UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): September 3, 2014

NOVATEL WIRELESS, INC.
(Exact Name of Registrant as Specified in Charter)

Delaware	**000-31659**	**86-0824673**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

9645 Scranton Road
San Diego, CA 92121
(Address of Principal Executive Offices) (Zip Code)

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

Not applicable
(Former Name, or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

Purchase Agreement

On September 3, 2014, Novatel Wireless, Inc., a Delaware corporation (the "Company"), entered into a Purchase Agreement (the "Purchase Agreement") with HC2 Holdings 2, Inc., a Delaware corporation (the "Investor"), pursuant to which, on September 8, 2014, the Company sold to the Investor (i) 7,363,334 shares of the Company's common stock, par value $0.001 per share (the "Common Stock"), (ii) a warrant to purchase 4,117,647 shares of Common Stock at an exercise price of $2.26 per share (the "Warrant") and (iii) 87,196 shares of the Company's Series C Convertible Preferred Stock, par value $0.001 per share (the "Series C Preferred Stock"), all at a purchase price of (a) $1.75 per share of Common Stock plus, in each case, the related Warrant and (b) $17.50 per share of Series C Preferred Stock, for aggregate gross proceeds of approximately $14.4 million (collectively, the "Financing").

Certain terms of the Warrant and the Series C Preferred Stock will be dependent upon the approval by the Company's stockholders of (i) an increase in the total number of authorized shares of Common Stock to 100,000,000 shares and (ii) the issuance and sale of the securities pursuant to the Purchase Agreement (including the issuance of all shares of Common Stock issuable upon the full conversion of the Series C Preferred Stock issued pursuant to the Purchase Agreement and the full exercise of the Warrant) and any change of control that may be deemed to occur as a result of such issuance and sale pursuant to the applicable rules of The NASDAQ Global Select Market (such approval, the "Stockholder Approval").

In connection with the issuance of 7,363,334 shares of Common Stock to the Investor, the Company unreserved 1,651,455 shares of Common Stock previously approved for issuance pursuant to the Company's 2009 Omnibus Incentive Compensation Plan and 1,300,000 shares of Common Stock previously approved for issuance pursuant to the Company's 2000 Employee Stock Purchase Plan. Accordingly, these shares may not be available for grants under the respective plans until such time as the Stockholder Approval is obtained.

The Company intends to use the net proceeds from the Financing to fund working capital and for other general corporate purposes.

Warrant

On September 8, 2014, the Company issued a Warrant to purchase 4,117,647 shares of Common Stock at an exercise price of $2.26 per share to the Investor.

Pursuant to the terms of the Warrant, the Warrant will generally only be exercisable on a cash basis. However, the Warrant may be exercisable on a cashless basis if and only if a registration statement relating to the issuance of the shares underlying the Warrant is not then effective or an exemption from registration is not available. Prior to the receipt of the Stockholder Approval, the holders may not exercise any portion of the Warrant to the extent that, after giving effect to such exercise, the number of shares of Common Stock beneficially owned by such holder and its affiliates would exceed 19.999% of the Common Stock outstanding at the time of such exercise. Subject to the foregoing limitations, the Warrant will be exercisable into shares of Common Stock during the period commencing on March 8, 2015 and ending on September 8, 2019, the expiration date of the Warrant. The Warrant may be exercised by surrendering to the Company the warrant certificate evidencing the Warrant to be exercised with the accompanying exercise notice, appropriately completed, duly signed and delivered, together with cash payment of the exercise price, if applicable.

The exercise price and the number of shares of Common Stock issuable upon exercise of the Warrant are subject to adjustment upon certain corporate events, including certain combinations, recapitalizations, reorganizations, reclassifications, stock dividends and stock splits. In the event of an extraordinary transaction, as described in the Warrant and generally including any merger with or into another entity, sale of all or substantially all of the Company's assets, tender offer or exchange offer, and certain reclassifications of the Common Stock, each Warrant will automatically be converted into the right to receive, for each share of Common Stock that would have been issuable upon exercise of such Warrant immediately prior to such transaction, the same kind and amount of securities, cash or property as the holder would have been entitled to receive if the holder had been the holder of Common Stock immediately prior to the occurrence of such transaction.

No fractional shares will be issued upon exercise of the Warrant. The Warrant does not confer upon its holder any voting or other rights as a stockholder of the Company.

Series C Preferred Stock

Each share of the Company's newly issued Series C Preferred Stock is convertible into ten shares of Common Stock; *provided*, *however*, that the conversion rate applicable to the Series C Preferred Stock is subject to adjustment in the event of any stock split, stock dividend, recapitalization, reorganization or similar transaction. Notwithstanding the foregoing sentence, the Series C Preferred Stock is not convertible into shares of Common Stock prior to obtaining the Stockholder Approval. Upon receipt of the Stockholder Approval, the shares of Series C Preferred Stock then outstanding will automatically convert into the number of shares of Common Stock that is obtained by multiplying the number of shares of Series C Preferred Stock then outstanding by the conversion rate then in effect.

From and after December 31, 2014, the Series C Preferred Stock will accrue dividends at a rate of 12.5% per annum, which shall, at the Company's option, either (i) be payable in cash quarterly in arrears or (ii) accrue until such time as the Company pays all such amounts in cash in full. From and after September 8, 2015, the Company may exercise its right to redeem, in whole or in part, the Series C Preferred Stock. The Series C Preferred Stock contains a two-year "make-whole" provision such that if the Series C Preferred Stock is redeemed prior to September 8, 2016, the holder thereof will be entitled to receive the remaining amount of dividends that would have been accrued and payable from the date of the redemption through and including September 8, 2016.

The conversion price and the number of shares of Common Stock issuable upon conversion of the Series C Preferred Stock is subject to adjustment upon certain corporate events, including certain combinations, recapitalizations, reorganizations, reclassifications, stock dividends and stock splits. In the event of an extraordinary transaction, as described in the Certificate of Designations of Series C Convertible Preferred Stock and generally including any merger with or into another entity, sale of all or substantially all of the Company's assets, tender offer or exchange offer, and certain reclassifications of the Common Stock, each holder of Series C Preferred Stock will be paid in cash any accrued and unpaid dividends on such holder's shares of Series C Preferred Stock and each share of Series C Preferred Stock will automatically be converted into the right to receive, for each share of Common Stock that would have been issuable upon such conversion immediately prior to such transaction, the same kind and amount of securities, cash or property as the holder would have been entitled to receive if the holder had been the holder of Common Stock immediately prior to the occurrence of such transaction.

No fractional shares of Common Stock will be issued upon conversion of the Series C Preferred Stock. Except as required by law or as it relates to the approval of certain amendments to the Company's amended and restated certificate of incorporation that affect the rights of holders of Series C Preferred Stock, the shares of Series C Preferred Stock do not confer upon holders any voting rights as stockholders of the Company.

Investors' Rights Agreement

In connection with the transactions described above, the Company entered into an Investors' Rights Agreement, dated September 8, 2014 (the "Investors' Rights Agreement"), pursuant to which the Company has granted to the Investor certain observation rights and certain appointment and nomination rights related to the Company's board of directors, as well as rights with respect to the registration of the shares of Common Stock issued in the Financing and the shares of Common Stock underlying the Warrant and the Series C Preferred Stock.

The foregoing descriptions of the Purchase Agreement, the Warrant, the Certificate of Designations of Series C Preferred Stock and the Investors' Rights Agreement do not purport to be complete and are subject to, and qualified in their entirety by, the full text such documents, copies of which are attached hereto as Exhibits 10.1, 4.1, 3.1 and 4.2, respectively, and the terms of which are incorporated herein by reference.

Item 3.02. Unregistered Sales of Equity Securities.

The securities described in Item 1.01 above were offered and sold in reliance upon exemptions from registration pursuant to Section 4(a)(2) under the Securities Act of 1933, as amended (the "Securities Act"), and Rule 506 promulgated thereunder. The Purchase Agreement executed in connection with the Financing contains representations to support the Company's reasonable belief that the Investor had access to information concerning the Company's operations and financial condition, the Investor acquired the securities for its own account and not with a view to the distribution thereof in violation of the Securities Act, and the Investor is sophisticated within the meaning of Section 4(a)(2) of the Securities Act and is an "accredited investor" (as defined by Rule 501(a) under the Securities Act). In addition, the issuances did not involve any underwriters, underwriting discounts or commission, or any public offering; the Company made no solicitation in connection with the Financing other than communications with the Investor; the Company obtained representations from the Investor regarding its investment intent, experience and sophistication; and the Investor either received or had access to adequate information about the Company in order to make an informed investment decision.

At the time of their issuance, the securities were deemed to be restricted securities for purposes of the Securities Act, and the certificates representing the securities bear legends to that effect. The securities may not be resold or offered in the United States without registration or an exemption from registration.

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated into this Item 3.02 by reference.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

On September 8, 2014, the Company filed the Certificate of Designations of Series C Convertible Preferred Stock designating 87,196 shares of the Company's preferred stock, par value $0.001 per share, as Series C Preferred Stock and fixing the relative rights, preferences, limitations and designations of the Series C Preferred Stock.

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated into this Item 5.03 by reference.

Item 8.01. Other Events.

On September 8, 2014, the Company issued a press release announcing the closing of the Financing. A copy of this press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

3.1	Certificate of Designations of Series C Convertible Preferred Stock filed with the Secretary of State of the State of Delaware on September 8, 2014.
4.1	Warrant to Purchase Common Stock issued to HC2 Holdings 2, Inc., dated September 8, 2014.
4.2	Investors' Rights Agreement, dated September 8, 2014, by and between Novatel Wireless, Inc. and HC2 Holdings 2, Inc.
10.1	Purchase Agreement, dated September 3, 2014, by and between Novatel Wireless, Inc. and HC2 Holdings 2, Inc.
99.1	Press Release dated September 8, 2014.

SIGNATURES

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

Novatel Wireless, Inc.

By: /s/ Michael Newman
Michael Newman
Executive Vice President and Chief Financial Officer

Date: September 8, 2014

Exhibit 3.1

NOVATEL WIRELESS, INC.

CERTIFICATE OF DESIGNATIONS
OF
SERIES C CONVERTIBLE PREFERRED STOCK

(Pursuant to Section 151 of the General Corporation Law of the State of Delaware)

The undersigned, the Interim Chief Executive Officer of Novatel Wireless, Inc., a corporation organized and existing under the laws of the State of Delaware (the "**Corporation**"), hereby certifies that, pursuant to authority vested in the Board of Directors of the Corporation (the "**Board**") by Article IV of the Amended and Restated Certificate of Incorporation of the Corporation (the "**Certificate of Incorporation**"), the following resolutions were adopted on September 3, 2014 by the Board:

WHEREAS, the Certificate of Incorporation authorizes the issuance of 2,000,000 shares of preferred stock, $0.001 par value per share (the "**Preferred Stock**"), from time to time in one or more series; and

WHEREAS, the Certificate of Incorporation authorizes the Board, by filing a certificate with the State of Delaware and within the limitations and restrictions stated in the Certificate of Incorporation, to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock and the number of shares constituting any such series and the designation thereof.

NOW THEREFORE, BE IT RESOLVED, that the Board, pursuant to authority expressly vested in it by the provisions of the Certificate of Incorporation, hereby authorizes the issuance of a series of Preferred Stock designated as the Series C Convertible Preferred Stock, par value $0.001 per share, of the Corporation and hereby fixes the designation, number of shares, powers, preferences, rights, qualifications, limitations and restrictions thereof (in addition to any provisions set forth in the Certificate of Incorporation which are applicable to the Preferred Stock of all classes and series) as follows:

SERIES C CONVERTIBLE PREFERRED STOCK

1. Designation, Amount and Par Value. The following series of Preferred Stock shall be designated as the Corporation's Series C Convertible Preferred Stock (the "**Series C Preferred Stock**"), and the number of shares so designated shall be 87,196. Each share of Series C Preferred Stock shall have a par value of $0.001 per share. The "**Stated Value**" for each share of Series C Preferred Stock equals $17.50 (as adjusted for stock dividends, stock splits, stock combinations or other similar events).

2. Certain Definitions. As used in this Certificate of Designations of Series C Convertible Preferred Stock (this "**Certification of Designation**"), the following terms shall have the respective meanings set forth below:

"**Business Day**" means any day, other than a Saturday, Sunday or other day, on which banks in the City of New York are authorized or required by law or executive order to remain closed.

"**Common Stock**" means the common stock, par value $0.001 per share, of the Corporation, including the stock into which the Series C Preferred Stock is convertible, and any securities into which the Common Stock may be reclassified.

"**Conversion Price**" means $1.75, subject to adjustment as provided herein.

"**Conversion Rate**" means, as of any date, the rate determined by dividing the Stated Value by the Conversion Price in effect on such date.

"**Conversion Shares**" means the shares of Common Stock into which the Series C Preferred Stock is convertible.

"**Convertible Securities**" means any stock or securities (other than Options) directly or indirectly convertible into or exercisable or exchangeable for shares of Common Stock.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"**Fair Market Value**" shall mean the amount which a willing buyer, under no compulsion to buy, would pay a willing seller, under no compulsion to sell, in an arm's length transaction.

"**Fundamental Transaction**" means the occurrence of any of the following in one or a series of related transactions: (i) an acquisition after the Original Issue Date by an individual or legal entity or "group" (as described in Rule 13d-5(b)(1) under the Exchange Act) of more than one-half of the voting rights or voting equity interests in the Corporation; (ii) a merger or consolidation of the Corporation or a sale of all or substantially all of the assets of the Corporation in one or a series of related transactions, unless following such transaction or series of transactions, the holders of the Corporation's securities prior to the first such transaction continue to hold at least half of the voting rights or voting equity interests in the surviving entity or acquirer of such assets; (iii) a recapitalization, reorganization or other transaction involving the Corporation that constitutes or results in a transfer of more than one-half of the voting rights or voting equity interests in the Corporation; (iv) consummation of a "Rule 13e-3 transaction" as defined in Rule 13e-3 under the Exchange Act with respect to the Corporation; or (v) the completion of any tender offer or exchange offer (whether by the Corporation or another Person) pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property.

"**Holder**" or "**Holders**" means a holder or holders of Series C Preferred Stock.

"**Options**" means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities.

"**Original Issue Date**" means September 8, 2014.

"**Person**" means an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated organization, governmental authority or any other form of entity not specifically listed herein.

"**Preferred Dividend Start Date**" means December 31, 2014.

"**Principal Market**" means The NASDAQ Global Select Market.

"**Proposals**" means the proposals to be submitted to the stockholders of the Corporation at the Stockholders Meeting, for the purpose of seeking approval of the stockholders of the Corporation for the (i) increase in the total number of authorized shares of Common Stock to 100,000,000 shares and (ii) the issuance and sale of the securities pursuant to the Purchase Agreement (including the issuance of all shares of Common Stock issuable upon the full conversion of the Series C Preferred Stock issued pursuant to the Purchase Agreement and the full exercise of the related warrants) and any change of control that may be deemed to occur as a result of such issuance and sale pursuant to the applicable rules of the Principal Market.

"**Purchase Agreement**" means that certain purchase agreement, dated on or about September 3, 2014, by and among the Corporation and each of the investors party thereto, as it may be amended from time to time.

"**Required Holders**" means, as of any date, the holders of at least a majority of the Series C Preferred Stock outstanding as of such date.

"**Stockholder Approval**" means the approval of the Proposals by the stockholders of the Corporation at the Stockholders Meeting in accordance with applicable law, the Certificate of Incorporation, the bylaws of the Corporation and the applicable requirements of the Principal Market.

"**Stockholders Meeting**" means a meeting of the stockholders of the Corporation, for the purpose of voting on the Proposals.

3. Dividends.

(a) A Holder shall be entitled to receive any dividend declared and paid to holders of shares of Common Stock (excluding dividends of Common Stock and other dividends or distributions referred to in Section 6(b)) as if such Holder's shares of Series C Preferred Stock had been converted into Common Stock pursuant to the calculation set forth in Section 5(a) upon the record date of such dividend.

(b) From and after the Preferred Dividend Start Date, each Holder, in preference and priority to the holders of all other classes or series of stock of the Corporation, shall be entitled to receive, out of assets legally available therefor and as declared by the Board or an authorized committee thereof, and the Corporation shall pay with respect to each share, or fraction of a share, of Series C Preferred Stock then outstanding and held by such Holder, dividends at the rate of twelve and one-half percent (12.5%) per annum of the Stated Value per whole share (or proportion thereof with respect to fractional shares) of Series C Preferred Stock (the "**Series C Preferred Dividends**"). The Series C Preferred Dividends shall be cumulative, shall accrue, whether or not declared and whether or not there are any profits, surplus or other funds or assets of the Corporation legally available therefor, and, at the Corporation's option, on a quarter by quarter basis from the Preferred Dividend Start Date, shall either (i) be paid in cash quarterly in arrears on the last day of March, June, September and December in each year, commencing on March 31, 2015 or (ii) accrue until such time as the Corporation pays all such amounts in cash in full.

4. Liquidation. Upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary (a "**Liquidation**"), after the satisfaction in full of the debts of the Corporation, the payment of any accrued but unpaid Series C Preferred Dividends and the payment of any liquidation preference owed to the holders of shares of capital stock of the Corporation ranking senior to the Common Stock and Series C Preferred Stock upon Liquidation, the Holders shall participate (on an as-converted basis) pari passu with the holders of the Common Stock in the distribution of the net assets of

the Corporation. Neither the consolidation nor merger of the Corporation into or with any other entity or entities nor the consolidation or merger of any entity or entities into the Corporation shall be deemed to be a liquidation, dissolution or winding-up of the Corporation within the meaning of this Section 4, but the sale, lease or conveyance of all or substantially all the Corporation's assets shall be deemed a Liquidation within the meaning of this Section 4.

5. Approved Conversion.

(a) Prior to obtaining the Stockholder Approval, the Series C Preferred Stock shall not be convertible. Upon receipt of the Stockholder Approval, each share, or fraction of a share, of Series C Preferred Stock then outstanding shall automatically convert, without any action on the part of the Holder thereof and without payment of any additional consideration, into such number of fully paid and nonassessable whole shares of Common Stock as is obtained by multiplying such share, or fraction of a share, of Series C Preferred Stock by the Conversion Rate, subject to the adjustment envisioned by Section 5(c) below (the "**Approved Conversion**"). The Corporation shall provide prompt written notice to the Holders of the Approved Conversion. From and after the Approved Conversion, the Holders shall have the right to receive the shares of Common Stock to which they are entitled upon surrender of the certificate or certificates representing the shares or fractions of shares of Series C Preferred Stock so converted to the Corporation at its principal office (or such other office or agency as the Corporation may designate by notice in writing to the Holders). Upon such surrender, the Corporation shall pay or cause to be promptly paid to each such Holder in cash all accrued and unpaid Series C Preferred Dividends on such Holder's Series C Preferred Stock existing as of the date of the Approved Conversion.

(b) Within five (5) Business Days after the delivery and surrender by a Holder of certificates representing shares and/or fractional shares of Series C Preferred Stock converted pursuant to the Approved Conversion (such date, the "**Share Delivery Date**"), the Corporation shall issue and deliver, or cause to be issued and delivered, to the Holder, registered in such name or names (with address(es) and tax identification number(s)) as such Holder may direct, subject to compliance with applicable laws to the extent such designation shall involve a transfer, a certificate or certificates for the number of whole shares of Common Stock issuable upon the conversion of such share or shares, or fraction thereof, of Series C Preferred Stock (or, as applicable, a credit to the Holder's balance account with the Depository Trust Corporation for such number of shares of Common Stock to which the Holder is entitled upon such conversion).

(c) No fractional shares of Common Stock shall be issued upon conversion of the Series C Preferred Stock into Common Stock. In the event that a fractional share of Common Stock would be issued on conversion, the number of shares of Common Stock to be issued shall be rounded down to the nearest whole share; *provided, however,* that all fractional shares of Common Stock to be issued to a Holder upon the Approved Conversion shall be aggregated for purposes of the calculation contemplated in this Section 5(c).

6. Adjustment of Conversion Price and Number of Conversion Shares. The Conversion Price and the number of Conversion Shares shall be adjusted from time to time as follows:

(a) Voluntary Adjustment by the Corporation. The Corporation may at any time reduce the then current Conversion Price to any amount and for any period of time deemed appropriate by the Board.

(b) Adjustment upon Subdivision or Combination of Common Stock. If the Corporation, at any time while Series C Preferred Stock is outstanding, subdivides (by any stock split, stock dividend, recapitalization, reorganization, scheme, arrangement or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Conversion Price in effect immediately

prior to such subdivision will be proportionately reduced and the number of Conversion Shares will be proportionately increased (*e.g.*, a 2:1 Common Stock split shall result in a decrease in the Conversion Price by one-half (1/2) and a doubling of the number of Conversion Shares, taking into account all prior adjustments made thereto under this Section 6(b)). If the Corporation at any time on or after the Original Issue Date combines (by any stock split, stock dividend, recapitalization, reorganization, scheme, arrangement or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Conversion Price in effect immediately prior to such combination will be proportionately increased and the number of Conversion Shares will be proportionately decreased (*e.g.*, a 1:2 Common Stock combination shall result in an increase in the Conversion Price by a multiple of 2 and a decrease of the number of Conversion Shares by one-half (1/2), taking into account all prior adjustments made thereto under this Section 6(b)). Any adjustment under this Section 6(b) shall become effective at the close of business on the date the subdivision or combination becomes effective.

