times and for the periods therein stated. Between the last date covered by any such statement provided to Silicon and the date hereof, there has been no material adverse change in the financial condition or business of Borrower. Borrower is now and will continue to be solvent.

3.8 TAX RETURNS AND PAYMENTS; PENSION CONTRIBUTIONS. Borrower has timely filed, and will timely file, all tax returns and reports required by foreign, federal, state and local law, and Borrower has timely paid, and will timely pay, all foreign, federal, state and local taxes, assessments, deposits and contributions now or in the future owed by Borrower. Borrower may, however, defer payment of any contested taxes, provided that Borrower (i) in good faith contests Borrower's obligation to pay the taxes by appropriate proceedings promptly and diligently instituted and conducted, (ii) notifies Silicon in writing of the commencement of, and any material development in, the proceedings, and (iii) posts bonds or takes any other steps required to keep the contested taxes from becoming a lien upon any of the Collateral. Borrower is unaware of any claims or adjustments proposed for any of Borrower's prior tax years which could result in additional taxes becoming due and payable by Borrower. Borrower has paid, and shall continue to pay all amounts necessary to fund all present and future pension, profit sharing and deferred compensation plans in accordance with their terms, and Borrower has not and will not withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any such plan which could result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency. Borrower shall, at all times, utilize the services of an outside payroll service providing for the automatic deposit of all payroll taxes payable by Borrower.

3.9 COMPLIANCE WITH LAW. Borrower has complied, and will comply, in all material respects, with all provisions of all foreign, federal, state and local laws and regulations relating to Borrower, including, but not limited to, those relating to Borrower's ownership of real or personal property, the conduct and licensing of Borrower's business, and all environmental matters.

3.10 LITIGATION. Except as disclosed in the Schedule, there is no claim, suit, litigation, proceeding or investigation pending or (to best of Borrower's knowledge) threatened by or against or affecting Borrower in any court or before any governmental agency (or any basis therefor known to Borrower) which may result, either separately or in the aggregate, in any material adverse change in the financial condition or business of Borrower, or in any material impairment in the ability of Borrower to carry on its business in substantially the same

manner as it is now being conducted. Borrower will promptly inform Silicon in writing of any claim, proceeding, litigation or investigation in the future threatened or instituted by or against Borrower involving any single claim of \$50,000 or more, or involving \$100,000 or more in the aggregate.

3.11 USE OF PROCEEDS. All proceeds of all Loans shall be used solely for lawful business purposes. Borrower is not purchasing or carrying any "margin stock" (as defined in Regulation U of the Board of Governors of the Federal Reserve System) and no part of the proceeds of any Loan will be used to purchase or carry any "margin stock" or to

extend credit to others for the purpose of purchasing or carrying any "margin stock."

4. RECEIVABLES.

4.1 REPRESENTATIONS RELATING TO RECEIVABLES. Borrower represents and warrants to Silicon as follows: Each Receivable with respect to which Loans are requested by Borrower shall, on the date each Loan is requested and made, (i) represent an undisputed bona fide existing unconditional obligation of the Account Debtor created by the sale, delivery, and acceptance of goods or the rendition of services in the ordinary course of Borrower's business, and (ii) meet the Minimum Eligibility Requirements set forth in Section 8 below.

4.2 REPRESENTATIONS RELATING TO DOCUMENTS AND LEGAL COMPLIANCE. Borrower represents and warrants to Silicon as follows: All statements made and all unpaid balances appearing in all invoices, instruments and other documents evidencing the Receivables are and shall be true and correct and all such invoices, instruments and other documents and all of Borrower's books and records are and shall be genuine and in all respects what they purport to be, and all signatories and endorsers have the capacity to contract. All sales and other transactions underlying or giving rise to each Receivable shall fully comply with all applicable laws and governmental rules and regulations. All signatures and endorsements on all documents, instruments, and agreements relating to all Receivables are and shall be genuine, and all such documents, instruments and agreements are and shall be legally enforceable in accordance with their terms.

4.3 SCHEDULES AND DOCUMENTS RELATING TO RECEIVABLES. Borrower shall deliver to Silicon transaction reports and loan requests, schedules and assignments of all Receivables, and schedules of collections, all on Silicon's standard forms; provided, however, that Borrower's failure to execute and deliver the same shall not affect or limit Silicon's security interest and other rights in all of Borrower's Receivables, nor shall Silicon's failure to advance or lend against a specific Receivable affect or limit Silicon's security interest and other rights therein. Loan requests received after 12:00 Noon will not be considered by Silicon until the next Business Day. Together with each such schedule and assignment, or later if requested by Silicon, Borrower shall furnish Silicon with copies (or, at Silicon's request, originals) of all contracts, orders, invoices, and other similar documents, and all original shipping instructions, delivery receipts, bills of lading, and other evidence of delivery, for any goods the sale or disposition of which gave rise to such Receivables, and Borrower warrants the genuineness of all of the foregoing. Borrower shall also furnish to Silicon an aged accounts receivable trial balance in such form and at such intervals as Silicon shall request. In addition, Borrower shall deliver to Silicon the originals of all instruments, chattel paper, security agreements, guarantees and other documents and property evidencing or securing any Receivables, immediately upon receipt thereof and in the same form as received, with all necessary indorsements, all of which shall be with recourse. *Borrower shall also provide Silicon with copies of all credit memos within two days after the date issued.

*UPON SILICON'S REQUEST,

4.4 COLLECTION OF RECEIVABLES. Borrower shall have the right to collect all Receivables, unless and until a Default or an Event of Default has occurred. Borrower shall hold all payments on, and proceeds of, Receivables in trust for Silicon, and Borrower shall immediately deliver all such payments and proceeds to Silicon in their original form, duly endorsed in blank, to be applied to the Obligations in such order as Silicon shall determine. Silicon may, in its discretion, require that all proceeds of Collateral be deposited by Borrower into a lockbox account, or such other "blocked account" as Silicon may specify, pursuant to a blocked account agreement in such form as Silicon may specify. Silicon or its designee may, at any time, notify Account Debtors that the Receivables have been assigned to Silicon.

4.5. REMITTANCE OF PROCEEDS. All proceeds arising from the disposition of any Collateral shall be delivered, in kind, by Borrower to Silicon in the original form in which received by Borrower not later than the following Business Day after receipt by Borrower, to be applied to the Obligations in such order as Silicon shall determine; provided that, if no Default or Event of Default has occurred, Borrower shall not be obligated to remit to Silicon the proceeds of the sale of worn out or obsolete equipment disposed of by Borrower in good faith in an arm's length transaction for an aggregate purchase price of \$25,000 or less (for all such transactions in any fiscal year). Borrower agrees that it will not commingle proceeds of Collateral with any of Borrower's other funds or property, but will hold such proceeds separate and apart from such other funds and property and in an express trust for Silicon. Nothing in this Section limits the restrictions on disposition of Collateral set forth elsewhere in this

Agreement.

4.6 DISPUTES. Borrower shall notify Silicon promptly of all disputes or claims relating to Receivables. Borrower shall not forgive (completely or partially), compromise or settle any Receivable for less than payment in full, or agree to do any of the foregoing, except that Borrower may do so, provided that: (i) Borrower does so in good faith, in a commercially reasonable manner, in the ordinary course of business, and in arm's length transactions, which are reported to Silicon on the regular reports provided to Silicon; (ii) no Default or Event of Default has occurred and is continuing; and (iii) taking into account all such discounts settlements and forgiveness, the total outstanding Loans will not exceed the Credit Limit. Silicon may, at any time after the occurrence of an Event of Default, settle or adjust disputes or claims directly with Account Debtors

for amounts and upon terms which Silicon considers advisable in its reasonable credit judgment and, in all cases, Silicon shall credit Borrower's Loan account with only the net amounts received by Silicon in payment of any Receivables.

4.7 RETURNS. Provided no Event of Default has occurred and is continuing, if any Account Debtor returns any Inventory to Borrower in the ordinary course of its business, Borrower shall promptly determine the reason for such return and promptly issue a credit memorandum to the Account Debtor in the appropriate amount (sending a copy to Silicon). In the event any attempted return occurs after the occurrence of any Event of Default, Borrower shall (i) hold the returned Inventory in trust for Silicon, (ii) segregate all returned Inventory from all of Borrower's other property, (iii) conspicuously label the returned Inventory as Silicon's property, and (iv) immediately notify Silicon of the return of any Inventory, specifying the reason for such return, the location and condition of the returned Inventory, and on Silicon's request deliver such returned Inventory to Silicon.

4.8 VERIFICATION. Silicon may, from time to time, verify directly with the respective Account Debtors the validity, amount and other matters relating to the Receivables, by means of mail, telephone or otherwise, either in the name of Borrower or Silicon or such other name as Silicon may choose.

4.9 NO LIABILITY. Silicon shall not under any circumstances be responsible or liable for any shortage or discrepancy in, damage to, or loss or destruction of, any goods, the sale or other disposition of which gives rise to a Receivable, or for any error, act, omission, or delay of any kind occurring in the settlement, failure to settle, collection or failure to collect any Receivable, or for settling any Receivable in good faith for less than the full amount thereof, nor shall Silicon be deemed to be responsible for any of Borrower's obligations under any contract or agreement giving rise to a Receivable. Nothing herein shall, however, relieve Silicon from liability for its own gross negligence or willful misconduct.

5. ADDITIONAL DUTIES OF BORROWER.

5.1 FINANCIAL AND OTHER COVENANTS. Borrower shall at all times comply with the financial and other covenants set forth in the Schedule.

5.2 INSURANCE. Borrower shall, at all times insure all of the tangible personal property Collateral and carry such other business insurance, with insurers reasonably acceptable to Silicon, in such form and amounts as Silicon may reasonably require, and Borrower shall provide evidence of such insurance to Silicon, so that Silicon is satisfied that such insurance is, at all times, in full force and effect. All such insurance policies shall name Silicon as an additional insured and loss payee, and shall contain a lenders loss payee endorsement in form reasonably acceptable to Silicon. Upon receipt of the proceeds of any such insurance, Silicon shall apply such proceeds in reduction of the Obligations as Silicon shall determine in its sole discretion, except that, provided no Default or Event of Default has occurred and is continuing, Silicon shall release to Borrower insurance proceeds with respect to Equipment totaling less than \$100,000, which shall be utilized by Borrower for the replacement of the Equipment with respect to which the insurance proceeds were paid. Silicon may require reasonable assurance that the insurance proceeds so released will be so used. If Borrower fails to provide or pay for any insurance, Silicon may, but is not obligated to, obtain the same at Borrower's expense. Borrower shall promptly deliver to Silicon copies of all reports made to insurance companies.

5.3 REPORTS. Borrower, at its expense, shall provide Silicon with the written reports set forth in the Schedule, and such other written reports with respect to Borrower (including budgets, sales projections, operating plans and other financial documentation), as Silicon shall from time to time reasonably specify.

5.4 ACCESS TO COLLATERAL, BOOKS AND RECORDS. At reasonable times, and on one Business Day's notice, Silicon, or its agents, shall have the right to inspect the Collateral, and the right to audit and copy Borrower's books and records. Silicon shall take reasonable steps to keep confidential all information obtained in any such inspection or audit, but Silicon shall have the right to disclose any such information to its auditors, regulatory agencies, and attorneys, and pursuant to any subpoena or other legal process. The foregoing inspections and audits shall be at Borrower's expense and the charge therefor shall be \$700 per person per day (or such higher amount as shall represent Silicon's then current standard charge for the same), plus reasonable out of pocket expenses. Borrower will not enter into any agreement with any accounting firm, service bureau or third party to store Borrower's books or records at any location other than Borrower's Address, without first obtaining Silicon's written consent, which may be conditioned upon such accounting firm, service bureau or other third party agreeing to give Silicon the same rights with

respect to access to books and records and related rights as Silicon has under this Loan Agreement. Borrower waives the benefit of any accountant-client privilege or other evidentiary privilege precluding or limiting the disclosure, divulgence or delivery of any of its books and records (except that Borrower does not waive any attorney-client privilege).

5.5 NEGATIVE COVENANTS. Except as may be permitted in the Schedule, Borrower shall not, without Silicon's prior written consent*, do any of the following: (i) merge or consolidate with another corporation or entity; (ii) acquire any assets, except in the ordinary course of business; (iii) enter into any other transaction outside the ordinary course of business; (iv) sell or transfer any Collateral, except for the sale of finished Inventory in the

ordinary course of Borrower's business, and except for the sale of obsolete or unneeded Equipment in the ordinary course of business; (v) store any Inventory or other Collateral with any warehouseman or other third party; (vi) sell any Inventory on a sale-or-return, guaranteed sale, consignment, or other contingent basis; (vii) make any loans of any money or other assets; (viii) incur any debts, outside the ordinary course of business, which would have a material, adverse effect on Borrower or on the prospect of repayment of the Obligations; (ix) guarantee or otherwise become liable with respect to the obligations of another party or entity; (x) pay or declare any dividends on Borrower's stock (except for dividends payable solely in stock of Borrower); (xi) redeem, retire, purchase or otherwise acquire, directly or indirectly, any of Borrower's stock; (xii) make any change in Borrower's capital structure which would have a material adverse effect on Borrower or on the prospect of repayment of the Obligations; or (xiii) pay total compensation, including salaries, fees, bonuses, commissions, and all other payments, whether directly or indirectly, in money or otherwise, to Borrower's executives, officers and directors (or any relative thereof) in an amount in excess of the amount set forth on the Schedule; or (xiv) dissolve or elect to dissolve. Transactions permitted by the foregoing provisions of this Section are only permitted if no Default or Event of Default would occur as a result of such transaction.

* WHICH CONSENT, OR DENIAL THEREOF, WILL BE DETERMINED BY SILICON IN ITS GOOD-FAITH BUSINESS JUDGMENT

5.6 LITIGATION COOPERATION. Should any third-party suit or proceeding be instituted by or against Silicon with respect to any Collateral or in any manner relating to Borrower, Borrower shall, without expense to Silicon, make available Borrower and its officers, employees and agents and Borrower's books and records, to the extent that Silicon may deem them reasonably necessary in order to prosecute or defend any such suit or proceeding.

5.7 FURTHER ASSURANCES. Borrower agrees, at its expense, on request by Silicon, to execute all documents and take all actions, as Silicon, may deem reasonably necessary or useful in order to perfect and maintain Silicon's perfected security interest in the Collateral, and in order to fully consummate the transactions contemplated by this Agreement.

6. TERM.

6.1 MATURITY DATE. This Agreement shall continue in effect until the maturity date set forth on the Schedule (the "Maturity Date"), subject to Section 6.3 below.

6.2 EARLY TERMINATION. This Agreement may be terminated prior to the Maturity Date as follows: (i) by Borrower, effective three Business Days after written notice of termination is given to Silicon; or (ii) by Silicon at any time after the occurrence of an Event of Default, without notice, effective immediately. If this Agreement is terminated by Borrower or by Silicon under this Section 6.2, Borrower shall pay to Silicon a termination fee in an amount equal to* two percent (2.0%) of the Maximum Credit Limit, provided that no termination fee shall be charged if the credit facility hereunder is replaced with a new facility from another division of Silicon Valley Bank. The termination fee shall be due and payable on the effective date of termination and thereafter shall bear interest at a rate equal to the highest rate applicable to any of the Obligations.

* ONE PERCENT (1.0%)

6.3 PAYMENT OF OBLIGATIONS. On the Maturity Date or on any earlier effective date of termination, Borrower shall pay and perform in full all Obligations, whether evidenced by installment notes or otherwise, and whether or not all or any part of such Obligations are otherwise then due and payable. Without limiting the generality of the foregoing, if on the Maturity Date, or on any earlier effective date of termination, there are any outstanding Letters of Credit issued by Silicon or issued by another institution based upon an application, guarantee, indemnity or similar agreement on the part of Silicon, then on such date Borrower shall provide to Silicon cash collateral in an amount equal to the face amount of all such Letters of Credit plus all interest, fees and cost due or to become due in connection therewith, to secure all of the Obligations relating to said Letters of Credit, pursuant to Silicon's then standard form cash pledge agreement. Notwithstanding any termination of this Agreement, all of Silicon's security interests in all of the Collateral and all of the terms and provisions of this Agreement shall continue in full force and effect until all Obligations have been paid and performed in full; provided that, without limiting the fact that Loans are subject to the discretion of Silicon, Silicon may, in its sole discretion, refuse to make any further Loans after termination. No termination shall in any way affect or impair any right or remedy of Silicon, nor shall any such termination relieve Borrower of any

Obligation to Silicon, until all of the Obligations have been paid and performed in full. Upon payment and performance in full of all the Obligations and termination of this Agreement, Silicon shall promptly deliver to Borrower termination statements, requests for reconveyances and such other documents as may be required to fully terminate Silicon's security interests.