7. Fundamental Transactions. Upon the consummation of any Fundamental Transaction that occurs while the Series C Preferred Stock is outstanding, (i) each Holder shall be paid in cash any accrued but unpaid Series C Preferred Dividends on such Holder's Series C Preferred Stock and (ii) each share of Series C Preferred Stock shall be deemed to be automatically converted into its corresponding Conversion Shares, without any action on the part of the Holder thereof and without payment of any additional consideration, and the Holder thereof shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the same kind and amount of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of one share of Common Stock (the "**Alternate Consideration**"). If the holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then each Holder shall be given the same choice as to the Alternate Consideration it receives upon automatic conversion of such Holder's Series C Preferred Stock.

8. Notices. Upon any adjustment of the Conversion Price, then, and in each such case the Corporation shall give written notice thereof by first class mail, postage prepaid, addressed to each Holder at the address of such Holder as shown on the books of the Corporation, which notice shall state the Conversion Price and number of Conversion Shares resulting from such adjustment, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. In addition, in case at any time:

(a) there shall be a Fundamental Transaction; or

(b) there shall be a Liquidation;

then, in any one or more of said cases, the Corporation shall give, by first class mail, postage prepaid, addressed to each Holder at the address of such Holder as shown on the books of the Corporation, (i) at least fifteen (15) days prior written notice of the date on which the books of the Corporation shall close or a record shall be taken for determining rights to vote in respect of any such Fundamental Transaction or Liquidation, and (ii) at least fifteen (15) days prior written notice of the date when the same shall take place. Such notice in accordance with the foregoing clause (ii) shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such Fundamental Transaction or Liquidation, as the case may be.

9. Stock to be Reserved. The Corporation will at all times, on and after it has obtained the Stockholder Approval, reserve and keep available out of its authorized but unissued Common Stock solely for the purpose of issuance upon the conversion of the Series C Preferred Stock as herein provided, such number of shares of Common Stock as shall then be issuable upon the conversion of all outstanding

shares and fractions of shares of Series C Preferred Stock. All shares of Common Stock which shall be so issued shall be duly and validly issued and fully paid and nonassessable and free from all liens, duties and charges arising out of or by reason of the issue thereof (including, without limitation, in respect of taxes) and, without limiting the generality of the foregoing, the Corporation covenants that it will from time to time take all such action as may be requisite to assure that the par value per share of the Common Stock is at all times equal to or less than the effective Conversion Price. The Corporation will not take any action which results in any adjustment of the Conversion Price if after such action the total number of shares of Common Stock issued and outstanding and thereafter issuable upon exercise of all Options and conversion of Convertible Securities, including upon conversion of the Series C Preferred Stock, would exceed the total number of shares of such class of Common Stock then authorized by the Corporation's Certificate of Incorporation.

10. Effect of Reacquisition of Shares Upon Redemption, Repurchase, Conversion or Otherwise. Shares of Series C Preferred Stock that have been issued and reacquired in any manner, whether by redemption, repurchase or otherwise or upon any conversion of shares of Series C Preferred Stock to Common Stock, shall thereupon be retired and shall have the status of authorized and unissued shares of Preferred Stock undesignated as to series, and may be redesignated as any series of Preferred Stock and reissued.

11. Closing of Books. The Corporation will at no time close its transfer books against the transfer of any Series C Preferred Stock or of any shares of Common Stock issued or issuable upon the conversion of any shares of Series C Preferred Stock in any manner which interferes with the timely conversion of such Series C Preferred Stock; *provided, however,* nothing herein shall be construed to prevent the Corporation from setting record dates for the holders of its securities.

12. Voting Rights.

(a) Except as required by law and as set forth below, the Holders shall not be entitled, in respect of their holdings of Series C Preferred Stock, to vote at any meeting of the stockholders of the Corporation for the election of directors to the Board or for any other purpose, to otherwise participate in any action taken by the Corporation or the stockholders thereof or to receive notice of any meeting of stockholders.

(b) So long as any Series C Preferred Stock remains outstanding, the Corporation will not, without the affirmative consent of the Required Holders, either in writing or at a meeting, (i) authorize or create, or increase the authorized or issued amount of, any class or series of stock ranking senior to or on parity with the Series C Preferred Stock with respect to the payment of dividends, or reclassify any authorized shares of the Corporation into such shares, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares or (ii) amend, alter or repeal the provisions of the Certificate of Incorporation, whether by merger, consolidation or otherwise, so as to adversely affect any right, preference, privilege or power of, or restriction provided for the benefit of, the Series C Preferred Stock; provided, however, that the foregoing voting provisions will not apply if, at or prior to the consummation of the action with respect to which such vote would otherwise be required, all outstanding Series C Preferred Stock will be converted or redeemed and all accrued but unpaid Series C Preferred Stock Dividends will be paid, or sufficient funds will be deposited in trust to effect such payment.

13. Redemption.

(a) From and after the date that is one (1) year after the Original Issue Date, the Corporation may redeem, in whole or in part, the Series C Preferred Stock at a price equal to (i) the product of (A) the

number of shares or fraction of a share of Series C Preferred Stock to be redeemed from such Holder *multiplied by* (B) ten (10) times the Conversion Price then in effect, plus (ii) an amount equal to any accrued and unpaid dividends thereon through, but excluding, the Redemption Date (as defined below), whether or not declared (the "**Redemption Price**"). Any redemption effected pursuant to this Section 13(a) shall be made on a pro rata basis among the Holders in proportion to the number of shares of Series C Preferred Stock then held by them.

(b) In connection with any exercise of the Corporation's redemption right under Section 13(a) on or before the date that is two (2) years after the Original Issue Date, the Holders will receive upon redemption, in addition to and concurrently with the Redemption Price, a payment (the "**Make-Whole Payment**") for the Series C Preferred Stock being redeemed, in an amount equal to the aggregate amount of any Series C Preferred Dividends that would have been accrued and payable on such redeemed shares of Series C Preferred Stock from the Redemption Date through and including the date that is two (2) years after the Original Issue Date (determined as if such conversion did not occur). The Corporation may settle the Make-Whole Payment in cash or in shares of Common Stock, at the Corporation's election.

(c) The Corporation shall provide written notice (the "**Redemption Notice**") by first class mail postage prepaid, to each Holder of record (determined at the close of business on the Business Day immediately preceding the day on which the Redemption Notice is given) of the Series C Preferred Stock to be redeemed, at the address last shown on the records of the Corporation for each such Holder, notifying each such Holder of the redemption to be effected, specifying the number of shares to be redeemed from such Holder, specifying the date of redemption (the "**Redemption Date**"), the Redemption Price, any Make-Whole Payment, the place at which payment may be obtained and calling upon such Holder to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares to be redeemed; *provided* that the Redemption Date shall be not less than ten (10) Business Days from the date of the Redemption Notice. On or after the Redemption Date, each Holder to be redeemed shall surrender to the Corporation the certificate or certificates representing such shares, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price of such shares, and any Make-Whole Payment due thereon, shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be cancelled. In the event less than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares.

(d) From and after the Redemption Date, unless there shall have been a default in payment of the Redemption Price or any Make-Whole Payment, all rights of the Holders of shares of Series C Preferred Stock designated for redemption in the Redemption Notice as Holders of such Series C Preferred Stock (except the right to receive the Redemption Price and any Make-Whole Payment without interest upon surrender of their certificate or certificates) shall cease with respect to such shares, and such shares shall not thereafter be transferred on the books of the Corporation or be deemed to be outstanding for any purpose whatsoever.

(e) If the funds of the Corporation legally available for redemption of shares of Series C Preferred Stock on any Redemption Date are insufficient to redeem the total number of shares of Series C Preferred Stock to be redeemed on such date, those funds which are legally available will be used to redeem the maximum possible number of such shares ratably among the Holders of such shares to be redeemed based upon their holdings of Series C Preferred Stock. The shares of Series C Preferred Stock not redeemed shall remain outstanding and the Holder(s) thereof shall remain entitled to all the rights and preferences provided herein with respect to such shares. At any time thereafter when additional funds of the Corporation are legally available for the redemption of shares of Series C Preferred Stock, such funds

will immediately be used to redeem the balance of the shares which the Corporation has become obliged to redeem on any Redemption Date but which it has not redeemed.

14. No Waiver. Except as otherwise modified or provided for herein, the Holders shall be entitled to, and shall not be deemed to have waived, any applicable rights granted to holders of a corporation's preferred stock under the General Corporation Law of the State of Delaware.

15. No Impairment. The Corporation will not, through any reorganization, transfer of assets, consolidation, merger scheme or arrangement, dissolution, issuance 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 hereunder by the Corporation but will at all times in good faith assist in the carrying out of all the provisions herein and in the taking of all such actions as may be necessary or appropriate in order to protect the conversion rights granted hereunder of the Holders against impairment.

16. No Preemptive Rights. No Holder shall have any preemptive right to subscribe to any issue of the same or other capital stock of the Corporation.

17. Amendment; Waiver. Any term of the Series C Preferred Stock may be amended or waived (including the adjustment provisions included in Section 6 hereof) upon the written consent of the Corporation and the Required Holders; *provided, however,* that (i) except as set forth in Section 6 hereof, the number of Conversion Shares issuable hereunder and the Conversion Price may not be amended, and (ii) the right to convert the Series C Preferred Stock may not be altered or waived, without the written consent of each of the then current Holders.

18. Action by Holders. Any action or consent to be taken or given by the holders of the Series C Preferred Stock may be given either at a meeting of the Holders called and held for such purpose or by written consent.

19. Fractional Shares. Series C Preferred Stock may be issued in fractions of a share that shall entitle each Holder, in proportion to such Holder's fractional shares, to receive dividends and to have the benefit of all other rights of Holders.

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IN WITNESS WHEREOF, the undersigned has executed this Certificate of Designations of Series C Convertible Preferred Stock this 8th day of September, 2014.

NOVATEL WIRELESS, INC.

By: /s/ Alex Mashinsky
Name: Alex Mashinsky
Title: Interim Chief Executive Officer

[SIGNATURE PAGE TO NOVATEL WIRELESS, INC. CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS]

NEITHER THIS SECURITY NOR THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OR (B) AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OR BLUE SKY LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY AND ITS TRANSFER AGENT OR (II) UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT.

NOVATEL WIRELESS, INC.

WARRANT TO PURCHASE COMMON STOCK

Warrant No.: 1

Date of Issuance: September 8, 2014 ("**Issuance Date**")

Novatel Wireless, Inc., a Delaware corporation (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, HC2 Holdings 2, Inc., a Delaware corporation, the registered holder hereof or its permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, upon surrender of this Warrant to Purchase Common Stock (including any Warrant to Purchase Common Stock issued in exchange, transfer or replacement hereof, the "**Warrant**"), at any time or times on or after the date that is six (6) months following the Issuance Date (the "**Exercisability Date**"), but not after 11:59 p.m., New York time, on the date that is the five year anniversary of the Issuance Date (the "**Expiration Date**"), 4,117,647 fully paid and nonassessable shares of Common Stock (as defined below) (subject to adjustment as provided herein, the "**Warrant Shares**"). Except as otherwise defined herein, capitalized terms used in this Warrant shall have the meanings set forth in Section 15. This Warrant has been issued pursuant to the terms of that certain Purchase Agreement (as amended from time to time, the "**Purchase Agreement**"), dated as of September 3, 2014, by and among the Company and the investors party thereto.

1. Exercise of Warrant.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder on any day on or after the Exercisability Date (but in no event after 11:59 p.m., New York time, on the Expiration Date), in whole or in part (but not as to fractional shares), by (i) delivery of a written notice, in the form attached hereto as Exhibit A, appropriately completed and duly signed (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant and (ii) if the Holder is not electing a Cashless Exercise (as defined below) pursuant to Section 1(b) of this Warrant, payment to the Company of an amount equal to the Exercise Price then in effect multiplied by the number of Warrant Shares as to which this Warrant is being exercised (the "**Aggregate Exercise Price**") in cash or wire transfer of immediately available funds (the items under (i) and (ii) above, the "**Exercise Delivery Documents**"). Upon receipt of the Exercise Delivery Documents, the Company shall promptly issue and deliver, or cause to be issued and delivered, to the Holder a certificate for the Warrant Shares issuable upon such exercise. The Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised as of the date on which the Holder shall have delivered the Exercise Delivery Documents to the Company. If this Warrant

is exercised such that the number of Warrant Shares being acquired upon such exercise is less than the number of Warrant Shares represented by this Warrant, then the Company shall as soon as practicable after any such submission, issue a new Warrant (in accordance with Section 7(d)) representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant has been exercised. The Company shall pay any and all taxes and other expenses of the Company (including overnight delivery charges) that may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant; *provided, however*, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the registration of any certificates for Warrant Shares or Warrants in a name other than that of the Holder or an affiliate thereof. The Holder shall be responsible for all other tax liability that may arise as a result of holding or transferring this Warrant.

(b) Cashless Exercise. Notwithstanding anything contained herein to the contrary, from and after the Exercisability Date, if a registration statement covering the Warrant Shares that are the subject of the Exercise Notice, or an exemption from registration, is not available for the resale of such Warrant Shares, the Holder may, in its sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive upon such exercise the "**Net Number**" of shares of Common Stock determined according to the following formula (a "**Cashless Exercise**"):

$$\text{Net Number} = \frac{A\,(B - C)}{B}$$

For purposes of the foregoing formula:

"A" equals the total number of shares with respect to which this Warrant is then being exercised;

"B" equals the arithmetic average of the Closing Sale Prices of the shares of Common Stock for the five (5) consecutive Trading Days ending on the date immediately preceding the date of the Exercise Notice; and

"C" equals the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

(c) Rule 144. For purposes of Rule 144(d) promulgated under the Securities Act of 1933, as amended (the "**Securities Act**"), as in effect on the date hereof, assuming the Holder is not an affiliate of the Company, it is intended that the Warrant Shares issued in a Cashless Exercise shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares shall be deemed to have commenced, on the date this Warrant was originally issued pursuant to the Purchase Agreement.

(d) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed.

(e) Limitations on Exercise; Beneficial Ownership.

(i) Prior to receipt of the Stockholder Approval (as defined in the Company's Certificate of Designations of Series C Convertible Preferred Stock, as amended from time to time), the Holder shall not have the right to exercise any portion of this Warrant, pursuant to this Section 1 or otherwise, to the extent that (A) the Company does not have a sufficient number of authorized but unissued shares of Common Stock to permit such exercise or (B) after giving effect to such exercise, the Holder (together with the Holder's affiliates and any other Persons acting as a group together with the

Holder or any of the Holder's affiliates) would beneficially own in excess of 19.999% of the number of outstanding shares of Common Stock (the "**19.999% Ownership Limitation**").

(ii) For purposes of this Section 1(e), the number of shares of Common Stock beneficially owned by a Holder and its affiliates (and any other Persons acting as a group together with a Holder or any of such Holder's affiliates) shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (A) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by such Holder or any of its affiliates (and any other Persons acting as a group together with such Holder or any of such Holder's affiliates) and (B) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company exercisable for or convertible into Common Stock that are subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by such Holder or any of its affiliates (and any other Persons acting as a group together with such Holder or any of such Holder's affiliates). Except as set forth in the preceding sentence, for purposes of this Section 1(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith.

(iii) For purposes of this Section 1(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Securities and Exchange Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall, within three (3) Trading Days, confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including the Warrants, by the Holder or its affiliates (and any other Persons acting as a group together with such Holder or any of such Holder's affiliates) since the date as of which such number of outstanding shares of Common Stock was reported.

(iv) To the extent that the 19.999% Ownership Limitation contained in this Section 1(e) applies, the determination of whether this Warrant is exercisable in whole or in part (in relation to other securities owned by such Holder (together with its affiliates and any other Persons acting as a group together with such Holder or any of such Holder's affiliates)) and of which portion of this Warrant is exercisable shall be in the sole discretion of such Holder, and the submission of an Exercise Notice with respect to this Warrant shall be deemed to be such Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by such Holder (together with any of its affiliates and any other Persons acting as a group together with such Holder or any of such Holder's affiliates)) and of which portion of this Warrant is exercisable and the Company shall not have any obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder.

2. Adjustment of Exercise Price and Number of Warrant Shares. The Exercise Price and the number of Warrant Shares shall be adjusted from time to time as follows:

(a) Voluntary Adjustment by the Company. The Company may, at any time following the Stockholder Approval, reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company (the "**Board**").

(b) Adjustment upon Subdivision or Combination of Common Stock. If the Company, at any time while this Warrant is outstanding, subdivides (by any stock split, stock dividend, recapitalization, reorganization, scheme, arrangement or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Shares will be proportionately increased (*e.g.*, a 2:1 Common Stock split shall result in a decrease in the Exercise Price by one-half (1/2) and an increase in the number of Warrant Shares by a multiple of 2, taking into account all prior adjustment made thereto under this Section 2(b)). If the Company at any time on or after the Issuance Date combines (by any stock split, stock dividend, recapitalization, reorganization, scheme, arrangement or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares will be proportionately decreased (*e.g.*, a 1:2 Common Stock combination shall result in an increase in the Exercise Price by a multiple of 2 and a decrease in the number of Warrant Shares by one-half (1/2), taking into account all prior adjustments made thereto under this Section 2(b)). Any adjustment under this Section 2(b) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(c) Adjustment upon Certain Dilutive Issuances. If the Company, at any time while this Warrant is outstanding, issues Additional Common Stock (including Additional Common Stock deemed to be issued pursuant to Section 2(c)(i)-(iii) below) without consideration or for a consideration per share less than the Exercise Price in effect immediately prior to such issuance or sale or deemed issuance or sale, then and in such event the Exercise Price shall be reduced, concurrently with such issue, to an Exercise Price (calculated to the nearest cent) determined by multiplying the Exercise Price in effect immediately prior to such issuance or sale or deemed issuance or sale by a fraction, the numerator of which shall be the number of Common Stock Equivalents 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 shares of Additional Common Stock so issued would purchase at such Exercise Price; and the denominator of which shall be the number of Common Stock Equivalents outstanding immediately prior to such issue plus the number of shares of Additional Common Stock so issued; *provided* that no such adjustment pursuant to this Section 2(c) will decrease the Exercise Price below the Closing Sale Price on the Trading Day immediately preceding the Issuance Date. For purposes of determining the adjusted Exercise Price under this Section 2(c), the following shall be applicable:

(i) Issuance of Options. If the Company, at any time while this Warrant is outstanding, grants any Options and the lowest price per share for which one share of Common Stock is issuable upon the exercise of any such Option or upon conversion, exercise or exchange of any Convertible Securities issuable upon exercise of any such Option is less than the Exercise Price in effect immediately prior to such grant, then such share of Common Stock shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the granting or sale of such Option for such price per share. For purposes of this Section 2(c)(i), the "lowest price per share for which one share of Common Stock is issuable upon the exercise of any such Option or upon conversion, exercise or exchange of any Convertible Securities issuable upon exercise of any such Option" shall be equal to the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to any one share of Common Stock upon the granting or sale of the Option, upon exercise of the Option

and upon conversion, exercise or exchange of any Convertible Security issuable upon exercise of such Option less any consideration paid or payable by the Company with respect to such one share of Common Stock upon the granting or sale of such Option, upon exercise of such Option and upon conversion exercise or exchange of any Convertible Security issuable upon exercise of such Option. No further adjustment of the Exercise Price or number of Warrant Shares shall be made upon the actual issuance of such shares of Common Stock or of such Convertible Securities upon the exercise of such Options or upon the actual issuance of such shares of Common Stock upon conversion, exercise or exchange of such Convertible Securities.

(ii) Issuance of Convertible Securities. If the Company, at any time while this Warrant is outstanding, issues or sells any Convertible Securities and the lowest price per share for which one share of Common Stock is issuable upon the conversion, exercise or exchange thereof is less than the Exercise Price in effect immediately prior to such issuance or sale, then such share of Common Stock shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the issuance or sale of such Convertible Securities for such price per share. For the purposes of this Section 2(c)(ii), the "lowest price per share for which one share of Common Stock is issuable upon the conversion, exercise or exchange thereof" shall be equal to the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to one share of Common Stock upon the issuance or sale of the Convertible Security and upon conversion, exercise or exchange of such Convertible Security less any consideration paid or payable by the Company with respect to such one share of Common Stock upon the issuance or sale of such Convertible Security and upon conversion, exercise or exchange of such Convertible Security. No further adjustment of the Exercise Price or number of Warrant Shares shall be made upon the actual issuance of such shares of Common Stock upon conversion, exercise or exchange of such Convertible Securities, and if any such issuance or sale of such Convertible Securities is made upon exercise of any Options for which adjustment of the Exercise Price has been or is to be made pursuant to other provisions of this Section 2(c), no further adjustment of the Exercise Price or number of Warrant Shares shall be made by reason of such issuance or sale.

(iii) Change in Option Price or Rate of Conversion. If the purchase price provided for in any Options, the additional consideration, if any, payable upon the issue, conversion, exercise or exchange of any Convertible Securities, or the rate at which any Convertible Securities are convertible into or exercisable or exchangeable for shares of Common Stock increases or decreases at any time, the Exercise Price in effect at the time of such increase or decrease shall be adjusted to the Exercise Price which would have been in effect at such time had such Options or Convertible Securities provided for such increased or decreased purchase price, additional consideration or increased or decreased conversion rate, as the case may be, at the time initially granted, issued or sold. For purposes of this Section 2(c)(iii), if the terms of any Option or Convertible Security that was outstanding as of the Issuance Date are increased or decreased in the manner described in the immediately preceding sentence, then such Option or Convertible Security and the shares of Common Stock deemed issuable upon exercise, conversion or exchange thereof shall be deemed to have been issued as of the date of such increase or decrease. No adjustment pursuant to this Section 2(c)(iii) shall be made if such adjustment would result in an increase of the Exercise Price then in effect or a decrease in the Warrant Shares. On the termination of any Option for which any adjustment was made pursuant to this Section 2(c) or any right to convert or exchange Convertible Securities for which any adjustment was made pursuant to this Section 2(c) (including, without limitation, upon the redemption or purchase for consideration of such Convertible Securities by the Company), the Exercise Price then in effect hereunder shall forthwith be changed to the Exercise Price which would have been in effect at the time of such termination had such Option or Convertible Securities, to the extent outstanding immediately prior to such termination, never been issued.

(iv) Calculation of Consideration Received. In case any shares of Common Stock, Options or Convertible Securities shall be issued or sold for cash, the consideration received therefor shall

be deemed to be the gross amount received by the Company therefor. In case any shares of Common Stock, Options or Convertible Securities shall be issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Company shall be deemed to be the Fair Market Value of such consideration as determined in good faith by the Board. In case any Options shall be issued in connection with the issue and sale of other securities of the Company, together comprising one integrated transaction in which no specific consideration is allocated to such Options by the parties thereto, such Options shall be deemed to have been issued for such consideration as determined in good faith by the Board.

(v) Record Date. If the Company takes a record of the holders of shares of Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in shares of Common Stock, Options or in Convertible Securities or (B) to subscribe for or purchase shares of Common Stock, Options or Convertible Securities, then such record date will be deemed to be the date of the issuance or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be; *provided*, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Exercise Price shall be recomputed accordingly as of the close of business on such record date and thereafter such Exercise Price shall be adjusted pursuant to this Section 2(c) to reflect the actual payment of such dividend or distribution.

(d) Special Distributions. In case the Company shall declare a dividend or make any other distribution (excluding dividends of its Common Stock and other dividends or distributions referred to in Section 2(b) or (c)), including, without limitation, in cash, in property or assets, to holders of Common Stock (a "**Special Distribution**"), then the Board shall set aside the amount of such dividend or distribution that the Holder would have been entitled to receive had it exercised the Warrant prior to the record date for such dividend or distribution. Upon the exercise of the Warrant, the Holder or the Holder's subsequent permitted transferee(s) shall be entitled to receive such dividend or distribution that the Holder would have received had the Warrant been exercised immediately prior to the record date for such dividend or distribution. When a Special Distribution is made, the Company shall promptly notify the Holder of such event and of the dividend or other distribution that such Holder is entitled to receive upon exercise of the Warrant.

(e) Notice of Any Adjustment. When any adjustment is required to be made in the number or kind of Warrant Shares or in the Exercise Price, the Company shall promptly notify the Holder of such event and of the number of Warrant Shares or other securities or property thereafter purchasable upon exercise of the Warrant and the Exercise Price thereof.

3. Investor Rights Agreement. Concurrent with the execution and delivery of this Warrant, the Company and the Holder shall enter into the Investors' Rights Agreement (as defined in the Purchase Agreement), and the Holder shall be entitled to all of the rights and subject to all of the obligations under such Investors' Rights Agreement. The Warrant Shares shall be deemed "Registrable Securities," as defined in the Investors' Rights Agreement.

4. Fundamental Transactions. This Warrant, without any action of the Holder thereof, immediately upon the consummation of any Fundamental Transaction that occurs while this Warrant is outstanding shall be converted into the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, the same kind and amount of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if the Holder had been, immediately prior to such Fundamental Transaction, the holder of one share of Common Stock (the "**Alternate Consideration**"), net of the

Exercise Price in effect immediately prior to the occurrence of such Fundamental Transaction. If the holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon automatic exercise of this Warrant.

5. Covenants of the Company

(a) No Impairment. The Company hereby covenants and agrees that the Company will not, by amendment of its Amended and Restated Certificate of Incorporation, bylaws or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, 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 of this Warrant, and will at all times in good faith comply with all the provisions of this Warrant and take all actions consistent with effectuating the purposes of this Warrant.

(b) Warrant Shares. The Company hereby covenants and agrees that all Warrant Shares that may be issued upon the valid exercise of the rights represented by this Warrant will, upon issuance in accordance with the terms hereof (including payment of the Exercise Price), be validly issued, fully paid and nonassessable, and free and clear of all encumbrances and restrictions, except for restrictions on transfer set forth in the Transaction Documents (as defined in the Purchase Agreement) or imposed by applicable securities laws and except for those created by the Holder. If at any time following the Exercisability Date and prior to the Expiration Date the number of authorized but unissued shares of Common Stock shall not be sufficient to permit exercise of this Warrant, the Company will use commercially reasonable best efforts to take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock in the amount of any such deficiency.

6. Warrant Holder Not Deemed a Stockholder. Except as otherwise specifically provided herein, the Holder, solely in such Person's capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of capital stock of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in such Person's capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which such Person is then entitled to receive upon the valid exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company.

7. Reissuance of Warrants.

(a) Transfer of Warrant. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company and deliver the completed and executed Assignment Form, in the form attached hereto as Exhibit B, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 7(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 7(d)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred; *provided*, *however*, that no Warrants for fractional shares of Common Stock shall be transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company 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, of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 7(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 7(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; *provided, however,* that no Warrants for fractional shares of Common Stock shall be given.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be substantially similar to this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 7(a) or Section 7(c), the Warrant Shares designated by the Holder which, when added to the number of shares of Common Stock underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant, which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

8. Notices. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with Section 9.5 of the Purchase Agreement.

9. Amendment and Waiver. No failure or delay on the part of the Company or the Holder in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. Except as otherwise provided herein, the provisions of this Warrant may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Required Holders. Any such amendment shall apply to all Warrants and be binding upon all registered holders of such Warrants.

10. Governing Law; Consent to Jurisdiction; Waiver of Jury Trial. This Warrant shall be governed by, and construed in accordance with, the internal laws of the State of New York, without reference to the choice of law provisions thereof. The Company and, by accepting this Warrant, the Holder, each irrevocably submits to the exclusive jurisdiction of the courts of the State of New York located in New York County and the United States District Court for the Southern District of New York for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Warrant and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Warrant. The Company and, by accepting this Warrant, the Holder, each irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. The Company and, by accepting this Warrant, the Holder, each irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. **EACH OF THE COMPANY AND, BY ITS ACCEPTANCE HEREOF, THE HOLDER HEREBY WAIVES ANY RIGHT TO REQUEST A TRIAL BY JURY**

IN ANY LITIGATION WITH RESPECT TO THIS WARRANT AND REPRESENTS THAT COUNSEL HAS BEEN CONSULTED SPECIFICALLY AS TO THIS WAIVER.

11. Construction; Headings. This Warrant shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant.

12. Dispute Resolution. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall submit the disputed determinations or arithmetic calculations via facsimile or e-mail within three (3) Business Days of receipt of the Exercise Notice giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within three (3) Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within two (2) Business Days submit via facsimile or e-mail (a) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Company and approved by the Holder, which approval shall not be unreasonably withheld, or (b) the disputed arithmetic calculation of the Warrant Shares to the Company's independent, outside accountant. The Company shall cause the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than twenty (20) Business Days from the time it receives the disputed determinations or calculations. The prevailing party in any dispute resolved pursuant to this Section 12 shall be entitled to the full amount of all reasonable expenses, including all costs and fees paid or incurred in good faith, in relation to the resolution of such dispute. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

13. Remedies. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder to pursue actual damages for any failure by the Company to comply with the terms of this Warrant.

14. Transfer. Subject to applicable laws, this Warrant may be offered for sale, sold, transferred or assigned without the consent of the Company.

15. Certain Definitions. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "**Additional Common Stock**" shall mean all Common Stock issued (or, pursuant to Section 2(c)(i)-(iii), deemed to be issued) by the Company after the Issuance Date, other than Excluded Securities.

(b) "**Bloomberg**" means Bloomberg Financial Markets.

(c) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law or executive order to remain closed.

(d) "**Closing Sale Price**" means, for any security as of any date, the last closing trade price for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing trade price then the last trade price of such security prior to 4:00 p.m., New York time, as reported by Bloomberg, or, if the Principal Market

is not the principal securities exchange or trading market for such security, the last trade price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no last trade price is reported for such security by Bloomberg, the average of the ask prices of any market makers for such security as reported in the "pink sheets" by Pink Sheets LLC (formerly the National Quotation Bureau, Inc.). If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the Fair Market Value as mutually determined by the Company and the Holder. All such determinations to be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

(e) "**Common Stock**" means (i) the Company's shares of Common Stock, par value $0.001 per share, and (ii) any share capital into which such Common Stock shall have been changed or any share capital resulting from a reclassification of such Common Stock.

(f) "**Common Stock Equivalents**" means shares of Common Stock, Warrants and any other securities exchangeable for or convertible into, or entitling the holder thereof to receive directly or indirectly, shares of Common Stock.

(g) "**Convertible Securities**" means any stock or securities (other than Options) directly or indirectly convertible into or exercisable or exchangeable for shares of Common Stock.

(h) "**Exercise Price**" means $2.26 per share, subject to adjustment as provided herein.

(i) "**Excluded Securities**" means: (i) capital stock, Convertible Securities, restricted stock units, Options or Common Stock Equivalents issued to directors, officers, employees or consultants of the Company in connection with their service as directors of the Company, their employment by the Company or their retention as consultants by the Company pursuant to any existing or future stock option, restricted stock, stock purchase or other equity compensation plan or arrangement, including without limitation, employee inducement awards and deferred compensation arrangements, duly adopted for such purpose, by a majority of the non-employee members of the Board or a majority of the members of a committee of non-employee directors established for such purpose, and the issuance of Common Stock in respect of such Convertible Securities, restricted stock units, Options or Common Stock Equivalents; (ii) shares of Common Stock issued upon the conversion or exercise of Options or Convertible Securities that were issued and outstanding on the date immediately preceding the Issuance Date, provided such securities are not amended after the Issuance Date to increase the number of shares of Common Stock issuable thereunder or to lower the exercise or conversion price thereof; (iii) securities issued pursuant to the Purchase Agreement and securities issued upon the exercise or conversion of those securities; (iv) securities issued (including Options and Convertible Securities) in connection with or pursuant to any shareholder rights agreement as may be entered into from time to time by the Company to implement a so-called poison pill as the same may be amended, supplemented or modified (or the filing of a registration statement by the Company in connection therewith); (v) securities issued (A) pursuant to acquisitions of businesses, entities, rights or other assets, (B) in connection with strategic transactions, including joint ventures, manufacturing, marketing or distribution arrangements or technology license, transfer or development arrangements, and (C) pursuant to any equipment leasing or loan arrangement, credit financing or debt financing (and the issuance of Common Stock upon the exercise of such securities, if applicable), in each case, approved by the Board and not primarily for the purpose of raising capital, as determined in good faith by the Board; (vi) securities issued to vendors, consultants and service providers of the Company as compensation or to settle bona fide trade liabilities; and (vii) shares of Common Stock issued or issuable by reason of a dividend, stock split or other distribution on shares of

Common Stock (but only to the extent that such a dividend, split or distribution results in an adjustment in the Exercise Price and/or number of Warrant Shares, as applicable, pursuant to Section 2 of this Warrant) and (viii) securities with an aggregate consideration payable to the Company of less than $2,000,000 in any twelve month period.

(j) "**Fair Market Value**" shall mean the amount which a willing buyer, under no compulsion to buy, would pay a willing seller, under no compulsion to sell, in an arm's length transaction.

(k) "**Fundamental Transaction**" means the occurrence of any of the following in one or a series of related transactions: (i) an acquisition after the Issuance Date by an individual or legal entity or "group" (as described in Rule 13d-5(b)(1) under the Exchange Act) of more than one-half of the voting rights or voting equity interests in the Company; (ii) a merger or consolidation of the Company or a sale of all or substantially all of the assets of the Company in one or a series of related transactions, unless following such transaction or series of transactions, the holders of the Company's securities prior to the first such transaction continue to hold at least half of the voting rights or voting equity interests in the surviving entity or acquirer of such assets; (iii) a recapitalization, reorganization or other transaction involving the Company that constitutes or results in a transfer of more than one-half of the voting rights or voting equity interests in the Company; (iv) consummation of a "Rule 13e-3 transaction" as defined in Rule 13e-3 under the Exchange Act with respect to the Company; or (v) the completion of any tender offer or exchange offer (whether by the Company or another Person) pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property.

(l) "**Options**" means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities.

(m) "**Person**" means an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated organization, governmental authority or any other form of entity not specifically listed herein.

(n) "**Principal Market**" means The NASDAQ Global Select Market.

(o) "**Required Holders**" means, as of any date, the holders of at least a majority of the Warrants outstanding as of such date.

(p) "**Trading Day**" means any day on which the Common Stock is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded; *provided* that "Trading Day" shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00 p.m., New York time).

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Warrant to Purchase Common Stock to be duly executed as of the Issuance Date set out above.

NOVATEL WIRELESS, INC.

By: /s/ Alex Mashinsky
Name: Alex Mashinsky
Title: Interim Chief Executive Officer

[SIGNATURE PAGE TO NOVATEL WIRELESS, INC. WARRANT]

EXHIBIT A

EXERCISE NOTICE

TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT TO PURCHASE COMMON STOCK NOVATEL WIRELESS, INC.

Complete and deliver this Exercise Notice to:

Novatel Wireless, Inc.
9645 Scranton Road
San Diego, California 92121
Attention: Chief Financial Officer

With a copy to:

Paul Hastings LLP
4747 Executive Drive, 12th Floor
San Diego, California 92121
Attention: Carl Sanchez and Teri O'Brien

The undersigned holder hereby exercises the right to purchase _____ of the shares of Common Stock ("**Warrant Shares**") of Novatel Wireless, Inc., a Delaware corporation (the "**Company**"), evidenced by the attached Warrant to Purchase Common Stock (the "**Warrant**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as:

_____ a "Cash Exercise" with respect to _____ Warrant Shares; and/or

_____ a "Cashless Exercise" with respect to _____ Warrant Shares.

2. Payment of Exercise Price. In the event that the holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the holder shall pay the Aggregate Exercise Price in the sum of $_____ to the Company in accordance with the terms of the Warrant.

3. Accredited Investor. At the time such holder was offered the Warrant, it was, and on the date hereof, and on each date on which it exercises any Warrants, it will be either: (i) an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended, or (ii) a "qualified institutional buyer" as defined in Rule 144A(a) under the Securities Act. Such holder is not required to be registered as a broker-dealer under Section 15 of the Securities Exchange Act of 1934, as amended.

4. Delivery of Warrant Shares. The undersigned requests that the certificates for the Warrant Shares be issued in the name of and delivered to the following DWAC Account Numbers or by physical delivery of a certificate to: _____.

Date: _____, ____

Name of Registered Holder

By: _____
Name:
Title:

Acknowledgment of confirmation of receipt of the Exercise Delivery Documents to be sent to Registered Holder to the following:

☐ E-mail:

☐ Fax:

EXHIBIT B

ASSIGNMENT FORM
NOVATEL WIRELESS, INC.

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to:

Name:

(Please Print)

Address:

(Please Print)

Dated: _____, ____

Holder's Signature: _____

Holder's Address: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

Exhibit 4.2

INVESTORS' RIGHTS AGREEMENT

This Investors' Rights Agreement (this "**Agreement**") is made and entered into as of this 8th day of September, 2014 by and among Novatel Wireless, Inc., a Delaware corporation (the "**Company**"), and the "Investors" named in that certain Purchase Agreement, dated as of even date herewith, by and among the Company and the persons and entities listed on the signature pages thereto (as amended from time to time, the "**Purchase Agreement**"). Capitalized terms used herein have the respective meanings ascribed thereto in the Purchase Agreement unless otherwise defined herein.

RECITALS

A. The Company and the Investors have entered into the Purchase Agreement pursuant to which the Investors have agreed to purchase from the Company, and the Company has agreed to sell and issue to the Investors, upon the terms and conditions stated in the Purchase Agreement: (i) an aggregate of 7,363,334 shares (the "**Common Shares**") of the Company's common stock, par value $0.001 per share (the "**Common Stock**"); (ii) warrants to purchase an aggregate of 4,117,647 shares of Common Stock (the "**Warrants**"); and (iii) an aggregate of 87,196 shares of the Company's Series C Convertible Preferred Stock, par value $0.001 per share (the "**Preferred Shares**"); and

C. To induce the Investors to consummate the transactions contemplated by the Purchase Agreement, the Company has agreed to provide certain board representation rights and information rights, as well as certain registration rights with respect to the Registrable Securities (as defined below) under the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder (the "**Securities Act**").

In consideration of the mutual promises made herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Certain Definitions.

As used in this Agreement, the following terms shall have the following meanings:

"**Affiliate**" means, with respect to any Person, any other Person which directly or indirectly through one or more intermediaries Controls (as defined below), is controlled by, or is under common Control with, such Person.

"**Beneficially Own**" means, with respect to any securities, having "beneficial ownership" of such securities for purposes of Rule 13d-3 or 13d-5 under the Exchange Act (as defined below), without giving effect to any limitation on the exercise of the Warrants set forth therein (other than with respect to Section 7(b)).

"**Board**" means, as of any date, the Board of Directors of the Company in office on that date.

"**Control**" (including the terms "controlling", "controlled by" or "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Conversion Shares" means the shares of Common Stock issuable by the Company upon conversion of the Preferred Shares.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"**HC2**" means HC2 Holdings 2, Inc., a Delaware corporation.

"**Initial Board Period**" means the period commencing on the date of this Agreement and ending on the day that is ten (10) months from the date of this Agreement, or such earlier day that is mutually agreed upon by the Company and the Investors.

"**Investor(s)**" means the Investors identified in the Purchase Agreement and any Affiliate or Permitted Transferee who is a subsequent holder of any Registrable Securities.

"**Lockup Period**" means the period commencing on the date of this Agreement and ending on the day that is ten (10) months from the date of this Agreement.

"**Person**" means an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated organization, governmental authority or any other form of entity not specifically listed herein.

"**Prospectus**" means (a) the prospectus included in any Registration Statement, as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement and by all other amendments and supplements to the prospectus, including post-effective amendments and all material incorporated by reference in such prospectus, and (b) any "free writing prospectus" as defined in Rule 405 promulgated by the SEC pursuant to the Securities Act, as such rule may be amended or interpreted from time to time.

"**register**" and "**registration**" refer to a registration effected by preparing and filing a Registration Statement in compliance with the Securities Act, and the declaration or ordering of effectiveness of such Registration Statement by the SEC (as defined below).

"**Registrable Securities**" means (a) the Common Shares, (b) the Conversion Shares, (c) the Warrant Shares and (d) any securities issued or issuable by the Company (or its successor) upon any recapitalization, merger, consolidation, other reorganization, stock dividend, stock distribution or stock split with respect to the foregoing; *provided* that a security shall cease to be a Registrable Security upon (i) such security being sold pursuant to a Registration Statement or Rule 144 (as defined below)(other than to a Permitted Transferee), or (ii) such security becoming eligible for sale by the Investor without restriction pursuant to Rule 144.

"**Registration Statement**" means any registration statement of the Company filed under the Securities Act that covers the resale of any of the Registrable Securities pursuant to the provisions of this Agreement, amendments and supplements to such Registration Statement, including post-effective amendments, all exhibits and all material incorporated by reference in such Registration Statement.

"**Required Investors**" means the Investors who Beneficially Own a majority of the Registrable Securities.

"**Rule 144**" means Rule 144 promulgated by the SEC pursuant to the Securities Act, as such rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same purpose and effect as such rule.

"**Rule 415**" means Rule 415 promulgated by the SEC pursuant to the Securities Act, as such rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same purpose and effect as such rule.

"**Rule 172**" means Rule 172 promulgated by the SEC pursuant to the Securities Act, as such rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same purpose and effect as such rule.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Securities**" means the Shares, the Conversion Shares, the Warrants and the Warrant Shares.