7. EVENTS OF DEFAULT AND REMEDIES.

7.1 EVENTS OF DEFAULT. The occurrence of any of the following events shall constitute an "Event of Default" under this Agreement, and Borrower shall give Silicon immediate written notice thereof: (a) Any warranty, representation, statement, report or certificate made or delivered to Silicon by Borrower or any of Borrower's officers, employees or agents, now or in the future, shall be untrue or misleading in a material respect; or (b) Borrower shall fail to pay when due any Loan or any

interest thereon or any other monetary Obligation; or (c) the total Loans and other Obligations outstanding at any time shall exceed the Credit Limit; or (d) Borrower shall fail to comply with any of the financial covenants set forth in the Schedule or shall fail to perform any other non-monetary Obligation which by its nature cannot be cured; or (e) Borrower shall fail to perform any other non-monetary Obligation, which failure is not cured within 5 Business Days after the date due; or (f) any levy, assessment, attachment, seizure, lien or encumbrance (other than a Permitted Lien) is made on all or any part of the Collateral which is not cured within 10* after the occurrence of the same; or (g) any default or event of default occurs under any obligation secured by a Permitted Lien, which is not cured within any applicable cure period or waived in writing by the holder of the Permitted Lien; or (h) Borrower breaches any material contract or obligation, which **has or may reasonably be expected to have a material adverse effect on Borrower's business or financial condition; or (i) Dissolution, termination of existence, insolvency or business failure of Borrower; or appointment of a receiver, trustee or custodian, for all or any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding by Borrower under any reorganization, bankruptcy, insolvency, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, now or in the future in effect; or (j) the commencement of any proceeding against Borrower or any guarantor of any of the Obligations under any reorganization, bankruptcy, insolvency, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, now or in the future in effect, which is not cured by the dismissal thereof within 30 days after the date commenced; or (k) revocation or termination of, or limitation or denial of liability upon, any guaranty of the Obligations or any attempt to do any of the foregoing, or commencement of proceedings by any guarantor of any of the Obligations under any bankruptcy or insolvency law; or (l) revocation or termination of, or limitation or denial of liability upon, any pledge of any certificate of deposit, securities or other property or asset of any kind pledged by any third party to secure any or all of the Obligations, or any attempt to do any of the foregoing, or commencement of proceedings by or against any such third party under any bankruptcy or insolvency law; or (m) Borrower makes any payment on account of any indebtedness or obligation which has been subordinated to the Obligations other than as permitted in the applicable subordination agreement, or if any Person who has subordinated such indebtedness or obligations terminates or in any way limits his subordination agreement; or (n) there shall be a change in the record or beneficial ownership of an aggregate of more than*** of the outstanding shares of stock of Borrower, in one or more transactions, compared to the ownership of outstanding shares of stock of Borrower in effect on the date hereof, without the prior written consent of Silicon; or (o) Borrower shall generally not pay its debts as they become due, or Borrower shall conceal, remove or transfer any part of its property, with intent to hinder, delay or defraud its creditors, or make or suffer any transfer of any of its property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or (p) there shall be a material adverse change in Borrower's business or financial condition; or (q) Silicon, acting in good faith and in a commercially reasonable manner, deems itself insecure because of the occurrence of an event prior to the effective date hereof of which Silicon had no knowledge on the effective date or because of the occurrence of an event on or subsequent to the effective date. Silicon may cease making any Loans hereunder during any of the above cure periods, and thereafter if an Event of Default has occurred.

* BUSINESS DAYS

** BREACH

*** 50%

7.2 REMEDIES. Upon the occurrence of any Event of Default, and at any time thereafter, Silicon, at its option, and without notice or demand of any kind (all of which are hereby expressly waived by Borrower), may do any one or more of the following: (a) Cease making Loans or otherwise extending credit to Borrower under this Agreement or any other document or agreement; (b) Accelerate and declare all or any part of the Obligations to be immediately due, payable, and performable, notwithstanding any deferred or installment payments allowed by any instrument evidencing or relating to any Obligation; (c) Take possession of any or all of the Collateral wherever it may be found, and for that purpose Borrower hereby authorizes Silicon without judicial process to enter onto any of Borrower's premises without interference to search for, take possession of, keep, store, or remove any of the Collateral, and remain on the premises or cause a custodian to remain on the premises in exclusive control thereof, without charge for so long as Silicon deems it reasonably necessary in order to complete the enforcement of its rights under this Agreement or any other agreement; provided, however, that should Silicon seek to take possession of any of the Collateral by Court process, Borrower hereby irrevocably waives: (i) any bond and any surety or security relating thereto required by any statute, court

rule or otherwise as an incident to such possession; (ii) any demand for possession prior to the commencement of any suit or action to recover possession thereof; and (iii) any requirement that Silicon retain possession of, and not dispose of, any such Collateral until after trial or final judgment; (d) Require Borrower to assemble any or all of the Collateral and make it available to Silicon at places designated by Silicon which are reasonably convenient to Silicon and Borrower, and to remove the Collateral to such locations as Silicon may deem advisable; (e) Complete the processing, manufacturing or repair of any

Collateral prior to a disposition thereof and, for such purpose and for the purpose of removal, Silicon shall have the right to use Borrower's premises, vehicles, hoists, lifts, cranes, equipment and all other property without charge; (f) Sell, lease or otherwise dispose of any of the Collateral, in its condition at the time Silicon obtains possession of it or after further manufacturing, processing or repair, at one or more public and/or private sales, in lots or in bulk, for cash, exchange or other property, or on credit, and to adjourn any such sale from time to time without notice other than oral announcement at the time scheduled for sale. Silicon shall have the right to conduct such disposition on Borrower's premises without charge, for such time or times as Silicon deems reasonable, or on Silicon's premises, or elsewhere and the Collateral need not be located at the place of disposition. Silicon may directly or through any affiliated company purchase or lease any Collateral at any such public disposition, and if permissible under applicable law, at any private disposition. Any sale or other disposition of Collateral shall not relieve Borrower of any liability Borrower may have if any Collateral is defective as to title or physical condition or otherwise at the time of sale; (g) Demand payment of, and collect any Receivables and General Intangibles comprising Collateral and, in connection therewith, Borrower irrevocably authorizes Silicon to endorse or sign Borrower's name on all collections, receipts, instruments and other documents, to take possession of and open mail addressed to Borrower and remove therefrom payments made with respect to any item of the Collateral or proceeds thereof, and, in Silicon's sole discretion, to grant extensions of time to pay, compromise claims and settle Receivables and the like for less than face value; (h) Offset against any sums in any of Borrower's general, special or other Deposit Accounts with Silicon; and (i) Demand and receive possession of any of Borrower's federal and state income tax returns and the books and records utilized in the preparation thereof or referring thereto. All reasonable attorneys' fees, expenses, costs, liabilities and obligations incurred by Silicon with respect to the foregoing shall be added to and become part of the Obligations, shall be due on demand, and shall bear interest at a rate equal to the highest interest rate applicable to any of the Obligations. Without limiting any of Silicon's rights and remedies, from and after the occurrence of any Event of Default, the interest rate applicable to the Obligations shall be increased by an additional four percent per annum.

7.3 STANDARDS FOR DETERMINING COMMERCIAL REASONABLENESS. Borrower and Silicon agree that a sale or other disposition (collectively, "sale") of any Collateral which complies with the following standards will conclusively be deemed to be commercially reasonable: (i) Notice of the sale is given to Borrower at least seven days prior to the sale, and, in the case of a public sale, notice of the sale is published at least seven days before the sale in a newspaper of general circulation in the county where the sale is to be conducted; (ii) Notice of the sale describes the collateral in general, non-specific terms; (iii) The sale is conducted at a place designated by Silicon, with or without the Collateral being present; (iv) The sale commences at any time between 8:00 a.m. and 6:00 p.m; (v) Payment of the purchase price in cash or by cashier's check or wire transfer is required; (vi) With respect to any sale of any of the Collateral, Silicon may (but is not obligated to) direct any prospective purchaser to ascertain directly from Borrower any and all information concerning the same. Silicon shall be free to employ other methods of noticing and selling the Collateral, in its discretion, if they are commercially reasonable.

7.4 POWER OF ATTORNEY. Upon the occurrence of any Event of Default, without limiting Silicon's other rights and remedies, Borrower grants to Silicon an irrevocable power of attorney coupled with an interest, authorizing and permitting Silicon (acting through any of its employees, attorneys or agents) at any time, at its option, but without obligation, with or without notice to Borrower, and at Borrower's expense, to do any or all of the following, in Borrower's name or otherwise, but Silicon agrees to exercise the following powers in a commercially reasonable manner: (a) Execute on behalf of Borrower any documents that Silicon may, in its sole discretion, deem advisable in order to perfect and maintain Silicon's security interest in the Collateral, or in order to exercise a right of Borrower or Silicon, or in order to fully consummate all the transactions contemplated under this Agreement, and all other present and future agreements; (b) Execute on behalf of Borrower any document exercising, transferring or assigning any option to purchase, sell or otherwise dispose of or to lease (as lessor or lessee) any real or personal property which is part of Silicon's Collateral or in which Silicon has an interest; (c) Execute on behalf of Borrower, any invoices relating to any Receivable, any draft against any Account Debtor and any notice to any Account Debtor, any proof of claim in bankruptcy, any Notice of Lien, claim of mechanic's, materialman's or other lien, or assignment or satisfaction of mechanic's, materialman's or other lien; (d) Take control in any manner of any cash or non-cash items of payment or proceeds of Collateral; endorse the name of Borrower upon any instruments, or documents, evidence of payment or Collateral that may come into Silicon's possession; (e) Endorse all checks and other forms of remittances received by Silicon; (f) Pay, contest or settle any lien, charge, encumbrance, security

interest and adverse claim in or to any of the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; (g) Grant extensions of time to pay, compromise claims and settle Receivables and General Intangibles for less than face value and execute all releases and other documents in connection therewith; (h) Pay any sums required on account of Borrower's taxes or to secure the release of any liens therefor, or both; (i) Settle and adjust, and give releases of, any insurance claim that relates to any of the Collateral and obtain payment therefor; (j) Instruct any

third party having custody or control of any books or records belonging to, or relating to, Borrower to give Silicon the same rights of access and other rights with respect thereto as Silicon has under this Agreement; and (k) Take any action or pay any sum required of Borrower pursuant to this Agreement and any other present or future agreements. Any and all reasonable sums paid and any and all reasonable costs, expenses, liabilities, obligations and attorneys' fees incurred by Silicon with respect to the foregoing shall be added to and become part of the Obligations, shall be payable on demand, and shall bear interest at a rate equal to the highest interest rate applicable to any of the Obligations. In no event shall Silicon's rights under the foregoing power of attorney or any of Silicon's other rights under this Agreement be deemed to indicate that Silicon is in control of the business, management or properties of Borrower.

7.5 APPLICATION OF PROCEEDS. All proceeds realized as the result of any sale of the Collateral shall be applied by Silicon first to the reasonable costs, expenses, liabilities, obligations and attorneys' fees incurred by Silicon in the exercise of its rights under this Agreement, second to the interest due upon any of the Obligations, and third to the principal of the Obligations, in such order as Silicon shall determine in its sole discretion. Any surplus shall be paid to Borrower or other persons legally entitled thereto; Borrower shall remain liable to Silicon for any deficiency. If, Silicon, in its sole discretion, directly or indirectly enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Silicon shall have the option, exercisable at any time, in its sole discretion, of either reducing the Obligations by the principal amount of purchase price or deferring the reduction of the Obligations until the actual receipt by Silicon of the cash therefor.

7.6 REMEDIES CUMULATIVE. In addition to the rights and remedies set forth in this Agreement, Silicon shall have all the other rights and remedies accorded a secured party under the California Uniform Commercial Code and under all other applicable laws, and under any other instrument or agreement now or in the future entered into between Silicon and Borrower, and all of such rights and remedies are cumulative and none is exclusive. Exercise or partial exercise by Silicon of one or more of its rights or remedies shall not be deemed an election, nor bar Silicon from subsequent exercise or partial exercise of any other rights or remedies. The failure or delay of Silicon to exercise any rights or remedies shall not operate as a waiver thereof, but all rights and remedies shall continue in full force and effect until all of the Obligations have been fully paid and performed.

8. DEFINITIONS. As used in this Agreement, the following terms have the following meanings:

"Account Debtor" means the obligor on a Receivable.

"Affiliate" means, with respect to any Person, a relative, partner, shareholder, director, officer, or employee of such Person, or any parent or subsidiary of such Person, or any Person controlling, controlled by or under common control with such Person.

"Business Day" means a day on which Silicon is open for business.

"Code" means the Uniform Commercial Code as adopted and in effect in the State of California from time to time.

"Collateral" has the meaning set forth in Section 2.1 above.

"Default" means any event which with notice or passage of time or both, would constitute an Event of Default.

"Deposit Account" has the meaning set forth in Section 9102(a) of the Code.*

* "DISTRIBUTOR" MEANS AN ACCOUNT DEBTOR THAT, IN SILICON'S SOLE DISCRETION, ACQUIRES GOODS FROM THE BORROWER FOR PURPOSES OF DISTRIBUTING OR RESELLING THE GOODS TO A RETAIL SELLER OR OTHER THIRD PARTY.

"Eligible Inventory" [NOT APPLICABLE].

"Eligible Receivables" means Receivables arising in the ordinary course of Borrower's business from the sale of goods or rendition of services, which Silicon, in its sole judgment, shall deem eligible for borrowing, based on such considerations as Silicon may from time to time deem appropriate. Without limiting the fact that the determination of which Receivables are eligible for borrowing is a matter of Silicon's discretion, the following (the "Minimum Eligibility Requirements") are the minimum requirements for a Receivable to be an Eligible Receivable: (i) the Receivable must not be outstanding for more than 90 days from its invoice date*, (ii) the Receivable must not represent progress

billings, or be due under a fulfillment or requirements contract with the Account Debtor, (iii) the Receivable must not be subject to any contingencies (including Receivables arising from sales on consignment, guaranteed sale or other terms pursuant to which payment by the Account Debtor may be conditional), (iv) the Receivable must not be owing from an Account Debtor with whom Borrower has any dispute (whether or not relating to the particular Receivable), (v) the Receivable must not be owing from an Affiliate of Borrower, (vi) the Receivable must not be owing from an Account Debtor which is subject to any insolvency or bankruptcy proceeding, or whose financial condition is not acceptable to Silicon, or which, fails or goes out of a material portion of its business, (vii) the Receivable must not be owing from the United States or any department, agency or instrumentality thereof (unless there has been compliance, to Silicon's satisfaction, with the United States Assignment of Claims Act), (viii) the Receivable must not be owing from an Account Debtor located outside the United States or Canada (unless pre-approved by Silicon in its discretion in writing, or backed

by a letter of credit satisfactory to Silicon, or FCIA insured satisfactory to Silicon), (ix) the Receivable must not be owing from an Account Debtor to whom Borrower is or may be liable for goods purchased from such Account Debtor or otherwise. Receivables owing from one Account Debtor will not be deemed Eligible Receivables to the extent they exceed 25% of the total Receivables outstanding**. In addition, if more than 50% of the Receivables owing from an Account Debtor are outstanding more than 90 days from their invoice date* (without regard to unapplied credits) or are otherwise not eligible Receivables, then all Receivables owing from that Account Debtor will be deemed ineligible for borrowing. Silicon may, from time to time, in its discretion, revise the Minimum Eligibility Requirements, upon written notice to Borrower.

* (45 DAYS FROM THE INVOICE DATE WITH RESPECT TO RECEIVABLES FOR WHICH A DISTRIBUTOR IS THE ACCOUNT DEBTOR)

**; PROVIDED, HOWEVER, RECEIVABLES OWING FROM A DISTRIBUTOR WILL NOT BE DEEMED ELIGIBLE RECEIVABLES TO THE EXTENT THEY EXCEED THE LOWER OF 25% OF THE TOTAL RECEIVABLES OUTSTANDING OR \$500,000

"Equipment" means all of Borrower's present and hereafter acquired machinery, molds, machine tools, motors, furniture, equipment, furnishings, fixtures, trade fixtures, motor vehicles, tools, parts, dyes, jigs, goods and other tangible personal property (other than Inventory) of every kind and description used in Borrower's operations or owned by Borrower and any interest in any of the foregoing, and all attachments, accessories, accessions, replacements, substitutions, additions or improvements to any of the foregoing, wherever located.

"Event of Default" means any of the events set forth in Section 7.1 of this Agreement.

"General Intangibles" means all general intangibles of Borrower, whether now owned or hereafter created or acquired by Borrower, including, without limitation, all choses in action, causes of action, corporate or other business records, Deposit Accounts, inventions, designs, drawings, blueprints, patents, patent applications, trademarks and the goodwill of the business symbolized thereby, names, trade names, trade secrets, goodwill, copyrights, registrations, licenses, franchises, customer lists, security and other deposits, rights in all litigation presently or hereafter pending for any cause or claim (whether in contract, tort or otherwise), and all judgments now or hereafter arising therefrom, all claims of Borrower against Silicon, rights to purchase or sell real or personal property, rights as a licensor or licensee of any kind, royalties, telephone numbers, proprietary information, purchase orders, and all insurance policies and claims (including without limitation life insurance, key man insurance, credit insurance, liability insurance, property insurance and other insurance), tax refunds and claims, computer programs, discs, tapes and tape files, claims under guaranties, security interests or other security held by or granted to Borrower, all rights to indemnification and all other intangible property of every kind and nature (other than Receivables).

"Inventory" means all of Borrower's now owned and hereafter acquired goods, merchandise or other personal property, wherever located, to be furnished under any contract of service or held for sale or lease (including without limitation all raw materials, work in process, finished goods and goods in transit), and all materials and supplies of every kind, nature and description which are or might be used or consumed in Borrower's business or used in connection with the manufacture, packing, shipping, advertising, selling or finishing of such goods, merchandise or other personal property, and all warehouse receipts, documents of title and other documents representing any of the foregoing.