"**Shares**" means the Preferred Shares and the Common Shares being purchased by the Investors hereunder.

"**Transfer**" means (a) sell, assign, give, pledge, encumber, hypothecate, mortgage, exchange or otherwise dispose of, (b) grant to any Person any option, right or warrant to purchase or otherwise receive, or (c) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences or other rights of ownership.

"**Warrant Shares**" means the shares of Common Stock issuable by the Company upon valid exercise of the Warrants.

2. Board Representation.

(a) Appointment and Nomination Rights.

(i) Investor Designees. Upon the expiration of the Initial Board Period, the Investors shall have the right, but not the obligation, to designate two nominees to serve as directors of the Company (each, an "**Investor Designee**" and, together, the "**Investor Designees**"). The Investors shall choose such Investor Designees based on the vote of all Common Shares and Warrant Shares held by them on an as-converted basis. The initial Investor Designees shall be Philip Falcone and Robert Pons. Promptly following the expiration of the Initial Board Period and receipt by the Company of all documentation reasonably requested by the Company in connection with the appointment of the initial Investor Designees, the Company shall increase the size of the Board to nine directors (if no vacancies then exist) and fill the two resulting vacancies with the initial Investor Designees in accordance with the Company's Bylaws. Thereafter, the Company shall (i) include the Investor Designees in its slate of nominees for election to the Board at each annual or special meeting of stockholders of the Company at which directors are to be elected and at which the seats held by the Investor Designees are subject to election (such annual or special meetings, the "**Election Meetings**") and (ii) recommend that the Company's stockholders vote in favor of the election of the Investor Designees. One such Investor Designee shall be appointed to the class of directors designated as a member of the class of the Board expiring at the 2017 annual meeting of the Company's stockholders. The foregoing appointment and nomination rights will be subject to the satisfaction by each Investor Designee of the Company's Board Qualifications (as defined below).

(ii) Board Observers. During the Initial Board Period, the Investors shall have the right, but not the obligation, to appoint up to two representatives to be present (whether in person or by telephone) at all meetings of the Board and the compensation committee thereof, one of which will also have the right to be present (whether in person or by telephone) at all meetings of the audit committee of the Board (each, a "**Board Observer**" and, together, the "**Board Observers**"); provided that (A) the

Investors' right to have Board Observers shall be decreased, on a one-for-one basis, by the number of Investor Designees serving on the Board, and (B) an officer, director or employee of a competitor of the Company in one of its principal lines of business, as determined in good faith by the Company, shall not be eligible to serve as a Board Observer. The Investors shall choose such Board Observers based on the vote of all Common Shares and Warrant Shares held by them on an as-converted basis. Once appointed, the Company shall send to each such Board Observer all of the notices, information and other materials (including meeting notices and agendas) that are distributed to the members of the Board and the compensation committee thereof, all at the same time and in the same manner as such notices, agenda, information and other materials are provided to the members of the Board. Notwithstanding the foregoing, any Board Observer may be prohibited from attending a meeting of the Board or any committees thereof or receiving notices, agenda, information or materials to preserve any attorney-client privilege or to prevent any breach of contract with any third party regarding non-disclosure, provided that the Company is advised by legal counsel that taking such action is necessary to preserve any such privilege or prevent any such breach.

(b) Vacancies. At any time prior to the Investor Designee Termination Date (as defined below), if an Investor Designee who has been duly elected to the Board resigns from the Board, is removed (with or without cause) pursuant to applicable law or the Company's Bylaws, fails to satisfy the Board Qualifications, dies or otherwise cannot or is not willing to stand for reelection or to continue to serve as a member of the Board, the Company shall use commercially reasonable efforts to cause the vacancy to be filled by a new Investor Designee.

(c) Board Qualifications. Each Investor Designee shall, at the time of nomination and at all times thereafter until such individual's service on the Board ceases: (i) be at least 21 years of age; (ii) have the ability to be present at regular and special meetings of the Board; (iii) meet any applicable requirements under applicable law, stock exchange rules or the Company's corporate governance policies to be a member of the Board; and (iv) not be an officer, director or employee of a competitor of the Company in one of its principal lines of business, as determined in good faith by the Company (the "**Board Qualifications**"). In addition to the foregoing, no person shall be eligible for election or appointment to the Board if such person has been convicted of a crime involving dishonesty or breach of trust or if such person is currently charged with the commission of or participation in such a crime.

(d) Compensation, Indemnification and Insurance. Investor Designees shall be entitled to the same retainer, equity compensation and other fees or compensation, including travel and expense reimbursement, paid to the non-employee directors of the Company for their services as a director, including any service on any committee of the Board. Investor Designees shall be entitled to the same indemnification rights as other non-executive directors of the Company and the Company shall maintain in full force and effect directors' and officers' liability insurance in reasonable amounts from established and reputable insurers to the same extent it now indemnifies and provides insurance for the non-executive members of the Board. In all directors' and officers' insurance policies, each Investor Designee shall be covered as an insured in such a manner as to provide the Investor Designee with rights and benefits under such insurance policies no less favorable than those provided to the other non-executive directors of the Company.

(e) Committees. The Board shall not designate an executive committee or any other committee which has been delegated authority substantially similar to the authority of the Board. Unless prohibited by applicable law or stock exchange rules, as determined in the reasonable judgment of the Board, both members of the Board who are Investor Designees shall be entitled to be designated to the compensation committee of the Board, and at least one member of the Board who is an Investor Designee shall be entitled to be designated to the audit committee of the Board. Unless otherwise agreed to by the

Board, the Investor Designees shall not be appointed to or otherwise gain membership on any other committees of the Board.

(f) Non-Transferability. No Investor may transfer to any Person (other than its Affiliates) all or any portion of its rights under this Section 2 under any circumstances, notwithstanding the transfer of all or any portion of the Securities.

(g) Termination of Investor Designee Rights. Notwithstanding the foregoing, (i) the Investors' rights under this Section 2 to designate two Investor Designees and/or Board Observers shall automatically be reduced to the right to designate one Investor Designee and/or Board Observer on the date that the Investors cease to Beneficially Own an aggregate of at least 15% of the total issued and outstanding Common Stock, and (ii) all of the Investors' rights under this Section 2 (excluding Section 2(d)) shall terminate automatically on the date (the **"Investor Designee Termination Date"**) that the Investors cease to Beneficially Own an aggregate of at least 10% of the total issued and outstanding Common Stock.

3. Registration.

(a) Registration Statement. Subject to the provisions of Section 4, if the Company shall receive from the Required Investors a written request signed by such Required Investors that the Company effect a Registration Statement with respect to the Registrable Securities, the Company shall, as soon as practicable (but in no event earlier than the expiration of the Lockup Period), prepare and file with the SEC one Registration Statement on Form S-3 (or such other form of registration statement as is then available to effect a registration for resale of the Registrable Securities including, but not limited to, Form S-1), for an offering to be made on a continuous or delayed basis pursuant to Rule 415 covering the resale of all of the Registrable Securities; *provided* that the Company may exclude the Registrable Securities of any Investor that has not complied with the provisions of Section 6(a) or has notified the Company in writing of its election to exclude all of its Registrable Securities from such Registration Statement. Subject to any SEC comments and Section 5(m), such Registration Statement shall include the plan of distribution attached hereto as Exhibit A; *provided, however,* that no Investor shall be named as an "underwriter" in the Registration Statement without such Investor's prior written consent. Such Registration Statement also shall cover, pursuant to Rule 416 promulgated by the SEC pursuant to the Securities Act, as such rule may be amended or interpreted from time to time, such indeterminate number of additional shares of Common Stock due to an increase in the number of Warrant Shares and/or Conversion Shares resulting from changes in the exercise price and/or conversion price applicable thereto. A draft of the Registration Statement (and each amendment or supplement thereto, and each request for acceleration of effectiveness thereof) shall be provided in accordance with Section 5(c) to the Investors and their counsel for their review and comment a reasonable time prior to its filing or other submission.

(b) Expenses. The Company will pay all expenses associated with effecting the registration of the Registrable Securities, including filing, registration, qualification and printing fees, the Company's counsel and accounting fees and expenses, costs associated with clearing the Registrable Securities for sale under applicable state securities laws (including reasonable fees, charges and disbursements of counsel to any underwriter incurred in connection with state securities laws qualifications of the Registrable Securities), listing fees, fees and expenses incident to any required review by the Financial Industry Regulatory Authority, Inc. ("**FINRA**") of the terms of the sale of Registrable Securities to be disposed of, fees and expenses of one counsel to the Investors selected by the Required Investors (such fees and expenses of counsel to the Investors not to exceed an aggregate of $20,000) and the Investors' other reasonable expenses in connection with the registration, but excluding discounts, commissions, fees of underwriters, selling brokers, dealer managers or similar securities industry professionals with respect to the Registrable Securities being sold. Notwithstanding the foregoing, the Company shall not be

required to pay for any expenses of any registration proceeding begun pursuant to this Section 3 if such proceeding is subsequently withdrawn at the request of the Investors.

(c) Effectiveness.

(i) The Company shall use commercially reasonable efforts to have the Registration Statement declared effective as soon as practicable, but in no event later than the later of (A) the date that is one hundred and twenty (120) days after the Company's receipt of a request for a Registration Statement pursuant to Section 3(a) and (B) the date that is sixty (60) days after the expiration date of the Lockup Period. The Company shall notify the Investors by facsimile or e-mail as promptly as practicable, and in any event, within twenty-four (24) hours, after any Registration Statement is declared effective and shall simultaneously provide the Investors with copies of any related Prospectus to be used in connection with the sale or other disposition of the securities covered thereby.

(ii) The Company may suspend the use of any Prospectus included in any Registration Statement contemplated by this Section 3(c) in the event that the Company determines in good faith that such suspension is necessary to (A) delay the disclosure of material non-public information concerning the Company, the disclosure of which at the time is not, in the good faith opinion of the Company, in the best interests of the Company or (B) amend or supplement the affected Registration Statement or the related Prospectus so that such Registration Statement or Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the case of the Prospectus in light of the circumstances under which they were made, not misleading (an "**Allowed Delay**"); *provided*, that (1) the Company shall promptly (x) notify each Investor in writing of the commencement of the Allowed Delay, (y) advise each Investor in writing to cease all sales under the Registration Statement until such time as the Company notifies the Investors of the end of the Allowed Delay and (z) use commercially reasonable efforts to terminate an Allowed Delay as promptly as practicable and (2) in no event may the Company deliver more than one notice of an Allowed Delay in any six (6) month period or cause Allowed Delays to last for a period of greater than ninety (90) days during any six (6) month period.

(d) Rule 415 Compliance. If at any time the SEC takes the position that the offering of some or all of the Registrable Securities in a Registration Statement are not eligible to be made on a delayed or continuous basis under the provisions of Rule 415, the Company shall use commercially reasonable best efforts to persuade the SEC that the offering contemplated by the Registration Statement is a bona fide secondary offering and not an offering "by or on behalf of the issuer" as defined in Rule 415. In the event that the SEC refuses to alter its position, the Company shall (i) remove from the Registration Statement such portion of the Registrable Securities (the "**Cut Back Shares**") and/or (ii) agree to such restrictions and limitations on the registration and resale of the Registrable Securities as the SEC may require to assure the Company's compliance with the requirements of Rule 415 (collectively, the "**SEC Restrictions**"); *provided, however,* that the Company shall not agree to name any Investor as an "underwriter" in such Registration Statement without the prior written consent of such Investor. Any cut-back imposed pursuant to this Section 3(d) shall be allocated among the Investors on a pro rata basis and shall be applied first to any Warrant Shares, unless the SEC Restrictions otherwise require or provide or the Investors otherwise agree. From and after the date that the Company is able to effect the registration of such Cut Back Shares in accordance with any SEC Restrictions, all of the provisions of this Section 3 shall again be applicable to such Cut Back Shares.

(e) Right to Piggyback Registration.

(i) If at any time following the expiration of the Lockup Period that any Registrable Securities remain outstanding and the Company proposes for any reason to (A) register any shares of

Common Stock under the Securities Act (other than pursuant to a registration statement on Form S-4 or Form S-8 (or a similar or successor form)) with respect to an offering of Common Stock by the Company for its own account or for the account of any of its stockholders or (B) conduct an underwritten public offering of Common Stock for its own account or for the account of any of its stockholders, it shall at each such time promptly give written notice to the holders of the Registrable Securities of its intention to do so and, to the extent permitted under the provisions of Rule 415, include in such registration or underwriting all Registrable Securities with respect to which the Company has received written requests for inclusion therein within fifteen (15) days after receipt of the Company's notice. Such notice shall offer the holders of the Registrable Securities the opportunity to include such number of shares of Registrable Securities as each such holder may request and shall indicate the intended method of distribution of such Registrable Securities.

(ii) Notwithstanding the foregoing, (A) if such registration involves an underwritten public offering, the Investors shall sell the Registrable Securities requested to be included in such offering to, if applicable, the underwriter(s) at the same price and subject to the same underwriting discounts and commissions that apply to the other securities sold in such offering (it being acknowledged that the Company shall be responsible for other expenses as set forth in Section 3(b)) and subject to the Investors entering into customary underwriting documentation for selling stockholders in an underwritten public offering, and (B) if, at any time after giving written notice of its intention to register or offer any Registrable Securities pursuant to Section 3(e)(i) and prior to the pricing of the offering effected pursuant to such registration, the Company shall determine for any reason not to cause such offering to be priced, the Company shall deliver written notice to the Investors and, thereupon, shall be relieved of its obligation to register any Registrable Securities in connection with such registration.

(iii) If the managing underwriter of a proposed underwritten offering (other than a proposed underwritten offering of Registrable Securities pursuant to Section 4) advises the Company that, in its opinion, the number of securities requested to be included in such underwritten offering exceeds the number which can be sold in such underwritten offering without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, the Company will include in such offering only such lesser number of Registrable Securities as shall not, in the opinion of the managing underwriter be likely to have such an effect, and the number of Registrable Securities to be included in such underwritten offering shall be allocated pro rata among the Investors that have requested to participate in such underwritten offering on the basis of the relative number of Registrable Securities then held by each such Investor, to the extent necessary to reduce the total number of Registrable Securities to be included in such offering to the number recommended by the managing underwriter; *provided* that any securities thereby allocated to an Investor that exceed such Investor's request shall be reallocated among the remaining Investors in like manner.

4. Underwritten Shelf Takedowns.

(a) If, in the case of an offering pursuant to a Registration Statement filed pursuant to Section 3(a) where the fair market value of the Registrable Securities to be offered is at least $10 million (or such lesser amount representing all remaining Registrable Securities) and one or more Investors holding at least 25% of the outstanding Registrable Securities so elects, such offering shall, by written notice delivered to the Company, be in the form of an underwritten offering. The Company shall (i) within three (3) Business Days after the receipt of a request for an offering pursuant to this Section 4 from any Investor or Investors, give written notice thereof to all other Investors, which notice shall specify the number of Registrable Securities subject to the request, the names and notice information of the Invesor or Investors initiating such offering and, to the extent known, the intended method of disposition of such Registrable Securities and (ii) subject to Section 4(c) include in such offering all of the Registrable Securities requested by such Investors for inclusion in such offering from whom the Company has

received a written request for inclusion therein within three (3) Business Days after the receipt by such Investors of such written notice referred to in clause (i) above. Each such request by such Investors shall specify the number of Registrable Securities proposed to be included in such offering. The failure of any Investor to respond within such three (3) Business-Day period referred to in clause (ii) above shall be deemed to be a waiver of such Investor's rights under this Section 4 with respect to such offering. Any Investor may waive its rights under this Section 4 prior to the expiration of such three (3) Business-Day period by giving written notice to the Company. In no event shall the Company be required to effect more than one underwritten offering pursuant to this Agreement in any nine (9) month period, or more than three (3) underwritten offerings pursuant to this Agreement; provided, further, that an underwritten offering may not be made until at least one hundred and twenty (120) days after the date of a prior underwritten offering.

(b) With respect to any underwritten offering, the Investors holding a majority of Registrable Securities included in such offering shall select an investment banking firm(s) of national standing to be the managing underwriter(s) for the offering, which firm(s) shall be reasonably acceptable to the Company.

(c) If the managing underwriter of a proposed underwritten offering of Registrable Securities pursuant to this Section 4 advises the Company that, in its reasonable opinion, the number or dollar amount of securities requested to be included in such underwritten offering takedown exceeds the number or dollar amount which can be sold in an orderly manner in such underwritten offering within a price range acceptable to the participating Investors without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, the Company will include in such offering all of the Registrable Securities requested to be included therein and only such lesser number of other securities as shall not, in the reasonable opinion of the managing underwriter be likely to have such an effect. In the event that, despite the reduction of the number of shares of securities to be offered for the account of the Company or Persons other than Investors in such offering pursuant to the immediately preceding sentence, the number of Registrable Securities to be included in such offering exceeds the number which, in the opinion of the managing underwriter, can be sold without having the adverse effect referred to above, the number of Registrable Securities to be included in such underwritten offering shall be allocated pro rata among the Investors that have requested to participate in such underwritten offering on the basis of the relative number of Registrable Securities then held by each such Investor, to the extent necessary to reduce the total number of Registrable Securities to be included in such offering to the number recommended by the managing underwriter; *provided* that any securities thereby allocated to an Investor that exceed such Investor's request shall be reallocated among the remaining Investors in like manner.

(d) In the case of an underwritten offering pursuant to Section 3 or this Section 4, the Company and the Investors selling in such offering shall enter into and perform their respective obligations under an underwriting agreement with such underwriters for such offering, with such agreement to contain such representations and warranties by the Company and the Investors selling in such offering and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, which may include, without limitation, customary lock-up agreements of the Company and its directors, officers and principal shareholders, including the Investors (which lock-up agreements the Company shall use its commercially reasonable best efforts to obtain), indemnities and contribution to the effect and to the extent provided in Section 9 hereof and the provision of independent certified public accountants' letters to the effect and to the extent provided in Section 5 hereof. The Investors on whose behalf Registrable Securities are to be distributed by such underwriters shall be parties to any such underwriting agreement and the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such holders of such securities, but only to the extent such

representations and warranties and other agreements are customarily made by issuers to selling stockholders in secondary underwritten public offerings.

(e) The Company shall not be required to effect an underwritten offering (i) more than once in any nine (9) month period or (ii) if it shall have already made three (3) underwritten offerings pursuant to this Agreement. Further, the Company shall not be required to effect an underwritten offering until at least one hundred and twenty (120) days after the date of a prior underwritten offering.

(f) Subject to any rights granted by the Company pursuant to any registration rights agreements between the Company and other Persons in existence as of the date hereof, the Company shall not include securities of the Company for its own account or for the account of other Persons which are not Investors in a proposed underwritten offering pursuant to this Section 4 without the prior written consent of the Investors holding a majority of the Registrable Securities included in such offering.

5. Company Obligations. The Company will use commercially reasonable efforts to effect the registration of the Registrable Securities in accordance with the terms hereof, and in connection therewith the Company will, as expeditiously as possible:

(a) prepare, file and use commercially reasonable efforts to cause such Registration Statement to become effective and to remain continuously effective for a period that will terminate upon the earlier of (i) the date on which all Registrable Securities covered by such Registration Statement have been sold and any required prospectus delivery period with respect to such sale shall have expired, and (ii) the date on which all Registrable Securities covered by such Registration Statement may be sold without restriction pursuant to Rule 144 (the "**Effectiveness Period**");

(b) prepare and file with the SEC such amendments, post-effective amendments and supplements to the Registration Statement and the Prospectus as may be necessary to keep the Registration Statement effective for the Effectiveness Period and to comply with the provisions of the Securities Act and the Exchange Act with respect to the distribution of all of the Registrable Securities covered thereby, or in connection with any shelf takedown, to name any selling Investor or to update the prospectus or prospectus supplement in response to the conditions described in Section 5(h);

(c) provide copies to and permit counsel designated by the Investors to review each Registration Statement and all amendments and supplements thereto prior to their filing with the SEC and not file any document to which such counsel reasonably objects;

(d) furnish to the Investors and to any underwriter of such Registrable Securities (i) promptly after the same is prepared and publicly distributed, filed with the SEC, or received by the Company, one copy of any Registration Statement and any amendment thereto, each preliminary prospectus and Prospectus and each amendment or supplement thereto, and each letter written by or on behalf of the Company to the SEC or the staff of the SEC, and each item of correspondence received from the SEC or the staff of the SEC, in each case relating to such Registration Statement (other than any portion of any thereof which contains information for which the Company has sought confidential treatment), and (ii) such number of copies of a Prospectus, including a preliminary prospectus, all amendments and supplements thereto, such documents incorporated by reference in such registration statement or prospectus and such other documents as each Investor or such underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Investor that are covered by the related Registration Statement;

(e) use commercially reasonable efforts to (i) prevent the issuance of any stop order or other suspension of effectiveness and (ii) if such order is issued, obtain the withdrawal of any such order;

(f) prior to any public offering of Registrable Securities, use commercially reasonable efforts to register or qualify or cooperate with the Investors in connection with the registration or qualification of such Registrable Securities for offer and sale under the securities or blue sky laws of such jurisdictions requested by the Investors or any underwriter of such Registrable Securities and do any and all other commercially reasonable acts or things necessary or advisable to enable the distribution in such jurisdictions of the Registrable Securities covered by the Registration Statement; *provided, however,* that the Company shall not be required in connection therewith or as a condition thereto to (i) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 5(f), (ii) subject itself to general taxation in any jurisdiction where it would not otherwise be so subject but for this Section 5(f), or (iii) file a general consent to service of process in any such jurisdiction;

(g) use commercially reasonable efforts to cause all Registrable Securities covered by a Registration Statement to be listed on each securities exchange, interdealer quotation system or other market on which similar securities issued by the Company are then listed;

(h) immediately notify the Investor, at any time prior to the end of the Effectiveness Period, upon discovery that, or upon the happening of any event as a result of which, the Prospectus includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and promptly prepare, file with the SEC and furnish to such Investor a supplement to or an amendment of such Prospectus as may be necessary so that such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(i) otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the SEC under the Securities Act and the Exchange Act;

(j) in the case of an underwritten offering pursuant to Section 4, upon such managing underwriter's request, use commercially reasonable efforts to obtain a "comfort letter" signed by the Company's independent certified public accountants covering such matters of the type customarily covered by "comfort letters" in underwritten public offerings of securities, dated as of such date as the managing underwriter reasonably requests;

(k) in the case of an underwritten offering pursuant to Section 4, furnish, at the request of any managing underwriter for such offering an opinion with respect to legal matters and a negative assurance letter with respect to disclosure matters, dated as of each closing date of such offering of counsel representing the Company for the purposes of such registration, addressed to the underwriters, covering such matters with respect to the registration in respect of which such opinion and letter are being delivered as the underwriters, may reasonably request and are customarily included in such opinions and negative assurance letters;

(l) in the case of an underwritten offering pursuant to Section 4, use its commercially reasonable efforts to cooperate and assist in any filings required to be made with FINRA and in the performance of any due diligence investigation by any underwriter and its counsel (including any "qualified independent underwriter," if applicable) that is (i) required or requested by FINRA in order to obtain written confirmation from FINRA that FINRA does not object to the fairness and reasonableness of the underwriting terms and arrangements (or any deemed underwriting terms and arrangements) relating to the resale of Registrable Securities pursuant to the Registration Statement or (ii) required to be retained in accordance with the rules and regulations of FINRA;

(m) if requested by the managing underwriter, if any, or by any Investor, promptly incorporate in a prospectus supplement or post-effective amendment to the Registration Statement such information as the managing underwriter, if any, or such Investor may reasonably request, including in order to permit the intended method of distribution of such securities or the addition of Permitted Transferees, and make all required filings of prospectus supplements or amendments as soon as reasonably practicable after the Company has received such request; and

(n) with a view to making available to the Investors the benefits of Rule 144 and any other rule or regulation of the SEC that may at any time permit the Investors to sell shares of Common Stock to the public without registration, the Company covenants and agrees to: (i) make and keep public information available, as those terms are understood and defined in Rule 144, until the earlier of (A) six (6) months after such date as all of the Registrable Securities may be sold without restriction by the holders thereof pursuant to Rule 144 or (B) such date as all of the Registrable Securities shall have been resold; (ii) file with the SEC in a timely manner all reports and other documents required of the Company under the Exchange Act; and (iii) furnish to each Investor, upon request, (1) a written statement by the Company that it has complied with the reporting requirements of the Exchange Act and (2) such other information as may be reasonably requested in order to avail such Investor of any rule or regulation of the SEC that permits the selling of any such Investor's Registrable Securities without registration.

6. Obligations of the Investors.

(a) Each Investor shall furnish in writing to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it, as shall be reasonably required to effect the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request. At least five (5) Business Days prior to the first anticipated filing date of any Registration Statement, the Company shall notify the Investors of the information the Company requires from such Investors if such Investors elect to have any of their Registrable Securities included in the Registration Statement. An Investor shall provide such information to the Company at least two (2) Business Days prior to the first anticipated filing date of such Registration Statement if such Investor elects to have any of its Registrable Securities included in the Registration Statement.

(b) Each Investor agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of a Registration Statement hereunder, unless such Investor has notified the Company in writing of its election to exclude all of its Registrable Securities from such Registration Statement.

(c) Each Investor agrees that, in the event the Company informs such Investor that it does not satisfy the conditions specified in Rule 172 and, as a result thereof, such Investor is required to deliver a Prospectus in connection with any disposition of Registrable Securities, it will comply with the prospectus delivery requirements of the Securities Act as applicable to it (unless an exemption therefrom is available) in connection with sales of Registrable Securities pursuant to the Registration Statement, and shall sell the Registrable Securities only in accordance with a method of distribution described in the Registration Statement.

(d) Each Investor agrees that, upon receipt of any notice from the Company of either (i) the commencement of an Allowed Delay pursuant to Section 3(c)(ii) or (ii) the happening of an event pursuant to Section 5(h) hereof, such Investor will immediately discontinue disposition of the Registrable Securities pursuant to the Registration Statement covering such Registrable Securities, until such time as it is advised by the Company that such dispositions may again be made.

(e) Each Investor agrees that it will not effect any disposition or other transfer of the Registrable Securities that would constitute a sale within the meaning of the Securities Act other than transactions exempt from the registration requirements of the Securities Act or pursuant to, and as contemplated in, the Registration Statement, and that it will promptly notify the Company of any material changes in the information set forth in the Registration Statement furnished by or regarding such Investor or its plan of distribution.

7. Dispositions and Purchases.

(a) Each Investor agrees that during the Lockup Period, without the prior written consent of the Company, it shall not, and shall not authorize, permit or direct its subsidiaries or Affiliates to, directly or indirectly, Transfer any of the Securities. Notwithstanding the foregoing, subject to the restrictions set forth in Section 6.1 of the Purchase Agreement, the following Transfers of the Securities shall be permitted at any time:

(i) by an Investor to any of its Affiliates; *provided* that prior to and as a condition to any such Transfer, (i) the Company is furnished with written notice of the name and address of such Affiliate and the Securities transferred, and (ii) such Affiliate agrees in writing to be bound by and subject to the terms and conditions of this Agreement; or

(ii) by an Investor to a third party pursuant to a tender offer, exchange offer, merger, consolidation or other transaction (i) which is recommended to the stockholders of the Company by the Board; or (ii) in the case of a merger or other business combination transaction, which has been approved by the stockholders of the Company.

(b) Each Investor agrees that during the Lockup Period, without the prior written consent of the Company, it shall not, and shall not authorize, permit or direct its subsidiaries or Affiliates to, directly or indirectly, make any purchases of securities or otherwise exercise any rights to acquire securities to the extent that, after giving effect to such purchase and/or exercise, the Investor (together with the Investor's Affiliates and any other Persons acting as a group together with the Investor or any of the Investor's Affiliates) would Beneficially Own in excess of 29.99% of the number of outstanding shares of Common Stock of the Company.

8. Information. The Company shall permit each Investor (provided that the Board has not reasonably determined that such Investor is a competitor of the Company), at such Investor's expense, to visit and inspect the Company's properties; examine its books of account and records; and discuss the Company's affairs, finances, and accounts with its officers, during normal business hours of the Company as may be reasonably requested by such Investor; *provided, however,* that the Company shall not be obligated pursuant to this Section 8 to provide access to any information that it reasonably and in good faith considers to be a trade secret or confidential information or the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

9. Confidentiality. Each Investor agrees that it will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor its investment in the Company) any confidential information obtained from the Company pursuant to the terms of this Agreement (including notice of the Company's intention to file a Registration Statement), unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Section 9 by such Investor), (b) is or has been independently developed or conceived by such Investor without use of the Company's confidential information, or (c) is or has been made known or disclosed to such Investor by a third party without a breach of any obligation of confidentiality such third party may have to the Company; *provided, however*, that an Investor may disclose confidential information (i) to its attorneys, accountants,

consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company or (ii) as may otherwise be required by law; *provided* that such Investor promptly notifies the Company (to the extent lawful) of such disclosure pursuant to this subsection (ii) and takes reasonable steps to minimize the extent of any such required disclosure. Each Investor shall, and shall cause its Affiliates, officers, directors, employees, accountants, counsel and consultants to, comply with applicable laws regarding insider trading in the Company's securities to the extent that any of them is in possession of confidential information obtained from the Company.

10. Indemnification.

(a) Indemnification by the Company. The Company will indemnify and hold harmless, to the fullest extent permitted by law, each Investor that participates in the offering of Registrable Securities and its officers, directors, members, employees, agents, stockholders or Affiliates, and each other Person, if any, who Controls such Investor, and the directors, officers, employees and agents of such controlling Person, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of preparation and investigation and reasonable attorneys' fees) and expenses (collectively, "**Losses**"), as incurred, that arise out of or are based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, Prospectus, form of prospectus or amendment or supplement thereto (it being understood that each Investor has approved Exhibit A hereto for this purpose; *provided* that any Investor may request that such information be updated pursuant to Section 5(m)), or arising out of or relating to any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, form of prospectus or amendment or supplement thereto, in light of the circumstances under which they were made) not misleading, or (ii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act or any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities pursuant to the Registration Statement; *provided, however,* that the Company will not be liable in any such case if and to the extent that (A) any such Losses arise out of or are based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished by such Investors or any such controlling Person in writing specifically for use in such Registration Statement or Prospectus, (B) any such Losses arise out of the use by an Investor of an outdated or defective Prospectus after the Company has notified such Investor in writing that the Prospectus is outdated or defective, or (C) any such Losses arise out of the Investor's (or any other indemnified Person's) failure to send or give a copy of the Prospectus or supplement (as then amended or supplemented), if required pursuant to Rule 172, to the Persons asserting an untrue statement or alleged untrue statement or omission or alleged omission at or prior to the written confirmation of the sale of Registrable Securities to such Person, if such statement or omission was corrected in such Prospectus or supplement.

(b) Indemnification by the Investors. Each Investor agrees, severally but not jointly, to indemnify and hold harmless, to the fullest extent permitted by law, the Company, its officers, directors, employees, agents, stockholders or Affiliates, and each other Person, if any, who Controls the Company, and the directors, officers, employees and agents of such controlling Person, from and against all Losses, as incurred, that arise out of or are based upon (i) such Investor's failure to comply with the prospectus delivery requirements of the Securities Act, or (ii) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, Prospectus, form of prospectus or amendment or supplement thereto, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, form of prospectus or amendment or supplement thereto, in light of the circumstances under which they were made) not misleading to the extent, but only to the extent, that (A) such untrue statements or omissions are based upon information regarding such Investor furnished in writing to the Company by such Investor expressly for use therein or (B) such information relates to such Investor or such Investor's

proposed method of distribution of Registrable Securities and was reviewed and approved by such Investor expressly for use in any Registration Statement, Prospectus, form of prospectus or amendment or supplement thereto (it being understood that each Investor has approved Exhibit A hereto for this purpose; *provided* that any Investor may request that such information be updated pursuant to Section 5(m)), or (C) such Losses are related to the use by such Investor of an outdated or defective Prospectus after the Company has notified such Investor in writing that the Prospectus is outdated or defective; *provided* that in no event shall the aggregate amounts payable by any Investor by way of indemnity or contribution under this Agreement exceed the net proceeds from the related offering received by such Investor.

(c) Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder shall (i) give prompt notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; *provided,* that any Person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Person unless (A) the indemnifying party has agreed to pay such fees or expenses, (B) the indemnifying party shall have failed to assume the defense of such claim (or have failed to employ such counsel reasonably satisfactory to the indemnifying party) within a reasonable time after notice of commencement of the action, suit, claim or proceeding or (C) in the reasonable judgment of any such Person, based upon written advice of its counsel, a conflict of interest exists between such Person and the indemnifying party with respect to such claims (in which case, if the Person notifies the indemnifying party in writing that such Person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such Person); *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, except to the extent that such failure to give notice shall materially adversely affect the indemnifying party in the defense of any such claim or litigation. If any of the events specified in clauses (A), (B) or (C) of the preceding sentence shall have occurred or shall otherwise be applicable, then the reasonable fees and expenses of one counsel (plus local counsel) selected by a majority in interest of the indemnified parties shall be borne by the indemnifying party. It is understood that the indemnifying party shall not, in connection with any proceeding in the same jurisdiction, be liable for fees or expenses of more than one separate firm of attorneys (plus one local counsel) at any time for all such indemnified parties. No indemnifying party will (1) except with the consent of the indemnified party, consent to entry of any judgment or enter into any settlement that (x) 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 of such claim or litigation or (y) includes a statement as to or admission of fault, culpability or a failure to act, by or on behalf of such indemnified party, or (2) be liable for any settlement entered into without the indemnifying party's prior written approval, such approval not to be unreasonably withheld, delayed or conditioned. Subject to the terms of this Agreement, all fees and expenses of the indemnified party shall be paid to the indemnified party, as incurred, within thirty (30) calendar days of written notice thereof to the indemnifying party; *provided,* that the indemnified party shall promptly reimburse the indemnifying party for that portion of such fees and expenses applicable to such actions for which such indemnified party is finally judicially determined to not be entitled to indemnification hereunder. Notwithstanding the foregoing, if at any time an indemnified party shall have requested the indemnifying party to reimburse the indemnified party for fees and expenses as contemplated by this Section 9, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without the indemnifying party's written consent if (i) such settlement is entered into more than sixty (60) calendar days after receipt by the indemnifying party of the aforesaid request and (ii) the indemnifying party shall not have reimbursed the indemnified party in accordance with such request or contested the reasonableness of such fees and expenses prior to the date of such settlement. The failure to deliver written notice to the indemnifying party within a reasonable

time of the commencement of any such action shall not relieve such indemnifying party of any liability to the indemnified party under this Section 9, except to the extent that the indemnifying party is materially and adversely prejudiced in its ability to defend such action.

(d) Contribution. If for any reason the indemnification provided for in the preceding paragraphs (a) and (b) is unavailable to an indemnified party or insufficient to hold it harmless, other than as expressly specified therein, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnified party and the indemnifying party, as well as any other relevant equitable considerations. No Person guilty of fraudulent misrepresentation within the meaning of Section 11(f) of the Securities Act shall be entitled to contribution from any Person not guilty of such fraudulent misrepresentation.

11. Assistance with Financial Reporting and Presentations.

(a) For so long as HC2 continues to Beneficially Own an aggregate of at least 10% of the total issued and outstanding Common Stock, the Company shall, and shall cause its subsidiaries and their respective officers, managers, employees and representatives to, use commercially reasonable efforts to provide such cooperation in connection with the preparation of reports pursuant to applicable law or regulation or reports or presentations to investors in connection with the obtaining of any debt or equity financing arrangements, in each case, of either HC2 or any of its Affiliates, as applicable, as may be reasonably requested by HC2, including (i) participation in meetings, drafting sessions, road shows and due diligence, lender, investor, rating agency and other presentations, (ii) assisting HC2, any of its Affiliates and their financing sources in the preparation of (A) offering documents, private placement memoranda, bank information memoranda, prospectuses, investor presentations and other similar documents (including the execution and delivery of customary representation letters in connection with such matters), and (B) materials for due diligence, lender, investor, rating agency and other presentations and (iii) providing appropriate assistance and representations in connection with the preparation of financial statements and other financial data of the Company and/or its subsidiaries and requesting accountants' consents, customary auditors reports and customary comfort letters (including "negative assurance" comfort), and other data in connection with the use of the Company's or its subsidiaries' financial statements in offering documents, prospectuses, reports and other documents to be filed with the SEC; provided, however, that the Company shall not be obligated pursuant to this Section 11 to provide access to any information that it reasonably and in good faith considers to be a trade secret or confidential information or the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel unless the Company is provided an opportunity to take appropriate steps to protect such information.

(b) For so long as HC2 continues to Beneficially Own an aggregate of at least 10% of the total issued and outstanding Common Stock, within thirty (30) days after the close of each calendar month, the Company shall cause to be delivered to HC2 reports containing unaudited consolidated financial statements of the Company and its subsidiaries for such month and for the current fiscal year to date (and, in each case, on a comparative basis with the prior year to the extent such comparative financial statements are readily available), prepared in accordance with GAAP (except that such financial statements need not include footnotes), including an estimated balance sheet and an estimated statement of income and comprehensive income, in form reasonably satisfactory to HC2; *provided* that HC2 hereby acknowledges that the form previously provided to it by the Company shall be deemed reasonably satisfactory.

(c) The Company shall keep or cause to be kept at the principal office of the Company appropriate books and records with respect to the business of the Company and its subsidiaries. The

books of the Company and its subsidiaries shall be maintained, for financial reporting purposes, on an accrual basis in accordance with United States generally accepted accounting principles.

(d) Notwithstanding anything in this Agreement to the contrary, in the event that the Company, any of its subsidiaries or any of their respective directors, officers, managers or employees incur any out-of-pocket expenses that they would not have otherwise incurred but for the agreements and obligations set forth in this Section 11, HC2 shall reimburse the applicable Persons for all such reasonable out-of-pocket expenses, including, without limitation, the reasonable fees and expenses of such Person's attorneys and accountants.

(e) For all purposes in this Agreement, Harbinger Group Inc. shall be deemed an Affiliate of HC2.

12. Miscellaneous.

(a) Amendments and Waivers. This Agreement may be amended only by a writing signed by the Company and the Required Investors. The Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company shall have obtained the written consent to such amendment, action or omission to act, of the Required Investors.

(b) Notices. Unless otherwise specified herein, all notices and other communications provided for or permitted hereunder shall be made as set forth in Section 9.5 of the Purchase Agreement.

(c) Assignments and Transfers by Investors. The provisions of this Agreement shall be binding upon and inure to the benefit of the Investors and their respective successors and assigns. Subject to the provisions of Section 2(f) and Section 7 of this Agreement and the restrictions set forth in Section 6.1 of the Purchase Agreement, an Investor may Transfer, in whole or from time to time in part, to one or more Persons, its rights hereunder in connection with the Transfer of Securities by such Investor to such Person (a "**Permitted Transferee**"); *provided* that such Investor complies with all laws applicable thereto and prior to and as a condition to any such Transfer, (i) the Company is furnished with written notice of the name and address of such Affiliate and the Securities transferred, and (ii) such Affiliate agrees in writing to be bound by and subject to the terms and conditions of this Agreement.

(d) Assignments and Transfers by the Company. The Company may not assign its rights (except by merger or in connection with another entity acquiring all or substantially all of the Company's assets) or obligations hereunder without the prior written consent of the Required Investors.

(e) Benefits of the Agreement. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(f) Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission, or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile signature page were an original thereof.

(g) Severability. If any provision of this Agreement is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Agreement shall not in any way be affected or impaired thereby and the parties will attempt to agree upon a valid and enforceable provision that is a reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Agreement.

(h) Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

(i) Further Assurances. The parties shall execute and deliver all such further instruments and documents and take all such other actions as may reasonably be required to carry out the transactions contemplated hereby and to evidence the fulfillment of the agreements herein contained.

(j) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

(k) Specific Performance. The parties agree that, to the extent permitted by law, (i) the obligations imposed on them in this Agreement are special, unique and of an extraordinary character, and that in the event of a breach by any such party, damages would not be an adequate remedy; and (ii) each of the other parties shall be entitled to specific performance and injunctive and other equitable relief in addition to any other remedy to which it may be entitled at law or in equity.

(l) Governing Law; Consent to Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York without regard to the choice of law principles thereof. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of New York located in New York County and the United States District Court for the Southern District of New York for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Agreement and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. Each of the parties hereto irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. Each party hereto irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. **EACH OF THE PARTIES HERETO WAIVES ANY RIGHT TO REQUEST A TRIAL BY JURY IN ANY LITIGATION WITH RESPECT TO THIS AGREEMENT AND REPRESENTS THAT COUNSEL HAS BEEN CONSULTED SPECIFICALLY AS TO THIS WAIVER.** The parties hereto agree and acknowledge that each party has retained counsel in connection with the negotiation and preparation of this Agreement, and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the foregoing agreements or any amendment, schedule or exhibits thereto.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Investors' Rights Agreement or caused their duly authorized officers to execute this Investors' Rights Agreement as of the date first above written.

The Company:

NOVATEL WIRELESS, INC.

By: /s/ Alex Mashinsky
Name: Alex Mashinsky
Title: Interim Chief Executive Officer

The Investors:

HC2 HOLDINGS 2, INC., a Delaware corporation

By: /s/ Mesfin Demise
Name: Mesfin Demise
Title: Chief Financial Officer

[SIGNATURE PAGE TO INVESTORS' RIGHTS AGREEMENT]

EXHIBIT A

Plan of Distribution

The selling stockholders, which as used herein includes donees, pledgees, transferees or other successors-in-interest selling shares of common stock or interests in shares of common stock received after the date of this prospectus from a selling stockholder as a gift, pledge, partnership distribution or other transfer, may, from time to time, sell, transfer or otherwise dispose of any or all of their shares of common stock or interests in shares of common stock:

- on any stock exchange, market or trading facility on which the shares are traded or in private transactions;
- through dividends or distributions made by the selling stockholders to their respective partners, members or stockholders; or
- through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, commissions or agent's commissions from the selling stockholders or the purchasers of the common stock (these discounts, concessions or commissions may be in excess of those customary in the types of transactions involved).