"Obligations" means all present and future Loans, advances, debts, liabilities, obligations, guaranties, covenants, duties and indebtedness at any time owing by Borrower to Silicon, whether evidenced by this Agreement or any note or other instrument or document, whether arising from an extension of credit, opening of a letter of credit, banker's acceptance, loan, guaranty, indemnification or otherwise, whether direct or indirect (including, without limitation, those acquired by assignment and any participation by Silicon in Borrower's debts owing to others), absolute or contingent, due or to become due, including, without limitation, all interest, charges, expenses, fees, attorney's fees, expert witness fees, audit fees, letter of credit fees, collateral monitoring fees, closing fees, facility fees, termination fees, minimum interest charges and any other sums chargeable to Borrower under this Agreement or under any other present or future instrument or agreement between Borrower and Silicon.

"Permitted Liens" means the following: (i) purchase money security interests in specific items of Equipment; (ii) leases of specific items of Equipment; (iii) liens for taxes not yet payable; (iv) additional security interests and

liens consented to in writing by Silicon, which consent shall not be unreasonably withheld; (v) security interests being terminated substantially concurrently with this Agreement; (vi) liens of materialmen, mechanics, warehousemen, carriers, or other similar liens arising in the ordinary course of business and securing obligations which are not delinquent; (vii) liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by liens of the type described above in clauses (i) or (ii) above, provided that any extension, renewal or replacement lien is limited to the property encumbered by the existing lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase; (viii) Liens in favor of customs and revenue authorities which secure payment of customs duties in connection with the importation of goods. Silicon will have the right to require, as a condition to its consent

under subparagraph (iv) above, that the holder of the additional security interest or lien sign an intercreditor agreement on Silicon's then standard form, acknowledge that the security interest is subordinate to the security interest in favor of Silicon, and agree not to take any action to enforce its subordinate security interest so long as any Obligations remain outstanding, and that Borrower agree that any uncured default in any obligation secured by the subordinate security interest shall also constitute an Event of Default under this Agreement.

"Person" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, government, or any agency or political division thereof, or any other entity.

"Receivables" means all of Borrower's now owned and hereafter acquired accounts (whether or not earned by performance), letters of credit, contract rights, chattel paper, instruments, securities, securities accounts, investment property, documents and all other forms of obligations at any time owing to Borrower, all guaranties and other security therefor, all merchandise returned to or repossessed by Borrower, and all rights of stoppage in transit and all other rights or remedies of an unpaid vendor, lienor or secured party.

"Reserves" means, as of any date of determination, such amounts as Silicon may from time to time establish and revise in good faith reducing the amount of Loans, Letters of Credit and other financial accommodations which would otherwise be available to Borrower under the lending formula(s) provided in the Schedule: (a) to reflect events, conditions, contingencies or risks which, as determined by Silicon in good faith, do or may affect (i) the Collateral or any other property which is security for the Obligations or its value (including without limitation any increase in delinquencies of Receivables), (ii) the assets, business or prospects of Borrower or any Guarantor, or (iii) the security interests and other rights of Silicon in the Collateral (including the enforceability, perfection and priority thereof); or (b) to reflect Silicon's good faith belief that any collateral report or financial information furnished by or on behalf of Borrower or any Guarantor to Silicon is or may have been incomplete, inaccurate or misleading in any material respect; or (c) in respect of any state of facts which Silicon determines in good faith constitutes an Event of Default or may, with notice or passage of time or both, constitute an Event of Default.

Other Terms. All accounting terms used in this Agreement, unless otherwise indicated, shall have the meanings given to such terms in accordance with generally accepted accounting principles, consistently applied. All other terms contained in this Agreement, unless otherwise indicated, shall have the meanings provided by the Code, to the extent such terms are defined therein.

9. GENERAL PROVISIONS.

9.1 INTEREST COMPUTATION. In computing interest on the Obligations, all checks, wire transfers and other items of payment received by Silicon (including proceeds of Receivables and payment of the Obligations in full) shall be deemed applied by Silicon on account of the Obligations three Business Days after receipt by Silicon of immediately available funds, and, for purposes of the foregoing, any such funds received after 12:00 Noon on any day shall be deemed received on the next Business Day. Silicon shall not, however, be required to credit Borrower's account for the amount of any item of payment which is unsatisfactory to Silicon in its sole discretion, and Silicon may charge Borrower's loan account for the amount of any item of payment which is returned to Silicon unpaid.

9.2 APPLICATION OF PAYMENTS. All payments with respect to the Obligations may be applied, and in Silicon's sole discretion reversed and re-applied, to the Obligations, in such order and manner as Silicon shall determine in its sole discretion.

9.3 CHARGES TO ACCOUNTS. Silicon may, in its discretion, require that Borrower pay monetary Obligations in cash to Silicon, or charge them to Borrower's Loan account, in which event they will bear interest at the same rate applicable to the Loans. Silicon may also, in its discretion, charge any monetary Obligations to Borrower's Deposit Accounts maintained with Silicon.

9.4 MONTHLY ACCOUNTINGS. Silicon shall provide Borrower monthly with an account of advances, charges, expenses and payments made pursuant to this Agreement. Such account shall be deemed correct, accurate and binding on Borrower and an account stated (except for reverses and reapplications of payments made and corrections of errors discovered by Silicon), unless Borrower notifies Silicon in writing to the contrary within thirty days after each account is rendered, describing the nature of any alleged errors or admissions.

9.5 NOTICES. All notices to be given under this Agreement shall be in writing and shall be given either personally or by reputable private delivery service or by regular first-class mail, or certified mail return receipt requested, addressed to Silicon or Borrower at the addresses shown in the heading to this Agreement, or at any other address designated in writing by one party to the other party. Notices to Silicon shall be directed to the Commercial Finance Division, to the attention of the Division Manager or the Division Credit Manager. All notices shall be deemed to have been given upon delivery in the case of notices personally delivered, or at the expiration of one Business Day following delivery to the private delivery service, or two Business Days following the deposit thereof in the United States mail, with postage prepaid.

9.6 SEVERABILITY. Should any provision of this Agreement be held by any court of competent jurisdiction to be void or unenforceable, such defect shall not affect the remainder of this Agreement, which shall continue in full force and effect.

9.7 INTEGRATION. This Agreement and such other written agreements, documents and instruments as may be executed in connection herewith are the final, entire and complete agreement between Borrower and Silicon and supersede all prior and contemporaneous negotiations and oral representations and agreements, all of which are merged and integrated in this Agreement. There are no oral understandings, representations or agreements between the parties which are not set forth in this Agreement or in other written agreements signed by the parties in connection herewith.

9.8 WAIVERS. The failure of Silicon at any time or times to require Borrower to strictly comply with any of the provisions of this Agreement or any other present or future agreement between Borrower and Silicon shall not waive or diminish any right of Silicon later to demand and receive strict compliance therewith. Any waiver of any default shall not waive or affect any other default, whether prior or subsequent, and whether or not similar. None of the provisions of this Agreement or any other agreement now or in the future executed by Borrower and delivered to Silicon shall be deemed to have been waived by any act or knowledge of Silicon or its agents or employees, but only by a specific written waiver signed by an authorized officer of Silicon and delivered to Borrower. Borrower waives demand, protest, notice of protest and notice of default or dishonor, notice of payment and nonpayment, release, compromise, settlement, extension or renewal of any commercial paper, instrument, account, General Intangible, document or guaranty at any time held by Silicon on which Borrower is or may in any way be liable, and notice of any action taken by Silicon, unless expressly required by this Agreement.

9.9 NO LIABILITY FOR ORDINARY NEGLIGENCE. Neither Silicon, nor any of its directors, officers, employees, agents, attorneys or any other Person affiliated with or representing Silicon shall be liable for any claims, demands, losses or damages, of any kind whatsoever, made, claimed, incurred or suffered by Borrower or any other party through the ordinary negligence of Silicon, or any of its directors, officers, employees, agents, attorneys or any other Person affiliated with or representing Silicon, but nothing herein shall relieve Silicon from liability for its own gross negligence or willful misconduct.

9.10 AMENDMENT. The terms and provisions of this Agreement may not be waived or amended, except in a writing executed by Borrower and a duly authorized officer of Silicon.

9.11 TIME OF ESSENCE. Time is of the essence in the performance by Borrower of each and every obligation under this Agreement.

9.12 ATTORNEYS FEES AND COSTS. Borrower shall reimburse Silicon for all reasonable attorneys' fees and all filing, recording, search, title insurance, appraisal, audit, and other reasonable costs incurred by Silicon, pursuant to, or in connection with, or relating to this Agreement (whether or not a lawsuit is filed), including, but not limited to, any reasonable attorneys' fees and costs Silicon incurs in order to do the following: prepare and negotiate this Agreement and the documents relating to this Agreement; obtain legal advice in connection with this Agreement or Borrower; enforce, or seek to enforce, any of its rights; prosecute actions against, or defend actions by, Account Debtors; commence, intervene in, or defend any action or proceeding; initiate any complaint to be relieved of the automatic stay in bankruptcy; file or prosecute any probate claim, bankruptcy claim, third-party claim, or other claim; examine, audit, copy, and inspect any of the Collateral or any of Borrower's books and records; protect, obtain possession of, lease, dispose of, or otherwise enforce Silicon's security interest in, the Collateral; and otherwise represent Silicon in any litigation relating to Borrower. In satisfying Borrower's obligation hereunder to reimburse Silicon for attorneys fees, Borrower may, for convenience, issue checks directly to Silicon's attorneys, Levy, Small & Lallas, but Borrower acknowledges and agrees that Levy, Small & Lallas is representing only Silicon and not Borrower in connection with this Agreement. If either Silicon or Borrower files any lawsuit against the other predicated on a breach of this Agreement, the prevailing party in such action shall be entitled to recover its reasonable costs and attorneys' fees, including (but not limited to) reasonable attorneys' fees and costs incurred in the enforcement of, execution upon or defense of any order, decree, award or judgment. All attorneys' fees and costs to which Silicon may be entitled pursuant to this Paragraph shall immediately become part of Borrower's Obligations, shall be due on demand, and shall bear interest at a rate equal to the highest interest rate applicable to any of the Obligations.

9.13 BENEFIT OF AGREEMENT. The provisions of this Agreement shall be binding

upon and inure to the benefit of the respective successors, assigns, heirs, beneficiaries and representatives of Borrower and Silicon; provided, however, that Borrower may not assign or transfer any of its rights under this Agreement without the prior written consent of Silicon, and any prohibited assignment shall be void. No consent by Silicon to any assignment shall release Borrower from its liability for the Obligations.

9.14 JOINT AND SEVERAL LIABILITY. If Borrower consists of more than one Person, their liability shall be joint and several, and the compromise of any claim with, or the release of, any Borrower shall not constitute a compromise with, or a release of, any other Borrower.

9.15 LIMITATION OF ACTIONS. Any claim or cause of action by Borrower against Silicon, its directors, officers, employees, agents, accountants or attorneys, based upon, arising from, or relating to this Loan Agreement, or any other present or future document or agreement, or any other transaction contemplated hereby or thereby or relating hereto or thereto, or any other matter, cause or thing whatsoever, occurred, done, omitted or suffered to be done by Silicon, its directors, officers, employees, agents, accountants or attorneys, shall be barred unless asserted by Borrower by the commencement of an action or proceeding in a court of competent jurisdiction by the filing of a complaint within* after the first act, occurrence or omission upon which such claim or cause of action, or any part thereof, is based, and the service of a summons and complaint on an officer of Silicon, or on any other person authorized to accept service on behalf of Silicon, within thirty (30) days thereafter. Borrower agrees that such** period is a reasonable and sufficient time for Borrower to investigate and act upon any such claim or cause of action. The** period provided herein shall not be waived, tolled, or extended except by the written consent of Silicon in its sole discretion. This provision shall survive any termination of this Loan Agreement or any other present or future agreement.

* TWO YEARS

** TWO-YEAR

9.16 PARAGRAPH HEADINGS; CONSTRUCTION. Paragraph headings are only used in this Agreement for convenience. Borrower and Silicon acknowledge that the headings may not describe completely the subject matter of the applicable paragraph, and the headings shall not be used in any manner to construe, limit, define or interpret any term or provision of this Agreement. The term "including", whenever used in this Agreement, shall mean "including (but not limited to)". This Agreement has been fully reviewed and negotiated between the parties and no uncertainty or ambiguity in any term or provision of this Agreement shall be construed strictly against Silicon or Borrower under any rule of construction or otherwise.

9.17 GOVERNING LAW; JURISDICTION; VENUE. This Agreement and all acts and transactions hereunder and all rights and obligations of Silicon and Borrower shall be governed by the laws of the State of California. As a material part of the consideration to Silicon to enter into this Agreement, Borrower (i) agrees that all actions and proceedings relating directly or indirectly to this Agreement shall, at Silicon's option, be litigated in courts located within California, and that the exclusive venue therefor shall be Santa Clara County; (ii) consents to the jurisdiction and venue of any such court and consents to service of process in any such action or proceeding by personal delivery or any other method permitted by law; and (iii) waives any and all rights Borrower may have to object to the jurisdiction of any such court, or to transfer or change the venue of any such action or proceeding.

9.18 MUTUAL WAIVER OF JURY TRIAL. BORROWER AND SILICON EACH HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO, THIS AGREEMENT OR ANY OTHER PRESENT OR FUTURE INSTRUMENT OR AGREEMENT BETWEEN SILICON AND BORROWER, OR ANY CONDUCT, ACTS OR OMISSIONS OF SILICON OR BORROWER OR ANY OF THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS OR ANY OTHER PERSONS AFFILIATED WITH SILICON OR BORROWER, IN ALL OF THE FOREGOING CASES, WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE.

BORROWER:

NOVATEL WIRELESS, INC.

BY /s/ JOHN MAJOR

PRESIDENT OR VICE PRESIDENT

BY /s/ MELVIN FLOWERS

SECRETARY OR ASS'T SECRETARY

SILICON:

SILICON VALLEY BANK

BY /s/ MILAD I. HANNA

TITLE Sr. Vice President

SCHEDULE TO
LOAN AND SECURITY AGREEMENT

BORROWER: NOVATEL WIRELESS, INC.
ADDRESS: 9360 TOWNE CENTRE DRIVE, SUITE 110
SAN DIEGO, CA 92121

DATE: NOVEMBER 29, 2001

This Schedule forms an integral part of the Loan and Security Agreement between Silicon Valley Bank and the above-borrower of even date.

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1. CREDIT LIMIT
(Section 1.1):

An amount equal to the sum of (a) the applicable clause of A, B, C or D set forth below plus (b) the Standby Letter of Credit (as defined below)

A. An amount not to exceed the lesser of: (i) \$2,000,000 at any one time outstanding (the "\$2 Million Cap"); or (ii) 80% of the amount of Borrower's Eligible Receivables (as defined in Section 8 above).

B. Notwithstanding the foregoing, at such time as Borrower has received at least \$7,500,000 in cash consideration for the issuance, after the date hereof, of equity securities of Borrower or Subordinated Debt (as defined herein), then an amount not to exceed the lesser of: (i) \$3,500,000 at any one time outstanding (the "\$3.5 Million Cap"); or (ii) 80% of the amount of Borrower's Eligible Receivables (as defined in Section 8 above).

C. Notwithstanding the foregoing, at such time as Borrower has received at least \$10,000,000 in cash consideration for the issuance, after the date hereof, of equity securities of Borrower or Subordinated Debt (as defined herein), then an amount not to exceed the lesser of: (i) \$5,000,000 at any one time outstanding (the "\$5 Million Cap"); or (ii) 80% of the amount of Borrower's Eligible Receivables (as defined in Section 8 above).

D. Notwithstanding the foregoing, at such time as Borrower has received at least \$20,000,000 in cash consideration for the issuance, after the date hereof, of equity securities of Borrower or Subordinated Debt (as defined herein), then an amount not to exceed the lesser of: (i) \$10,000,000 at any one time outstanding (the "Maximum Credit

Limit"); or (ii) 80% of the amount of Borrower's Eligible Receivables (as defined in Section 8 above).

Borrower shall provide Silicon with evidence satisfactory to Silicon that Borrower has received said amounts of cash consideration prior to any increase from any of the aforementioned Caps taking effect.

LETTER OF CREDIT
SUBLIMIT (Section 1.5): \$1,000,000.

STANDBY LETTER OF
CREDIT: \$50,000. Silicon previously issued for the account of Borrower a Standby Letter of Credit in the amount of \$50,000 (the "Standby Letter of Credit"), which Standby Letter of Credit is secured by a certificate of deposit pledged to Silicon on Silicon's standard form documentation.

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2. INTEREST.

INTEREST RATE
(Section 1.2): A rate equal to the "Prime Rate" in effect from time to time, plus 2% per annum, provided that the interest rate in effect each month shall not be less than 7% per annum. Interest shall be calculated on the basis of a 360-day year for the actual number of days elapsed. "Prime Rate" means the rate announced from time to time by Silicon as its "prime rate;" it is a base rate upon which other rates charged by Silicon are based, and it is not necessarily the best rate available at Silicon. The interest rate applicable to the Obligations shall change on each date there is a change in the Prime Rate.

MINIMUM MONTHLY
INTEREST
(Section 1.2): \$10,000 per month; provided, however, such amount shall be \$5,000 per month while the \$2 Million Cap, \$3.5 Million Cap or \$5 Million Cap is in effect.

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3. FEES (Section 1.4):

Loan Fee: \$100,000, payable concurrently herewith, which fee Silicon acknowledges has been paid by Borrower and received by Silicon.