These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices, or without cash consideration.

The selling stockholders may use any one or more of the following methods when disposing of shares or interests therein:

- sales on any national securities exchange or quotation on which the common stock may be listed or quoted at the time of the sale;
- sales in the over-the-counter market;
- sales in transactions other than on such exchanges or services or in the over-the-counter market;
- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- sales "at the market" to or through a market maker or into an existing trading market, on an exchange or otherwise;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales effected after the date the registration statement of which this Prospectus is a part is declared effective by the SEC;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;

- through dividends or other distributions made by selling stockholders to their respective partners, members or stockholders;
- a combination of any such methods of sale or distribution; and
- any other method permitted by applicable law.

The selling stockholders may, from time to time, pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock, from time to time, under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus. The selling stockholders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

In connection with the sale of our common stock or interests therein, the selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The selling stockholders may also sell shares of our common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers or other financial institutions that in turn may sell these securities. The selling stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The aggregate proceeds to the selling stockholders from the sale of the common stock offered by them will be the purchase price of the common stock less discounts or commissions, if any. Each of the selling stockholders reserves the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of common stock to be made directly or through agents. We will not receive any of the proceeds from this offering. Upon any exercise of the warrants by payment of cash, however, we will receive the exercise price of the warrants.

The selling stockholders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act of 1933, as amended (the "**Securities Act**") provided that they meet the criteria and conform to the requirements of that rule.

The selling stockholders and any underwriters, broker-dealers or agents that participate in the sale of the common stock or interests therein may be "underwriters" within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions or profit they earn on any resale of the shares may be underwriting discounts and commissions under the Securities Act. Selling stockholders who are "underwriters" within the meaning of Section 2(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act.

To the extent required, the shares of our common stock to be sold, the names of the selling stockholders, the respective purchase prices and public offering prices, the names of any agents, dealer or underwriter, any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

In order to comply with the securities laws of some states, if applicable, the common stock may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the common stock may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

We have advised the selling stockholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling stockholders and their affiliates. In addition, to the extent applicable we will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling stockholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling stockholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

We have agreed to indemnify the selling stockholders against liabilities, including liabilities under the Securities Act and state securities laws, relating to the registration of the shares offered by this prospectus.

We have agreed with the selling stockholders to keep the registration statement of which this prospectus constitutes a part effective until the earlier of (1) such time as all of the shares covered by this prospectus have been disposed of pursuant to and in accordance with the registration statement or (2) the date on which all of the shares may be sold without restriction pursuant to Rule 144 of the Securities Act.

Exhibit 10.1

Final Execution Copy

PURCHASE AGREEMENT

This Purchase Agreement ("**Agreement**") is made as of the 3rd day of September, 2014 by and among Novatel Wireless, Inc., a Delaware corporation (the "**Company**"), and the Investors set forth on the signature pages affixed hereto (each an "**Investor**" and collectively the "**Investors**").

RECITALS

A. The Company and the Investors are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the provisions of Regulation D ("**Regulation D**"), as promulgated by the U.S. Securities and Exchange Commission (the "**SEC**") under the Securities Act of 1933, as amended; and

B. The Investors wish to purchase from the Company, and the Company wishes to sell and issue to the Investors, upon the terms and conditions stated in this Agreement: (i) an aggregate of 7,363,334 shares (the "**Common Shares**") of the Company's common stock, par value $0.001 per share (the "**Common Stock**"); (ii) warrants to purchase an aggregate of 4,117,647 shares of Common Stock (the "**Warrant Shares**") at an exercise price of $2.26 per share in the form attached hereto as Exhibit A (the "**Warrants**"); and (iii) an aggregate of 87,196 shares (the "**Preferred Shares**") of the Company's Series C Convertible Preferred Stock, par value $0.001 per share, such Preferred Shares to have the relative rights, preferences, limitations and designations set forth in the Certificate of Designations of Series C Convertible Preferred Stock in the form attached hereto as Exhibit B (the "**Certificate of Designation**") and to be convertible, subject to adjustment in accordance therewith, into an aggregate of 871,960 shares of Common Stock (together with any securities into which such shares may be reclassified, whether by merger, charter amendment or otherwise, to the extent the Preferred Shares, in connection with any such reclassification, become convertible into such securities pursuant to the Certificate of Designation) (the "**Conversion Shares**"), all at a purchase price (the "**Per Share Price**") of (a) $1.75 per Common Share plus, in each case, the related Warrant and (b) $17.50 per Preferred Share; and

C. Contemporaneous with the sale of the Common Shares, the Warrants and the Preferred Shares, the parties hereto will execute and deliver an Investors' Rights Agreement, in the form attached hereto as Exhibit C (the "**Investors' Rights Agreement**"), pursuant to which, among other things, the Company will agree to provide certain information rights, board representation rights and registration rights with respect to the Common Shares, the Warrant Shares and the Conversion Shares under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, and applicable state securities laws.

In consideration of the mutual promises made herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions.

1.1 Definitions. In addition to those terms defined above and elsewhere in this Agreement, for the purposes of this Agreement, the following terms shall have the meanings set forth below:

"**Affiliate**" means, with respect to any Person, any other Person which directly or indirectly through one or more intermediaries Controls, is controlled by, or is under common Control with, such Person.

"**Business Day**" means any day, other than a Saturday, Sunday or other day, on which banks in the City of New York are authorized or required by law or executive order to remain closed.

"**Code**" means the Internal Revenue Code of 1986, as amended, or any successor statute thereto.

"**Company's Knowledge**" means, with respect to any statement made to the Company's Knowledge, that such statement is based on the actual knowledge of the executive officers of the Company (as defined in Rule 405 under the Securities Act) having responsibility for the matter or matters that are the subject of the statement, after reasonable inquiry.

"**Confidential Information**" means trade secrets, confidential information and know-how (including but not limited to ideas, formulae, compositions, processes, procedures and techniques, research and development information, computer program code, performance specifications, support documentation, drawings, specifications, designs, business and marketing plans, customer information and customer and supplier lists and related information).

"**Control**" (including the terms "controlling", "controlled by" or "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**Equity Securities**" of any Person means (a) all common stock, preferred stock, participations, shares, partnership interests, membership interests or other equity interests in and of such Person (regardless of how designated and whether or not voting or non-voting) and (b) all warrants, options and other rights to acquire (whether by conversion, exchange, exercise or otherwise) any of the foregoing, including all equity awards granted under any stock plan.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, and the regulations and published interpretations thereunder.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"**Intellectual Property**" means all of the following: (i) patents, patent applications, patent disclosures and inventions (whether or not patentable and whether or not reduced to practice); (ii) trademarks, service marks, trade dress, trade names, corporate names, logos, slogans and Internet domain names, together with all goodwill associated with each of the foregoing; (iii) copyrights and copyrightable works; (iv) registrations, applications and renewals for any of the foregoing; and (v) proprietary computer software (including but not limited to data, data bases and documentation).

"**Material Adverse Effect**" means any change, effect, event, occurrence, state of facts or development that, individually or in the aggregate, has had, or would reasonably be expected to have, a material adverse effect on the results of operations, assets, business or financial condition of the Company and its Subsidiaries, taken as a whole, except that any of the following, either alone or in combination, shall not be deemed a Material Adverse Effect: (i) effects caused by changes or circumstances affecting the U.S. or global economy or capital markets in general or which are generally applicable to the industry in which the Company operates, provided that such effects are not borne disproportionately by the Company or any of its Subsidiaries; (ii) effects caused by changes in applicable law or GAAP (as defined below), provided that such effects are not borne disproportionately by the Company or any of its Subsidiaries; (iii) effects caused by changes in the market price or trading volume of the Common Stock on any trading market (provided that the underlying causes of such changes (subject to the other provisions of this paragraph) shall not be excluded); (iv) effects caused by failure(s) by the Company to meet any operating projections or forecasts, or published revenue or earnings predictions (provided that the underlying causes of such failure(s) (subject to the other provisions of this paragraph) shall not be

excluded); (v) effects caused by earthquakes, hostilities, acts of war, sabotage or terrorism or military actions or any escalation or material worsening of any such hostilities, acts of war, sabotage or terrorism or military actions existing as of the date hereof; (vi) effects resulting from or relating to the announcement or disclosure of the sale of the Securities or other transactions contemplated by this Agreement; and (vii) effects caused by any action or failure to take action, in each case, expressly consented to or requested by the Investors.

"**Material Contract**" means any contract, instrument or other agreement to which the Company or any Subsidiary is a party or by which it is bound which is material to the business of the Company and its Subsidiaries, taken as a whole, including those that have been filed or were required to have been filed as an exhibit to the SEC Filings (as defined below) pursuant to Item 601(b)(4) or Item 601(b)(10) of Regulation S-K.

"**NASDAQ**" means The NASDAQ Stock Market LLC.

"**Person**" means an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated organization, governmental authority or any other form of entity not specifically listed herein.

"**Plan**" means each "employee benefit plan" within the meaning of section 3(3) of ERISA and all other material plans, arrangements, policies, programs, agreements or other commitments providing for retirement, employee benefits, compensation, incentive compensation or fringe benefits, including, without limitation, any material employment, consulting or deferred compensation agreement, executive compensation, bonus, incentive, pension, profit-sharing, savings, retirement, stock option, stock purchase or severance plan, and any life, health, disability or accident insurance plan, whether oral or written, and whether or not subject to ERISA, to which the Company or any of its Subsidiaries sponsor, maintain or contribute, on behalf of any current or former employee, executive, director, officer, consultant or independent contractor, or to which the Company or any of its Subsidiaries have or could have any direct or indirect, actual or contingent liability.

"**Registration Statement**" has the meaning set forth in the Investors' Rights Agreement.

"**Required Investors**" means (i) prior to Closing (as defined below), the Investors who, together with their Affiliates, have agreed to purchase a majority of the Shares to be sold hereunder and (ii) from and after the Closing the Investors who, together with their Affiliates, beneficially own (calculated in accordance with Rule 13d-3 under the Exchange Act without giving effect to any limitation on the exercise of the Warrants set forth therein) a majority of the Common Shares and the Warrant Shares issuable pursuant hereto.

"**Rule 144**" means Rule 144 promulgated by the SEC pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such rule.

"**Securities**" means the Shares, the Conversion Shares, the Warrants and the Warrant Shares.

"**Securities Act**" means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"**Shares**" means the Preferred Shares and the Common Shares being purchased by the Investors hereunder.

"**Subsidiary**" shall mean with respect to any Person, any other Person (a) of which the initial Person directly or indirectly owns or controls more than 50% of the voting equity interests or has the power to elect or direct the election of a majority of the members of the governing body of such Person, or (b) which is required to be consolidated with such Person under United States generally accepted accounting principles.

"**Transaction Documents**" means this Agreement, the schedules and exhibits attached hereto, the Certificate of Designation, the Warrants and the Investors' Rights Agreement.

1.2 Other Capitalized Terms. The following terms shall have the meanings specified in the indicated section of this Agreement.

Term	Section
10-K	4.8
Agreement	Preamble
Certificate of Designation	Recitals
Closing	3
Closing Consideration	3
Closing Date	3
Common Shares	Recitals
Common Stock	Recitals
Company	Preamble
Company Board Recommendation	6.3(b)
Conversion Shares	Recitals
DGCL	4.33(b)
Disclosure Schedules	4
Environmental Laws	4.20
Evaluation Date	4.11
GAAP	4.9
Infringe	4.17(d)
Investor	Preamble
Investor Indemnified Party	8.2
Investors' Rights Agreement	Recitals
License Agreements	4.17(b)
Per Share Price	Recitals
Permits	4.15
Preferred Shares	Recitals
Proposals	6.3(a)
Proxy Statement	6.3(a)
Regulation D	Recitals
SEC	Recitals
SEC Filings	4.8
Short Sales	5.11
Stockholders Meeting	6.3(a)
Subsequent Stockholders Meeting	6.3(a)
Transfer Agent	6.1(c)
Warrant Shares	Recitals
Warrants	Recitals

1.3 Rules of Construction. Unless the context otherwise requires (a) terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa, (b) the terms "Dollars,"

"dollars" and "$" mean United States Dollars, (c) references herein to a specific Section, recital or Exhibit shall refer, respectively, to Sections, recitals or Exhibits of this Agreement, (d) wherever the word "include," "includes," or "including" is used in this Agreement, it shall be deemed to be followed by the words "without limitation" and (e) references herein to any gender or no gender shall include each other gender; references herein to any law shall be deemed to refer to such law as amended, modified, codified, reenacted, supplemented or superseded in whole or in part and in effect from time to time, and also to all rules and regulations promulgated thereunder.

2. Purchase and Sale of the Shares and Warrants. Subject to the terms and conditions of this Agreement, on the Closing Date (as defined below), each Investor shall severally, and not jointly, purchase, and the Company shall sell and issue to each Investor, the Shares and Warrants in the amounts set forth opposite such Investor's name on the signature pages attached hereto in exchange for the applicable Per Share Price multiplied by the number of Shares to be purchased by such Investor as specified in Section 3 below.

3. Closing. Upon confirmation that the other conditions to closing specified herein have been satisfied or duly waived by the Investors, the Company shall file the Certificate of Designation with the Secretary of State of the State of Delaware. Unless other arrangements have been made with a particular Investor, upon confirmation that the Certificate of Designation has been filed and has become effective, the Company shall deliver to Paul, Weiss, Rifkind, Wharton & Garrison LLP, in trust, a certificate or certificates, registered in such name or names as the Investors may designate, representing the Preferred Shares and Warrants, with instructions that such certificates are to be held for release to the Investors only upon payment in full of the aggregate amounts to be paid to the Company by all of the Investors (the "**Closing Consideration**"). Unless other arrangements have been made with a particular Investor, upon such receipt by Paul, Weiss, Rifkind, Wharton & Garrison LLP of the certificates, each Investor shall promptly, but no more than one (1) Business Day thereafter, cause a wire transfer in United States dollars and in immediately available funds to be sent to the account of the Company as instructed in writing by the Company, in an amount representing such Investor's pro rata portion of the Closing Consideration as set forth on the signature pages to this Agreement. On the date that the Company receives payment in full of the Closing Consideration (the "**Closing Date**"), the Company will instruct (a) Paul, Weiss, Rifkind, Wharton & Garrison LLP to release the certificates evidencing the Preferred Shares and Warrants to the Investors and (b) instruct its transfer agent to deliver to Paul, Weiss, Rifkind, Wharton & Garrison LLP, on behalf of the Investors, a certificate or certificates, registered in such name or names as the Investors may designate, representing the Common Shares (the "**Closing**"); *provided*, that notwithstanding the foregoing in this Section 3, the Closing Date shall be no earlier than September 8, 2014. The Closing of the purchase and sale of the Shares and Warrants shall take place at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019, or at such other location and on such other date as the Company and the Investors shall mutually agree.

4. Representations and Warranties of the Company. Except as (a) set forth in the schedules delivered herewith (the "**Disclosure Schedules**"), which Disclosure Schedules shall be deemed a part hereof and shall qualify any representation made herein to the extent of the disclosure contained in the corresponding section of the Disclosure Schedules or other representations relating to the subject matter of such disclosures if the relevance of such item would be reasonably apparent, or (b) specifically disclosed in the SEC Filings (excluding, in each case, any disclosures solely contained or referenced therein under the captions "Risk Factors" or "Forward Looking Statements" and any other disclosures contained or referenced therein relating to information factors or risks that are predictive, cautionary or forward-looking in nature), which shall be deemed to qualify all representations made herein, the Company hereby represents and warrants as of the date hereof and the Closing Date (except for the

representations and warranties that speak as of a specific date, which shall be made as of such date), to each of the Investors:

4.1 Organization, Good Standing and Qualification. Each of the Company and its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to carry on its business as now conducted. Each of the Company and its Subsidiaries is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the conduct of its business makes such qualification necessary, except where the failure to be in good standing or so qualified would not have or reasonably be expected to result in a Material Adverse Effect. The Company's Subsidiaries are listed on Schedule 4.1 hereto.

4.2 Authorization. The Company has all corporate power and authority and, except for the filing of the Certificate of Designation with the Secretary of State of the State of Delaware, has taken all requisite action on the part of the Company, its officers, directors and stockholders necessary for (a) the authorization, execution and delivery of the Transaction Documents, (b) the authorization of the performance of all obligations of the Company hereunder or thereunder, and (c) the authorization, issuance (or reservation for issuance) and delivery of the Securities. Each of the Transaction Documents to which the Company is a party has been (or upon delivery will have been) duly executed by the Company and is, or when delivered in accordance with the terms hereof, will constitute a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as may be limited by: (i) applicable bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights generally; (ii) applicable United States federal or state securities laws limits on indemnification; and (iii) the effect of rules of law governing the availability of equitable remedies.

4.3 Valid Issuance. The Common Shares have been duly and validly authorized and, when issued and paid for pursuant to this Agreement, will be validly issued, fully paid and nonassessable, and shall be free and clear of all encumbrances and restrictions (other than those created by the Investors), except for restrictions on transfer set forth in the Transaction Documents or imposed by applicable securities laws. Upon the filing of the Certificate of Designation with the Secretary of State of the State of Delaware, the Preferred Shares will have been duly and validly authorized and, when issued and paid for pursuant to this Agreement, will be validly issued, fully paid and nonassessable, and shall be free and clear of all encumbrances and restrictions (other than those created by the Investors), except for restrictions on transfer set forth in the Transaction Documents or imposed by applicable securities laws, and shall be entitled to the rights and preferences set forth in the Certificate of Designation. Upon the due conversion of the Preferred Shares, the Conversion Shares will be validly issued, fully paid and nonassessable, and free and clear of all encumbrances and restrictions, except for restrictions on transfer set forth in the Transaction Documents or imposed by applicable securities laws and except for those created by the Investors. The Warrants have been duly and validly authorized. Upon the valid exercise of the Warrants and payment of the exercise price, the Warrant Shares will be validly issued, fully paid and nonassessable, and free and clear of all encumbrances and restrictions, except for restrictions on transfer set forth in the Transaction Documents or imposed by applicable securities laws and except for those created by the Investors.

4.4 Capitalization. Schedule 4.4 sets forth as of the date this Agreement (a) the authorized capital stock of the Company; (b) the number of shares of capital stock issued and outstanding; (c) the number of shares of capital stock issuable pursuant to the Company's stock plans (including any outstanding stock appreciation rights and "phantom stock" plans or agreements or any similar plan or agreement); and (d) the number of shares of capital stock issuable and reserved for issuance pursuant to

securities (other than the Preferred Shares and the Warrants) exercisable for, or convertible into or exchangeable for any shares of capital stock of the Company. All of the issued and outstanding shares of the Company's and its Subsidiaries' capital stock have been duly authorized and validly issued and are fully paid and nonassessable, were issued in full compliance with applicable state and federal securities laws and were not issued in violation of any preemptive right. All of the issued and outstanding shares of capital stock of each Subsidiary are owned, directly or indirectly, by the Company, beneficially and of record. There are no outstanding contractual obligations of the Company or any of its Subsidiaries to provide any funds to or make any investment in respect of any unsatisfied subscription obligation or capital contribution or capital account funding obligation in any Person. Except as described on Schedule 4.4 and except as provided in the Investors' Rights Agreement, (i) no Person has the right to require the Company to register any securities of the Company under the Securities Act, whether on a demand basis or in connection with the registration of securities of the Company for its own account or for the account of any other Person, (ii) there are no stockholders agreements, voting agreements or other similar agreements with respect to the Company's capital stock to which the Company or any of its Subsidiaries is a party or, to the Company's Knowledge, between or among any of the Company's or any of its Subsidiaries' stockholders, (iii) there are no outstanding debt securities, notes, credit agreements, credit facilities or other agreements, documents or instruments evidencing indebtedness of the Company or any of its Subsidiaries or by which the Company or any of its Subsidiaries is or may become bound having the right to vote on any matter which the stockholders of the Company or its Subsidiaries, as the case may be, may vote, (iv) there are no financing statements securing obligations in any material amounts, either singly or in the aggregate, filed in connection with the Company or any of its Subsidiaries, (v) there are no outstanding securities or instruments of the Company or any of its Subsidiaries which contain any redemption or similar provisions (other than the Preferred Shares), and there are no contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to redeem a security of the Company or any of its Subsidiaries, and (vi) there are no outstanding securities, options, warrants, calls, rights, commitments, profits interests, stock appreciation rights, phantom stock agreements, arrangements or undertakings to which the Company or any of its Subsidiaries is a party or by which any of them is bound obligating the Company or any of its Subsidiaries to issue, deliver or sell or create, or cause to be issued, delivered or sold or created, additional Equity Securities of the Company or any of its Subsidiaries (or any security convertible or exercisable therefor) or obligating the Company or any of its Subsidiaries to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking. The issuance and sale of the Securities hereunder will not obligate the Company to issue shares of Common Stock or other securities to any other Person (other than the Investors) and will not result in the adjustment of the exercise, conversion, exchange or reset price of any outstanding security.