Collateral
Monitoring Fee: \$1,000, per month, payable in arrears (prorated for any partial month at the beginning and at termination of this Agreement).

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4. MATURITY DATE
(Section 6.1): One year from the date of this Agreement.
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5. FINANCIAL COVENANTS
(Section 5.1): Borrower shall comply with each of the following covenant(s). Compliance shall be determined as of the end of each month, except as otherwise specifically provided below:

MINIMUM QUICK RATIO: Borrower shall maintain a ratio of cash on hand plus Receivables to current liabilities of not less than 0.5 to 1.

MINIMUM TANGIBLE NET WORTH: Borrower shall maintain a Tangible Net Worth of not less than \$12,000,000 plus 25% of the consideration received by Borrower after the date hereof for the issuance of equity securities of Borrower and Subordinated Debt (as defined herein).

DEFINITIONS. For purposes of the foregoing financial covenants, the following term shall have the following meaning:

"Current assets", "current liabilities" and "liabilities" shall have the meaning ascribed thereto by generally accepted accounting principles.

"Tangible Net Worth" shall mean the excess of total assets over total liabilities, determined in accordance with generally accepted accounting principles, with the following adjustments:

(A) there shall be excluded from assets: (i) notes, accounts receivable and other obligations owing to Borrower from its officers or other Affiliates, and (ii) all assets which would be classified as intangible assets under generally accepted accounting principles, including without limitation goodwill, licenses, patents, trademarks, trade names, copyrights, capitalized software and organizational costs, licenses and franchises

(B) there shall be excluded from liabilities: all indebtedness which is subordinated to the Obligations under a subordination agreement in form specified by Silicon or by language in the instrument evidencing the indebtedness which is acceptable to Silicon in its discretion ("Subordinated Debt").

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6. REPORTING.
(Section 5.3):

Borrower shall provide Silicon with the following:

1. Monthly Receivable agings, aged by invoice date, within fifteen days after the end of each month.
2. Monthly accounts payable agings, aged by invoice date, and outstanding or held check registers, if any, within fifteen days after the end of each month.
3. Monthly reconciliations of Receivable agings (aged by invoice date), transaction reports, and general ledger, within fifteen days after the end of each month.
4. Monthly perpetual inventory reports for the Inventory valued on a first-in, first-out basis at the lower of cost or market (in accordance with generally accepted accounting principles) or such other inventory reports as are reasonably requested by Silicon, all within fifteen days after the end of each month.
5. Monthly unaudited financial statements, as soon as available, and in any event within thirty days after the end of each month.
6. Monthly Compliance Certificates, within thirty days after the end of each month, in such form as Silicon shall reasonably specify, signed by the Chief Financial Officer of Borrower, certifying that as of the end of such month Borrower was in full compliance with all of the terms and conditions of this Agreement, and setting forth calculations showing compliance with the financial covenants set forth in this Agreement and such other information as Silicon shall reasonably request, including, without limitation, a statement that at the end of such month there were no held checks.
7. Quarterly unaudited financial statements, as soon as available, and in any event within forty-five days after the end of each fiscal quarter of Borrower.
8. Annual operating budgets (including income statements, balance sheets and cash flow statements, by month) for the upcoming fiscal year of Borrower within thirty days prior to the end of each fiscal year of Borrower.
9. Annual financial statements, as soon as available, and in any event within 120 days following the end of Borrower's fiscal year, certified by independent certified public accountants acceptable to Silicon.

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7. COMPENSATION
(Section 5.5):

Without Silicon's prior written consent, Borrower shall not pay total compensation, including salaries, withdrawals, fees, bonuses, commissions, drawing accounts and other payments, whether directly or indirectly, in money or otherwise, during any fiscal year to all of Borrower's executives, officers and directors (or any relative thereof)

as a group in excess of 115% of the total amount thereof in the prior fiscal year.

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8. BORROWER INFORMATION:

PRIOR NAMES OF
BORROWER

(Section 3.2): As set forth in the Borrower's Representations and Warranties dated September 11, 2001.

PRIOR TRADE
NAMES OF BORROWER

(Section 3.2): As set forth in the Borrower's Representations and Warranties dated September 11, 2001.

EXISTING TRADE
NAMES OF BORROWER

(Section 3.2): As set forth in the Borrower's Representations and Warranties dated September 11, 2001.

OTHER LOCATIONS
AND ADDRESSES

(Section 3.3): As set forth in the Borrower's Representations and Warranties dated September 11, 2001.

MATERIAL ADVERSE
LITIGATION

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

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9. OTHER COVENANTS
(Section 5.1):

Borrower shall at all times comply with all of the following additional covenants:

- (1) BANKING AND INVESTMENT RELATIONSHIP. Borrower shall at all times maintain its primary banking and investment relationship with Silicon and shall maintain at least 80% of its funds (including without limitation Borrower's deposit accounts and investment funds) with Silicon.
- (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.

- (3) CONTROL AGREEMENTS. As to any Deposit Accounts and investment accounts maintained with another institution (including, without limitation, Bank of America), Borrower shall cause such institution, within 30 days after the date of this Loan Agreement, to enter into a control agreement in form acceptable to Silicon in its good faith business judgment in order to perfect Silicon's security interest in said Deposit Accounts and investment accounts.
- (4) BAILEE AGREEMENT. Within 30 days after the date hereof, Borrower shall cause Solectron Corporation and any other bailee or warehouseman at which Borrower maintains any Collateral to execute and deliver to Silicon, on Silicon's standard form (with such changes as shall be acceptable to Silicon in its discretion), a Notice to Bailee of Security Interest with respect to all Collateral maintained by Borrower at such bailee or warehouseman.
- (5) WARRANTS. Borrower shall provide Silicon with seven-year warrants to purchase 250,000 shares (which number may be increased to 500,000 shares as provided for in the Warrant to Purchase Stock) of common stock of the Borrower, at \$0.83 per share (which price is equal to the average closing price per share of the common stock of Borrower for the 30 trading days immediately preceding the Issue Date of the Warrant to Purchase Stock), on terms acceptable to Silicon, as set forth in the Warrant to Purchase Stock and related documents being executed concurrently with this Agreement. Said warrants shall be deemed fully earned on the date hereof, shall be in addition to all interest and other fees, and shall be non-refundable.
- (6) NOVATEL WIRELESS SOLUTIONS, INC. Borrower represents and warrants to Silicon that Novatel Wireless Solutions, Inc. is a wholly owned subsidiary of Borrower that is, and will remain throughout the term of this Agreement, inactive, with assets having an aggregate value of less than \$10,000. Borrower covenants and agrees that while this Agreement is in effect, Borrower shall not transfer any assets or Collateral to Novatel Wireless Solutions, Inc.
- (7) AGILENT TECHNOLOGIES UCC. Within 10 days of the date hereof, Borrower shall cause Agilent Technologies to amend the UCC-1 Financing Statement(s) executed by Borrower in favor of Agilent Technologies to modify the collateral descriptions thereof such that the collateral is limited to the equipment leased to Borrower by Agilent Technologies and all additions, accessions, substitutions, attachments, improvements, repairs thereto and therefor and the proceeds of such leased equipment.

Borrower:

NOVATEL WIRELESS, INC.

By

President or Vice President

By

Secretary or Ass't Secretary

Silicon:

SILICON VALLEY BANK

By

Title

SILICON VALLEY BANK
REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT is entered into as of November 29, 2001, by and between Silicon Valley Bank ("Purchaser") and the Company whose name appears on the last page of this Agreement.

RECITALS

A. Concurrently with the execution of this Agreement, the Purchaser is purchasing from the Company a Warrant to Purchase Stock (the "Warrant") pursuant to which Purchaser has the right to acquire from the Company the Shares (as defined in the Warrant).

B. By this Agreement, the Purchaser and the Company desire to set forth the registration rights of the Shares all as provided herein.

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions hereinafter set forth, the parties hereto mutually agree as follows:

1. Registration Rights. The Company covenants and agrees as follows:

1.1 Definitions. For purposes of this Section 1:

(a) The term "register," "registered," and "registration" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Securities Act of 1933, as amended (the "Securities Act"), and the declaration or ordering of effectiveness of such registration statement or document;

(b) The term "Registrable Securities" means (i) the Shares (if Common Stock) or all shares of Common Stock of the Company issuable or issued upon conversion of the Shares and (ii) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, any stock referred to in (i).

(c) The terms "Holder" or "Holders" means the Purchaser or qualifying transferees under subsection 1.8 hereof who hold Registrable Securities.

(d) The term "SEC" means the Securities and Exchange Commission.