4.5 Consents. Except for the filing of the Certificate of Designation with the Secretary of State of the State of Delaware, no consent, order, authorization, or approval or other action by, no lapse of a waiting period, and no notice to or filing with, any governmental body, agency, or official or any other Person is required for the due execution, delivery, and performance by the Company of the Transaction Documents or the consummation of the transactions contemplated hereby and thereby, except for (a) those consents and approvals that have been obtained or made on or prior to the date hereof and that are in full force and effect, (b) filings with the SEC on Form 8-K, (c) the filing of an additional listing application with NASDAQ, (d) the filing of the Registration Statement under the terms of the Investors' Rights Agreement, and (e) post-sale filings pursuant to applicable state and federal securities laws which the Company undertakes to file within the applicable time periods. To the Company's Knowledge, there are no facts or circumstances that might prevent the Company from obtaining or effecting any of the foregoing clauses (b) through (e).

4.6 Compliance with Governing Documents and Laws.

(a) The Company is in compliance with, and is not in default under, its Amended and Restated Certificate of Incorporation and its Bylaws.

(b) The Company and each of its Subsidiaries is in compliance in all material respects with all applicable laws and all orders issued by any court or governmental authority. To the Company's Knowledge, there is no existing or proposed law which could reasonably be expected to prohibit or restrict the Company or any of its Subsidiaries from, or otherwise materially adversely effect any of the foregoing in, conducting its business in any jurisdiction in which it currently conducts business.

(c) The Common Stock is registered pursuant to Section 12(b) of the Exchange Act, and is listed on The NASDAQ Global Select Market and the Company has not taken any action designed to, or reasonably likely to, have the effect of violating the listing requirements of, or terminating the registration of the Common Stock under the Exchange Act or delisting or suspending the Common Stock from The NASDAQ Global Select Market. During the one (1) year period prior to the Closing Date, (i) the Common Stock has been designated for quotation or listed on The NASDAQ Global Select Market, (ii) trading in the Common Stock has not been suspended by the SEC or NASDAQ and (iii) the Company has received no communication, written or oral, from the SEC or NASDAQ regarding the suspension or delisting of the Common Stock from The NASDAQ Global Select Market.

4.7 Offering. Subject to the accuracy of the representations and warranties of each Investor set forth in Section 5 hereof, the offer, sale and issuance by the Company of the Shares, the Warrants, the Conversion Shares, and the Warrant Shares will be exempt from the registration requirements of the Securities Act, and are exempt from registration and qualification under the registration, permit or qualification requirements of all applicable securities laws of any state of the United States.

4.8 SEC Filings. The Company has made available to the Investors through the EDGAR system, true and complete copies of the Company's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (the "**10-K**"), and all other reports filed by the Company pursuant to the Exchange Act since the filing of the 10-K and prior to the date hereof (collectively, the "**SEC Filings**"). The SEC Filings are the only filings required of the Company pursuant to the Exchange Act for such period. Except as listed on Schedule 4.8, as of their respective filing dates (or, if amended prior to the date of this Agreement, when amended), all of the SEC Filings complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder. None of the SEC Filings as of their respective dates contained any untrue statement of material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

4.9 Financial Statements. The financial statements included in each SEC Filing comply in all material respects with applicable accounting requirements and the rules and regulations of the SEC with respect thereto as in effect at the time of filing (or to the extent corrected by a subsequent restatement) and present fairly, in all material respects, the consolidated financial position of the Company as of the dates shown and its consolidated results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with United States generally accepted accounting principles applied on a consistent basis ("**GAAP**") (except as may be disclosed therein or in the notes

thereto, and, in the case of quarterly financial statements, except for normal year-end audit adjustments and as otherwise as permitted by Form 10-Q under the Exchange Act).

4.10 Off Balance Sheet Arrangements. There is no transaction, arrangement, or other relationship between the Company or any Subsidiary and an unconsolidated or other off balance sheet entity that is required to be disclosed by the Company in the SEC Filings and is not so disclosed that would have or reasonably be expected to result in a Material Adverse Effect.

4.11 Internal Controls. The Company is in material compliance with the provisions of the Sarbanes-Oxley Act of 2002 that are currently applicable to the Company. The Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (a) transactions are executed in accordance with management's general or specific authorizations, (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (c) access to assets and incurrence of liabilities is permitted only in accordance with management's general or specific authorization, and (d) the recorded accountability for assets and liabilities is compared with the existing assets and liabilities at reasonable intervals and appropriate action is taken with respect to any differences. The Company has established effective disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and designed such disclosure controls and procedures to ensure that material information relating to the Company, including the Subsidiaries, is made known to the certifying officers by others within those entities, particularly during the period in which the Company's most recently filed periodic report under the Exchange Act, as the case may be, is being prepared. The Company's certifying officers have evaluated the effectiveness of the Company's controls and procedures as of the end of the period covered by the most recently filed periodic report under the Exchange Act (such date, the "**Evaluation Date**"). The Company presented in its most recently filed periodic report under the Exchange Act the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been no significant changes in the Company's internal controls (as such term is defined in Item 308 of Regulation S-K) or, to the Company's Knowledge, in other factors that could significantly affect the Company's internal controls. The Company maintains and will continue to maintain a standard system of accounting established and administered in accordance with GAAP and the applicable requirements of the Exchange Act. During the twelve (12) months prior to the date of this Agreement, none of the Company or any of its Subsidiaries has received any notice or correspondence from any accountant relating to any potential material weakness in any part of the system of internal accounting controls of the Company or any of its Subsidiaries.

4.12 No Conflict, Breach, Violation or Default. Subject to the filing of the Certificate of Designation with the State of Delaware, the execution, delivery and performance of the Transaction Documents by the Company and the issuance and sale of the Securities will not (a) conflict with or result in a breach or violation of (i) any of the terms and provisions of, or constitute a default under the Company's Amended and Restated Certificate of Incorporation or the Company's Bylaws both as in effect on the date hereof (true and complete copies of which have been made available to the Investors through the EDGAR system), or (ii) any statute, rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Company, any Subsidiary or any of their respective assets or properties, except those which have not had and would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, or (b) conflict in any material respect with, or constitute a material default (or an event that with notice or lapse of time or both would become a default in any material respect) under any Material Contract.

4.13 Tax Matters. Except as would not, individually or in the aggregate, be material to the Company and its Subsidiaries, taken as a whole, the Company and each of its Subsidiaries has timely filed (or timely filed for an extension for) all tax returns required to have been filed by the Company or such Subsidiary with all appropriate governmental agencies and timely paid all taxes shown thereon or otherwise owed by it, other than taxes being contested in good faith and for which adequate reserves have been made on the Company's financial statements included in the SEC Filings. The charges, accruals and reserves on the books of the Company in respect of taxes for all fiscal periods are adequate in all material respects, and there are no material unpaid assessments against the Company or any Subsidiary nor, to the Company's Knowledge, any basis for the assessment of any additional taxes, penalties or interest for any fiscal period or audit by any federal, state or local taxing authority except for any assessment which is not material to the Company and its Subsidiaries, taken as a whole. Except as would not, individually or in the aggregate be material to the Company and its Subsidiaries, taken as a whole, all taxes and other assessments and levies that the Company or any Subsidiary is required to withhold or to collect for payment have been duly withheld and collected and paid to the proper governmental entity or third party when due, other than taxes being contested in good faith and for which adequate reserves have been made on the Company's financial statements included in the SEC Filings. There are no tax liens or claims pending or, to the Company's Knowledge, threatened against the Company or any Subsidiary or any of their respective assets or property. There are no outstanding tax sharing agreements or other such arrangements between the Company and any Subsidiary or other corporation or entity.

4.14 Title to Properties. The Company and each of its Subsidiaries has good and marketable title to all real properties and good and valid title to all other properties and assets owned by them, in each case free from liens, encumbrances and defects that would materially affect the value thereof or materially interfere with the use made or currently planned to be made thereof by them; and the Company and each of its Subsidiaries holds any leased real or personal property under valid and enforceable leases with no exceptions that would materially interfere with the use made or currently planned to be made thereof by them.

4.15 Permits. The Company and each of its Subsidiaries possess adequate certificates, authorities or permits issued by appropriate governmental agencies or bodies necessary to conduct the business now operated by it (the "**Permits**"), except where such failure has not had and would not reasonably be expected to have a material effect on the Company and its Subsidiaries, taken as a whole, and such Permits are in full force and effect. The Company and each of its Subsidiaries is in compliance with each of its Permits in all material respects and no material violations are or have been recorded in respect of any Permits. Neither the Company nor any of its Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such Permit that, if determined adversely to the Company or such Subsidiary, would reasonably be expected to have a material effect on the Company and its Subsidiaries, taken as a whole.

4.16 Material Contracts. Neither the Company nor any of its Subsidiaries is in default under or in violation or breach of any Material Contract to which any of them is a party and, to the Company's Knowledge, no third party defaults exist thereunder, except as would not, individually or in the aggregate, be material to the Company and its Subsidiaries, taken as a whole.

4.17 Intellectual Property.

(a) All Intellectual Property owned by the Company and its Subsidiaries which has been registered with a governmental authority and which is necessary for the operation of the business as currently conducted is currently in material compliance with all legal requirements (including timely filings, proofs and payments of fees) and, to the Company's Knowledge, is valid and enforceable. No

Intellectual Property owned by the Company or its Subsidiaries which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted has been or is now subject to any cancellation proceeding, or material dispute or litigation seeking to cancel or limit, or terminate the Company's or its Subsidiaries' ownership interest in, such Intellectual Property, and, to the Company's Knowledge, no such action is threatened. No patent owned by the Company or its Subsidiaries has been or is now subject to any interference, reissue, re-examination or opposition proceeding.

(b) All of the licenses and sublicenses and consent, royalty or other agreements concerning Intellectual Property which are necessary for the conduct of the Company's and each of its Subsidiaries' respective businesses as currently conducted to which the Company or any Subsidiary is a party (other than generally commercially available, non-custom, off-the-shelf software application programs having a retail acquisition price of less than $10,000 per license) (collectively, "**License Agreements**") are binding obligations of the Company or its Subsidiaries that are parties thereto and, to the Company's Knowledge, the other parties thereto, and, to the Company's Knowledge, are valid and enforceable in accordance with their terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights generally, and no event has occurred and, to the Company's Knowledge, no condition currently exists which will result in a material violation or breach of or constitute (with or without due notice or lapse of time or both) a material default by the Company or any of its Subsidiaries under any such License Agreement.

(c) To the Company's Knowledge, the Company and its Subsidiaries own or have the valid right to use all of the Intellectual Property that is necessary for the conduct of the Company's and each of its Subsidiaries' respective businesses as currently conducted. To the Company's Knowledge, the Company and its Subsidiaries have a valid and enforceable right to use all third party Intellectual Property and Confidential Information used in the respective businesses of the Company and its Subsidiaries.

(d) To the Company's Knowledge, the conduct of the Company's and its Subsidiaries' respective businesses as currently conducted do not infringe or otherwise impair or conflict with (collectively, "**Infringe**") any Intellectual Property rights of any third party or any confidentiality obligation owed to a third party, and, to the Company's Knowledge, the Intellectual Property and Confidential Information owned by the Company and its Subsidiaries which are necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted are not being Infringed by any third party. Except as disclosed on Schedule 4.17, there is no litigation or order against the Company or its Subsidiaries that is pending or outstanding or, to the Company's Knowledge, threatened, that seeks to limit or challenge, or that concerns the ownership, use, validity or enforceability of, any Intellectual Property or Confidential Information owned by the Company and its Subsidiaries, or that seeks to limit or challenge the Company's and its Subsidiaries' use of any Intellectual Property or Confidential Information owned by a third party, and, to the Company's Knowledge, there is no valid basis for the same.

(e) The consummation of the transactions contemplated hereby and by the other Transaction Documents will not result in a material alteration, loss, impairment of or restriction on the Company's or any of its Subsidiaries' ownership or right to use any of the Intellectual Property or Confidential Information which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted.

(f) The Company and its Subsidiaries have taken reasonable steps to protect the Company's and its Subsidiaries' rights in their Intellectual Property and Confidential Information. Each employee, consultant and contractor who has had access to Confidential Information which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted has executed an agreement or are otherwise subject to duties of confidentiality to maintain the confidentiality of such Confidential Information. Except under confidentiality obligations, to the Company's Knowledge, there has been no material disclosure of any of the Company's or its Subsidiaries' material Confidential Information to any third party. The Company and each of its Subsidiaries is in material compliance with all applicable laws regarding the collection, use and protection of personally identifiable information and with the Company's and its Subsidiaries' privacy policies.

4.18 Employment Matters. Except as disclosed on Schedule 4.18(i), no material labor dispute exists or, to the Company's Knowledge, is imminent with respect to any of the employees of the Company which would have or would reasonably be expected to result in a Material Adverse Effect. None of the Company's or any Subsidiary's employees is a member of a labor union that relates to such employee's relationship with the Company, and neither the Company nor any of its Subsidiaries is or, in the last five (5) years, has been a party to a collective bargaining agreement nor is any such agreement currently being negotiated (nor is the Company or any of its Subsidiaries currently obligated to negotiate). The Company and each of its Subsidiaries believe that its relations with its employees are generally good and no union organizing activities are taking place. Except as disclosed on Schedule 4.18(ii), no executive officer of the Company (as defined in Rule 405 of the Securities Act) has notified the Company or any of its Subsidiaries that such officer intends to leave the Company or any such Subsidiary or otherwise terminate such officer's employment with the Company or any such Subsidiary within the next six (6) months. To the Company's Knowledge, no executive officer or key employee is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any restrictive covenant in favor of any third party which would have or would reasonably be expected to result in a Material Adverse Effect, and to the Company's Knowledge, the continued employment of each such executive officer or key employee does not subject the Company or any Subsidiary to any liability with respect to any of the foregoing matters, except, in each case, compensation for services rendered and other matters that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole. The Company believes that, except as would not have or not reasonably be expected to have a Material Adverse Effect, it is in compliance with all U.S. federal, state, local and foreign laws and regulations relating to labor, employment and employment practices and benefits, terms and conditions of employment, employee classification, and wages and hours, tax withholding and reporting, prohibited discrimination, pay equity, equal employment, fair employment practices, safety and health, advance notice for termination of employment including the Worker Adjustment and Retraining Notification Act of 1988, as amended, and similar state laws and immigration status.

4.19 Employee Benefit Plans.

(a) Neither the Company nor any Subsidiary nor any other entity which, together with the Company or any Subsidiary would be treated as a single employer under Section 4001 of ERISA or Section 414 of the Code maintains or contributes to, or has within the preceding six (6) years maintained or contributed to, or has any liability with respect to, any Plan subject to Title IV of ERISA or Section 412 of the Code. Except as would not be material to the Company and its Subsidiaries, taken as a whole: (i) each Plan (and related trust, insurance contract or fund) has been established and administered in all material respects in accordance with its terms, and complies in all material respects in form and in operation with the applicable requirements of ERISA and the Code and all other applicable laws; and (ii)

all contributions (including all employer contributions and employee salary reduction contributions) which are due have been paid to each Plan.

(b) Except as would not be material to the Company and its Subsidiaries, taken as a whole, each Plan that is intended to be qualified under Section 401(a) of the Code is so qualified and has received a favorable determination letter from the Internal Revenue Service that the form of the Plan satisfies Section 401(a) of the Code and no circumstance, fact or event has occurred or exists that is reasonably likely to adversely affect the qualified status of any such Plan.

(c) Neither the execution of this Agreement and each of the other Transaction Documents nor the consummation of the transactions contemplated by the foregoing will either alone or in combination with another event result in (i) severance pay or any increase in severance pay upon any termination of employment after the date of this Agreement, (ii) any payment, compensation or benefit becoming due to any current or former employee, director, consultant or independent contractor of the Company or any Subsidiary; (iii) acceleration of the time of the payment or vesting of, or increase in the amount of, compensation due to any current or former employee, director, consultant or independent contractor of the Company or any of its Subsidiaries; (iv) any material obligation pursuant to any of the Plans; or (v) the payment of any amount that, individually or in combination with any other such payment, right, or benefit constitutes an "excess parachute payment," as defined in Section 280G(b)(1) of the Code.

(d) With respect to any material Plan or exclusion therefrom with respect to any independent contractor, (i) no actions, liens, lawsuits, claims, proceedings or investigations or complaints (other than routine claims for benefits) are pending or, to the Company's Knowledge, threatened, (ii) to the Company's Knowledge, no facts or circumstances exist that give rise to any such actions, suits or claims, proceedings or investigations that would reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, and (iii) no administrative investigation, audit or other administrative proceeding by the Department of Labor, the Pension Benefit Guarantee Corporation, the Internal Revenue Service or any other governmental authority is pending, in progress, or to the Company's Knowledge, threatened.

(e) Neither the Company nor any Subsidiary has any liability, whether absolute or contingent, including any obligations under any Plan, with respect to any misclassification of any person as an independent contractor rather than as an employee or with respect to any current or former employee classified as exempt from overtime wages, which would be material to the Company and its Subsidiaries, taken as a whole.

(f) All Plans subject to Section 409A of the Code or similar law have been operated and administered in all material respects in compliance with Section 409A of the Code or similar law.

(g) Schedule 4.19(g) contains a true, correct and complete list of each Plan.

4.20 Environmental Matters. To the Company's Knowledge, none of the Company or any of its Subsidiaries (a) is in violation of any statute, rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "**Environmental Laws**"), (b) owns or operates any real property contaminated with any substance that is in violation of any Environmental Laws, (c) is liable for any off-site disposal or contamination pursuant to any Environmental Laws, or (d) is subject to any claim relating to any Environmental Laws; which violation, contamination, liability or claim has had or would

reasonably be expected to have, individually or in the aggregate, a material effect on the Company and its Subsidiaries, taken as a whole; and there is no pending investigation or, to the Company's Knowledge, investigation threatened in writing that might lead to such a claim.

4.21 Litigation. There is no action, suit, proceeding or investigation pending or, to the Company's Knowledge, currently threatened against the Company or its Subsidiaries, as the case may be, that questions the validity of this Agreement, the Securities or the right of the Company to enter into the Transaction Documents, or to consummate the transactions contemplated hereby or thereby, or that would reasonably be expected to have, individually or in the aggregate, a material effect on the Company and its Subsidiaries, taken as a whole. No judgment, injunction or order of any nature has been issued by any court of other governmental authority against the Company purporting to enjoin or restrain the execution, delivery or performance of this Agreement, the Transaction Documents or the transaction contemplated hereby or thereby.

4.22 Insurance Coverage. The Company and each of its Subsidiaries maintains in full force and effect insurance coverage that is customary for comparably situated companies for the business being conducted and properties owned or leased by the Company and each of its Subsidiaries. Neither the Company nor any of its Subsidiaries has been refused any insurance coverage sought or applied for and neither the Company nor any of its Subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not reasonably be expected to have a Material Adverse Effect.

4.23 Brokers and Finders. No Person will have, as a result of the transactions contemplated by the Transaction Documents, any valid right, interest or claim against or upon the Company, any Subsidiary or an Investor for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of the Company.

4.24 No Directed Selling Efforts or General Solicitation. Neither the Company nor any Person acting on its behalf has conducted any general solicitation or general advertising (as those terms are used in Regulation D) in connection with the offer or sale of any of the Securities.

4.25 Private Placement. Assuming the accuracy of the representations and warranties of the Investors in Section 5 hereof, the offer and sale of the Securities to the Investors as contemplated hereby is exempt from the registration requirements of the Securities Act.

4.26 No Integrated Offering. Neither the Company nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any Company security or solicited any offers to buy any security, under circumstances that would adversely affect reliance by the Company on Section 4(2) for the exemption from registration of the transactions contemplated hereby or that would require registration of the Securities under the Securities Act.

4.27 Regulation M Compliance. The Company has not, and to the Company's Knowledge no one acting on its behalf has, (a) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, (b) sold, bid for, purchased or paid any compensation for soliciting purchases of, any of the Securities in violation of Regulation M under the Exchange Act, or (c) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company.

4.28 Questionable Payments. Neither the Company nor any of its Subsidiaries nor, to the Company's Knowledge, any of their respective current or former stockholders, directors, officers, employees, agents or other Persons acting on behalf of the Company or any Subsidiary, has on behalf of the Company or any Subsidiary or in connection with their respective businesses: (a) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (b) made any direct or indirect unlawful payments to any governmental officials or employees from corporate funds; (c) established or maintained any unlawful or unrecorded fund of corporate monies or other assets; (d) made any false or fictitious entries on the books and records of the Company or any Subsidiary; (e) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment of any nature; or (f) violated in any material respect any provision of the U.S. Foreign Corrupt Practices Act of 1977.