1.2 Company Registration.

(a) Registration. If at any time or from time to time, the Company shall determine to register any of its securities, for its own account or the account of any of its shareholders, other than a registration on Form S-1 or S-8 relating solely to employee stock option or purchase plans, or a registration on Form S-4 relating solely to an SEC Rule 145 transaction, or a registration on any other form (other than Form S-1, S-2, S-3 or S-18, or their successor forms) or any successor to such forms, which does not include substantially the same information as would be required to be included in a registration statement covering the sale of Registrable Securities, the Company will:

(i) promptly give to each Holder written notice thereof (which shall include a list of the jurisdictions in which the Company intends to attempt to qualify such securities under the applicable blue sky or other state securities laws); and

(ii) include in such registration (and compliance), and in any underwriting involved therein, all the Registrable Securities specified in a written request or requests, made within 30 days after receipt of such written notice from the Company, by any Holder or Holders, except as set forth in subsection 1.2(b) below.

(b) Underwriting. If the registration of which the Company gives notice is for a registered public offering involving an underwriting, the Company shall so advise the Holders as a part of the written notice given pursuant to subsection 1.2(a)(i). In such event the right of any Holder to registration pursuant to this subsection 1.2 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company and the other shareholders distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company.

1.3 Expenses of Registration. All expenses incurred in connection with any registration, qualification or compliance pursuant to this Section 1 including without limitation, all registration, filing and qualification fees, printing expenses, fees and disbursements of counsel for the Company and expenses of any special audits incidental to or required by such registration, shall be borne by the Company except the Company shall not be required to pay underwriters' fees, discounts or commissions relating to Registrable Securities. All expenses of any registered offering not otherwise borne by the Company shall be borne pro rata among the Holders participating in the offering and the Company.

1.4 Registration Procedures. In the case of each registration, qualification or compliance effected by the Company pursuant to this Registration Rights Agreement, the Company will keep each Holder participating therein advised in writing as to the initiation of each registration, qualification and compliance and as to the completion thereof. Except as otherwise provided in subsection 1.3, at its expense the Company will:

(a) Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for up to 120 days.

(b) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(c) Furnish to the Holders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act or the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

1.5 Indemnification.

(a) The Company will indemnify each Holder of Registrable Securities and each of its officers, directors and partners, and each person controlling such Holder, with respect to which such registration, qualification or compliance has been effected pursuant to this Rights Agreement, and each underwriter, if any, and each person who controls any underwriter of the Registrable Securities held by or issuable to such Holder, against all claims, losses, expenses, damages and liabilities (or actions in respect thereto) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus, offering circular or other document (including any related registration statement, notification or the like) incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statement therein not misleading, or any violation or alleged violation by

the Company of the Securities Act, the Securities Exchange Act of 1934, as amended, ("Exchange Act") or any state securities law applicable to the Company or any rule or regulation promulgated under the Securities Act, the Exchange Act or any such state law and relating to action or inaction required of the Company in connection with any such registration, qualification of compliance, and will reimburse each such Holder, each of its officers, directors and partners, and each person controlling such Holder, each such underwriter and each person who controls any such underwriter, within a reasonable amount of time after incurred for any reasonable legal and any other expenses incurred in connection with investigating, defending or settling any such claim, loss, damage, liability or action; provided, however, that the indemnity agreement contained in this subsection 1.5(a) shall not apply to amounts paid in settlement of any such claim, loss, damage, liability, or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld); and provided further, that the Company will not be liable in any such case to the extent that any such claim, loss, damage or liability arises out of or is based on any untrue statement or omission based upon written information furnished to the Company by an instrument duly executed by such Holder or underwriter specifically for use therein.

(b) Each Holder will, if Registrable Securities held by or issuable to such Holder are included in the securities as to which such registration, qualification or compliance is being effected, indemnify the Company, each of its directors and officers, each underwriter, if any, of the Company's securities covered by such a registration statement, each person who controls the Company within the meaning of the Securities Act, and each other such Holder, each of its officers, directors and partners and each person controlling such Holder, against all claims, losses, expenses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such registration statement, prospectus, offering circular or other document, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Company, such Holders, such directors, officers, partners, persons or underwriters for any reasonable legal or any other expenses incurred in connection with investigating, defending or settling any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus, offering circular or other document in reliance upon and in conformity with written information furnished to the Company by an instrument duly executed by such Holder specifically for use therein; provided, however, that the indemnity agreement contained in this subsection 1.5(b) shall not apply to amounts paid in settlement of any such claim, loss, damage, liability or action if such settlement is effected without the consent of the Holder, (which consent shall not be unreasonably withheld); and provided further, that the total amount for which any Holder shall be liable under this subsection 1.5(b) shall not in any event exceed the aggregate proceeds received by such Holder from the sale of Registrable Securities held by such Holder in such registration.

(c) Each party entitled to indemnification under this subsection 1.5 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the

defense of any such claim or any litigation resulting therefrom; provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld), and the Indemnified Party may participate in such defense at such party's expense; and provided further, that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations hereunder, unless such failure resulted in prejudice to the Indemnifying Party; and provided further, that an Indemnified Party (together with all other Indemnified Parties which may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the Indemnifying Party, if representation of such Indemnified Party by the counsel retained by the Indemnifying Party would be inappropriate due to actual or potential differing interests between such Indemnified Party and any other party represented by such counsel in such proceeding. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

1.6 Information by Holder. Any Holder or Holders of Registrable Securities included in any registration shall promptly furnish to the Company such information regarding such Holder or Holders and the distribution proposed by such Holder or Holders as the Company may request in writing and as shall be required in connection with any registration, qualification or compliance referred to herein.

1.7 Rule 144 Reporting. With a view to making available to Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees at all times to:

(a) make and keep public information available, as those terms are understood and defined in SEC Rule 144, after 90 days after the effective date of the first registration filed by the Company for an offering of its securities to the general public;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); and

(c) so long as a Holder owns any Registrable Securities, to furnish to such Holder forthwith upon request a written statement by the Company as to its compliance with the reporting requirements of said Rule 144 (at any time after 90 days after the effective date of the first registration statement filed by the Company for an offering of its securities to the general public), and of the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed by the Company as the Holder may reasonably request in complying with any rule or regulation of the SEC allowing the Holder to sell any such securities without registration.

1.8 Transfer of Registration Rights. Holders' rights to cause the Company to register their securities and keep information available, granted to them by the Company under subsections 1.2 and 1.7 may be assigned to a transferee or assignee of a Holder's Registrable Securities not sold to the public, provided, that the Company is given written notice by such Holder at the time of or within a reasonable time after said transfer, stating the name and address of said transferee or assignee and identifying the securities with respect to which such registration rights are being assigned. The Company may prohibit the transfer of any Holders' rights under this subsection 1.8 to any proposed transferee or assignee who the Company reasonably believes is a competitor of the Company.

2. General.

2.1 Waivers and Amendments. With the written consent of the record or beneficial holders of at least a majority of the Registrable Securities, the obligations of the Company and the rights of the Holders of the Registrable Securities under this agreement may be waived (either generally or in a particular instance, either retroactively or prospectively, and either for a specified period of time or indefinitely), and with the same consent the Company, when authorized by resolution of its Board of Directors, may enter into a supplementary agreement for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement; provided, however, that no such modification, amendment or waiver shall reduce the aforesaid percentage of Registrable Securities without the consent of all of the Holders of the Registrable Securities. Upon the effectuation of each such waiver, consent, agreement of amendment or modification, the Company shall promptly give written notice thereof to the record holders of the Registrable Securities who have not previously consented thereto in writing. This Agreement or any provision hereof may be changed, waived, discharged or terminated only by a statement in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought, except to the extent provided in this subsection 2.1.

2.2 Governing Law. This Agreement shall be governed in all respects by the laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within California.

2.3 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto.

2.4 Entire Agreement. Except as set forth below, this Agreement and the other documents delivered pursuant hereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof.

2.5 Notices, etc. All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by first class mail, postage prepaid, certified or registered mail, return receipt requested, addressed (a) if to Holder, at such Holder's address as set forth below, or at such other address as such Holder shall have furnished to the Company in

writing, or (b) if to the Company, at the Company's address set forth below, or at such other address as the Company shall have furnished to the Holder in writing.

2.6 Severability. In case any provision of this Agreement shall be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions of this Agreement or any provision of the other Agreement s shall not in any way be affected or impaired thereby.

2.7 Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

2.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

PURCHASER

COMPANY

SILICON VALLEY BANK

NOVATEL WIRELESS, INC.

By: /s/ MILAD I. HANNA

By: /s/ JOHN MAJOR

Name: Milad I. Hanna

Name: John Major

(print)

(print)

Title: Sr. Vice President

Title: Chairman of the Board,
President or Vice President

Address: 3003 Tasman Drive
Santa Clara, CA 95054

Address: 9360 Towne Centre Drive,
Suite 110
San Diego, CA 92121

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement on Form S-3 of our report dated February 5, 2001 included in Novatel Wireless Inc.'s Form 10-K for the year ended December 31, 2000 and to all references to our Firm included in this registration statement.

/s/ ARTHUR ANDERSEN LLP

San Diego, California
January 21, 2002