4.29 Transactions with Affiliates and Employees. None of the executive officers or directors of the Company and, to the Company's Knowledge, none of the employees of the Company is presently a party to any transaction with the Company (other than for services as employees, officers and directors) that would be required to be disclosed pursuant to Item 404 of Regulation S-K promulgated under the Securities Act.

4.30 Investment Company. The Company is not an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for an investment company, within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations of the SEC promulgated thereunder.

4.31 Material Changes; Undisclosed Events, Liabilities or Developments. Since the date of the last financial statements included in the SEC Filings, except as specifically disclosed in a subsequent SEC Filing filed prior to the date hereof: (a) there has been no Material Adverse Effect; (b) neither the Company nor any of its Subsidiaries has incurred any material liabilities or obligations of any nature (contingent or otherwise) other than (i) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (ii) liabilities not required to be reflected in the Company's consolidated financial statements pursuant to GAAP or required to be disclosed in filings made with the SEC; (c) neither the Company nor any of its Subsidiaries has altered materially its method of accounting or the identity of its auditors; (d) neither the Company nor any of its Subsidiaries has declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock; (e) neither the Company nor any of its Subsidiaries has issued any securities to any officer, director or Affiliate, except pursuant to its existing stock plans or executive and director compensation arrangements disclosed in the SEC Filings; and (f) neither the Company nor any of its Subsidiaries has sold any material assets. Neither the Company nor any of its Subsidiaries has taken any steps to seek protection pursuant to any bankruptcy law nor, to the Company's Knowledge, does it have any reason to believe that its creditors intend to initiate involuntary bankruptcy proceedings or any knowledge of any fact which would reasonably lead a creditor to do so. Neither the Company nor any of its Subsidiaries intends to incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be payable on or in respect of its debt). Neither the Company nor any of its Subsidiaries is and, after giving effect to the transactions contemplated hereby and by the other Transaction Documents, will be insolvent. The Company does not have pending before the SEC any request for confidential treatment of information. Except for the transactions contemplated by the Transaction Documents, no event, liability, development or circumstance has occurred or exists, or is contemplated to occur or may occur, with respect to the Company or any of its Subsidiaries or their respective business, properties, prospects, operations or financial condition, that would be required to be disclosed by the Company under applicable securities

laws at the time this representation is made that has not been publicly disclosed one (1) Business Day prior to the date that this representation is made.

4.32 U.S. Real Property Holding Corporation. None of the Company or any of its Subsidiaries is, nor has it ever been, a U.S. real property holding corporation within the meaning of Section 897 of the Code.

4.33 Application of Takeover Protections.

(a) The Company and its Board of Directors has taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's Amended and Restated Certificate of Incorporation (or other governing documents) or laws (including any "fair price," "moratorium," "control share acquisition" or other similar anti-takeover statute or regulations enacted under federal or state laws) that are or could become applicable to any Investor as a result of the transactions contemplated by this Agreement, including the Company's issuance of the Common Shares, the Warrant Shares and the Conversion Shares and any Investor's ownership of the Securities. The Company has not adopted a stockholder rights plan or similar arrangement relating to accumulations of beneficial ownership of Common Stock or a change in control of the Company.

(b) Without limiting the generality of the foregoing representations and warranties contained in this Section 4.33, the Board of Directors of the Company has adopted resolutions approving the transactions contemplated hereby and the Transaction Documents for purposes of Section 203(a)(i) of the Delaware General Corporations Law (the "**DGCL**") in order to provide that the restrictions on "business combinations" set forth and defined therein shall not apply to the Company or the Investors as a result of the consummation of such transactions. As a result of the adoption of such resolutions by the Board of Directors of the Company, no Investor shall be deemed an "interested stockholder" for purposes of Section 203 of the DGCL as a result of the consummation of the transactions contemplated by the Transaction Documents.

4.34 Disclosure. All disclosure provided to the Investors regarding each of the Company and its Subsidiaries, its business and properties, and the transactions contemplated hereby, furnished by or on behalf of the Company is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, taken as a whole and in the light of the circumstances under which they were made, not materially misleading.

5. Representations and Warranties of the Investors. Each of the Investors hereby severally, and not jointly, represents and warrants as of the date hereof and as of the Closing Date to the Company as follows:

5.1 Organization and Existence. Such Investor, if such Investor is an entity, is a validly existing corporation, limited partnership or limited liability company and has all requisite corporate, partnership or limited liability company power and authority, and if such Investor is a natural person, all requisite power and authority, to invest in the Securities pursuant to this Agreement.

5.2 Authorization. The execution, delivery and performance by such Investor of the Transaction Documents to which such Investor is a party have been duly authorized by all necessary corporate action or, if such Investor is not a corporation, such partnership, limited liability company or other applicable like action, on the part of such Investor. Each of the Transaction Documents to which it

is a party has been (or upon delivery will have been) duly executed by such Investor and is, or when delivered in accordance with the terms hereof, will constitute a legal, valid and binding obligation of the Investor enforceable against the Investor in accordance with its terms, except as may be limited by: (a) applicable bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights generally; (b) applicable United States federal or state securities laws limits on indemnification; and (c) the effect of rules of law governing the availability of equitable remedies.

5.3 Purchase Entirely for Own Account. The Securities to be received by such Investor hereunder will be acquired for such Investor's own account, not as nominee or agent, and not with a view to the resale or distribution of any part thereof in violation of the Securities Act, and such Investor has no intention of selling, granting any participation in, or otherwise distributing the same in violation of the Securities Act. Neither such Investor nor any Affiliate of such Investor is a broker-dealer registered with the SEC under the Exchange Act or an entity engaged in a business that would require it to be so registered.

5.4 Investment Experience. Such Investor understands that the purchase of the Securities involves substantial risk and acknowledges that it can bear the economic risk and complete loss of its investment in the Securities and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment contemplated hereby.

5.5 Disclosure of Information. Prior to the time of purchase of any Securities, such Investor received a copy of this Agreement. Such Investor has reviewed this Agreement, and has had the opportunity to ask questions and receive any additional information from persons acting on behalf of the Company to verify such Investor's understanding of the terms thereof and of the Company's business and status thereof. Such Investor acknowledges that no officer, director, attorney, broker–dealer, placement agent, finder or other person affiliated with the Company has given such Investor any information or made any representations, oral or written, other than as expressly provided in this Agreement, on which the Investor has relied upon in deciding to invest in the Securities. The foregoing, however, does not limit or modify the representations and warranties of the Company in Section 4 of this Agreement or the right of such Investor to rely thereon. Such Investor acknowledges and agrees that this Agreement contains all representations and warranties made by the Company to the Investor in connection with the offering, sale and purchase of the Securities.

5.6 Restricted Securities. Such Investor understands that the Securities are characterized as "restricted securities" under the U.S. federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Securities Act only in certain limited circumstances.

5.7 Accredited Investor. At the time such Investor was offered the Shares and Warrants, it was, and at the date hereof it is, and on the Closing Date and on each date on which it exercises the Warrants it will be, an "accredited investor" as defined in Rule 501(a) under the Securities Act.

5.8 No General Solicitation. Such Investor did not learn of the investment in the Securities as a result of any general solicitation or general advertising.

5.9 Consultation With Own Attorney. Such Investor has been advised to consult with its own attorney and other financial and tax advisers regarding all legal matters concerning an investment in the

Company and the tax consequences of purchasing the Securities, and has done so, to the extent such Investor considers necessary.

5.10 Brokers and Finders. No Person will have, as a result of the transactions contemplated by the Transaction Documents, any valid right, interest or claim against or upon the Company, any Subsidiary or an Investor for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of such Investor.

5.11 Certain Trading Activities. Such Investor has not, directly or indirectly, nor has any Person acting on behalf of or pursuant to any understanding with such Investor which (a) had knowledge of the transactions contemplated hereby, (b) has or shares discretion relating to the Investor's investments and trading or information concerning the Investor's investments or (c) is subject to the Investor's review or input concerning the Investor's investments or trading, engaged in any sale or purchase in the securities of the Company (including, without limitation, any Short Sales involving the Company's securities) since the time that the Investor was first contacted by the Company regarding the investment in the Company contemplated herein through the date hereof and the Closing Date. "**Short Sales**" include, without limitation, all "short sales" as defined in Rule 200 promulgated under Regulation SHO under the Exchange Act and all types of direct and indirect stock pledges, forward sale contracts, options, puts, calls, swaps and similar arrangements (including on a total return basis), and sales and other transactions through non-U.S. broker dealers or foreign regulated brokers.

5.12 No Governmental Review. Such Investor understands that no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Securities or the fairness or suitability of the investment in the Securities nor have such authorities passed upon or endorsed the merits of the offering of the Securities.

5.13 Residence. Such Investor's residence (if an individual) or office in which its investment decision with respect to the Securities was made (if an entity) is located at the address immediately below such Investor's name on its signature page hereto.

5.14 Regulation M Compliance. Such Investor is aware that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of Common Stock and other activities with respect to the Common Stock by the Investors, and agrees to comply with such rules.

6. Other Agreements of the Parties.

6.1 Transfer Restrictions.

(a) Compliance with Laws. Notwithstanding any other provision of this Section 6, each Investor, severally but not jointly, covenants and agrees that the Securities may be disposed of only pursuant to an effective registration statement under, and in compliance with the requirements of, the Securities Act, or pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and in compliance with any applicable state and federal securities laws. In connection with any transfer of the Securities other than (i) pursuant to an effective registration statement, (ii) to the Company, or (iii) pursuant to Rule 144 (provided that such Investor provides the Company with reasonable assurances (in the form of seller and, if applicable, broker representation letters) that the Securities may be sold pursuant to such rule), the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably

satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act.

(b) Legends. Certificates evidencing the Securities shall bear any legend as required by the "blue sky" laws of any state and restrictive legends in substantially the following form, until such time as they are not required under Section 6.1(c):

[NEITHER THESE SECURITIES NOR THE SECURITIES ISSUABLE UPON EXERCISE OF THESE SECURITIES HAVE BEEN REGISTERED] [THESE SECURITIES HAVE NOT BEEN REGISTERED] UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OR (B) AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OR BLUE SKY LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY AND ITS TRANSFER AGENT OR (II) UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT.

THE TRANSFER OF ALL OR ANY PORTION OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE OR INSTRUMENT IS SUBJECT TO THE RESTRICTIONS AND CONDITIONS SPECIFIED IN AN INVESTORS' RIGHTS AGREEMENT AMONG THE ISSUER AND THE INITIAL PURCHASER. ANY TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE OR INSTRUMENT THAT IS NOT MADE IN COMPLIANCE WITH THE RESTRICTIONS AND CONDITIONS SET FORTH IN THE INVESTORS' RIGHTS AGREEMENT AMONG THE ISSUER AND THE INITIAL PURCHASER SHALL BE ABSOLUTELY VOID AB INITIO. A COPY OF SUCH INVESTORS' RIGHTS AGREEMENT WILL BE FURNISHED WITHOUT CHARGE BY THE ISSUER TO THE HOLDER HEREOF UPON WRITTEN REQUEST.

(c) Removal of Legends. In connection with any sale or disposition of the Securities by an Investor pursuant to Rule 144 or pursuant to any other exemption under the Securities Act such that the purchaser acquires freely tradable shares and upon compliance by the Investor with the requirements of this Agreement, the Company shall or, in the case of Common Stock, shall cause the transfer agent for the Common Stock (the "**Transfer Agent**") to, issue replacement certificates representing the Securities sold or disposed of without restrictive legends. Provided that the Lockup Period (as defined in the Investors' Rights Agreement) has expired, upon the earlier of (i) registration for resale pursuant to the Investors' Rights Agreement or (ii) the Shares becoming freely tradable by a non-affiliate pursuant to Rule 144 the Company shall (A) deliver to the Transfer Agent irrevocable instructions that the Transfer Agent shall reissue a certificate representing shares of Common Stock without legends upon receipt by such Transfer Agent of the legended certificates for such shares, together with either (1) a customary representation by the Investor that Rule 144 applies to the shares of Common Stock represented thereby or (2) a statement by the Investor that such Investor has sold the shares of Common Stock represented thereby in accordance with the Plan of Distribution contained in the Registration Statement, and (B) cause its counsel to deliver to the Transfer Agent one or more blanket opinions to the effect that the removal of such legends in such circumstances may be effected under the Securities Act. From and after the earlier of such dates, upon an Investor's written request, the Company shall promptly cause certificates evidencing the Investor's Securities to be replaced with certificates which do not bear such restrictive legends, and Conversion Shares subsequently issued upon due conversion of the Preferred Shares and Warrant Shares subsequently issued upon due exercise of the Warrants shall not bear such restrictive legends provided the provisions of either clause (i) or clause (ii) above, as applicable, are satisfied with

respect thereto. Certificates for Common Stock that are subject to legend removal hereunder may be transmitted by the Transfer Agent to an Investor by crediting the applicable balance account at the Depository Trust Company, as directed by such Investor.

6.2 Reservation of Common Stock. The Company shall, at all times following approval of the Proposals, reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of providing for the conversion of the Preferred Shares and the exercise of the Warrants, such number of shares of Common Stock as shall from time to time equal the number of shares sufficient to permit the conversion of the Preferred Shares and the exercise of the Warrants issued pursuant to this Agreement in accordance with their respective terms.

6.3 Proxy Statement; Stockholders Meeting.

(a) Promptly following the execution and delivery of this Agreement, the Company shall take all action necessary to call a meeting of its stockholders (the "**Stockholders Meeting**") for the purpose of seeking approval of the Company's stockholders for (i) an increase in the total number of authorized shares of Common Stock to 100,000,000 shares and (ii) the issuance and sale to the Investors of the Securities, including any change of control which may be deemed to occur in connection therewith (the "**Proposals**"). In the event that the Proposals are not approved by the Company's stockholders at the Stockholders Meeting, the Company shall take all action necessary to call one additional meeting of its stockholders (the "**Subsequent Stockholders Meeting**") for the purpose of seeking approval of the Proposals, to be held no more than one year after the Closing Date, to the extent reasonably practicable. In connection with the Stockholders Meeting and, if applicable, the Subsequent Stockholders Meeting, the Company will promptly prepare and file with the SEC proxy materials (including a proxy statement and form of proxy) for use at the Stockholders Meeting and, if applicable, the Subsequent Stockholders Meeting, and, after receiving and promptly responding to any comments of the SEC thereon, shall promptly mail such proxy materials (or, if permitted, notice of the availability of such proxy materials) to the stockholders of the Company. The Company will comply with Section 14(a) of the Exchange Act and the rules promulgated thereunder in relation to any proxy statement (as amended or supplemented, each a "**Proxy Statement**") and any form of proxy to be sent or made available to the stockholders of the Company in connection with the Stockholders Meeting or, if applicable, the Subsequent Stockholders Meeting, and each Proxy Statement shall not, on the date that such Proxy Statement (or any amendment thereof or supplement thereto) is first mailed or made available to stockholders or at the time of the Stockholders Meeting or the Subsequent Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein not false or misleading, or omit to state any material fact necessary to correct any statement in any earlier communication with respect to the solicitation of proxies for the Stockholders Meeting or the Subsequent Stockholders Meeting which has become false or misleading. Each Investor shall promptly furnish in writing to the Company such information relating to such Investor and its investment in the Company as the Company may reasonably request for inclusion in each Proxy Statement.

(b) Subject to its fiduciary obligations under applicable law (as determined in good faith by the Company's Board of Directors after consultation with the Company's outside counsel), the Company's Board of Directors shall recommend to the Company's stockholders that the stockholders vote in favor of the Proposals (the "**Company Board Recommendation**") at the Stockholders Meeting and, if applicable, the Subsequent Stockholders Meeting, and take all commercially reasonable action to solicit the approval of the stockholders for the Proposals unless the Board of Directors shall have modified, amended or withdrawn the Company Board Recommendation pursuant to the provisions of this Section 6.3(b). The Company covenants that the Board of Directors of the Company shall not modify, amend or withdraw the Company Board Recommendation unless the Board of Directors (after

consultation with the Company's outside counsel) shall determine in the good faith exercise of its business judgment that maintaining the Company Board Recommendation would be inconsistent with its fiduciary duties to the Company's stockholders. Whether or not the Company's Board of Directors modifies, amends or withdraws the Company Board Recommendation pursuant to the immediately preceding sentence, the Company shall in accordance with Section 146 of the DGCL and the provisions of its Amended and Restated Certificate of Incorporation and Bylaws, (i) take all action necessary to convene the Stockholders Meeting and, if necessary, the Subsequent Stockholders Meeting, to consider and vote upon the approval of the Proposals and (ii) submit the Proposals at the Stockholders Meeting or, if applicable, the Subsequent Stockholders Meeting to the stockholders of the Company for their approval.

6.4 Publicity. Except as otherwise contemplated hereby or as set forth below, no public release or announcement concerning the transactions contemplated hereby shall be issued by the Company or the Investors without the prior consent of the Company (in the case of a release or announcement by the Investors) or the Investors (in the case of a release or announcement by the Company), which consents shall not be unreasonably withheld, except as such release or announcement may be required by law or the applicable rules or regulations of any securities exchange or securities market, in which case the Company or the Investors, as the case may be, shall allow the Investors or the Company, as applicable, to the extent reasonably practicable in the circumstances, reasonable time to comment on such release or announcement in advance of such issuance. Each party agrees to consider the comments of the other parties reasonably and in good faith. No later than 8:30 a.m. (New York City time) on the trading day immediately following the Closing Date, the Company shall issue a press release disclosing the consummation of the transactions contemplated by this Agreement. No later than the fourth trading day following the Closing Date, the Company will file a Current Report on Form 8-K attaching the press release described in the foregoing sentence as well as copies of the Transaction Documents. In addition, the Company will make such other filings and notices in the manner and time required by the SEC or NASDAQ.

6.5 Equal Treatment of Investors. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of any of the Transaction Documents unless the same consideration is also offered to all of the parties to the Transaction Documents. For clarification purposes, this provision constitutes a separate right granted to each Investor by the Company and negotiated separately by each Investor, and is intended for the Company to treat the Investors as a class and shall not in any way be construed as the Investors acting in concert or as a group with respect to the purchase, disposition or voting of Securities or otherwise.

6.6 Use of Proceeds. The net proceeds of the sale of the Shares and the Warrants hereunder shall be used by the Company for working capital and general corporate purposes.

6.7 Listing of Securities. In the time and manner required by NASDAQ, the Company shall prepare and file with NASDAQ an additional shares listing application covering all of the Common Shares, Warrant Shares and Conversion Shares and shall use its reasonable best efforts to take all steps necessary to cause all of the Common Shares, Warrant Shares and Conversion Shares to be approved for listing as promptly as possible thereafter. The Company shall use its reasonable best efforts to maintain the listing of the Common Stock on The NASDAQ Global Select Market, including (a) taking all actions reasonably related to maintaining NASDAQ listing standards and (b) refraining from taking actions reasonably expected to cause the Company to not meet NASDAQ listing standards.

6.8 Form D. The Company agrees to timely file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof, promptly upon the written request of any Investor.

6.9 Tax Matters. The Company shall pay all Transfer Agent fees, stamp taxes and other taxes and duties levied in connection with the sale and issuance of the Securities to the Investors. Each Investor, severally and not jointly with any other Investor, shall be responsible for all other tax liability that may arise as a result of holding or transferring the Securities by it.

6.10 Certain Interim Covenants. From the date of this Agreement until the Closing Date, the Company shall, and shall cause each of its Subsidiaries to, conduct its business and operations in the ordinary course, consistent with past practice, and use its commercially reasonable efforts to (i) preserve intact its present business organization, (ii) maintain in effect all material Permits, (iii) keep available the services of its directors, officers and other key personnel and (iv) maintain satisfactory relationships with customers, suppliers, lenders and other Persons with whom it has a material business relationship. Without limiting the generality of the foregoing, except as expressly contemplated by this Agreement or any other Transaction Document, unless consented to in writing by the Required Investors, the Company shall not and shall cause each of its Subsidiaries not to:

(a) except as specifically contemplated by the Transaction Documents, amend its Amended and Restated Certificate of Incorporation or Bylaws (whether by merger, consolidation or otherwise) or take any action that would require a vote of the holders of its Common Stock;

(b)(i) split, combine or reclassify, (ii) declare, set aside or pay any dividend or other distribution in respect of, (iii) redeem, repurchase or otherwise acquire (except as may be required by any agreement with employees, officers, directors or consultants of the Company in effect on the date hereof upon termination of their employment or services), (iv) issue, deliver or sell (excluding issuances of options to purchase the Company's Common Stock to employees in the ordinary course of business in a manner consistent with past practice or shares of Common Stock pursuant to the exercise of stock options or warrants of the Company outstanding as of the date hereof), or (v) amend any term or provision of any agreement, instrument or other document governing, in each case, any Equity Securities;

(c) create, incur, assume or permit to exist any Indebtedness in excess of $10,000,000 in the aggregate;

(d) change any methods of accounting, excepted as required by GAAP and as agreed to by the independent public accounts of the Company; or

(e) agree, or commit or offer to do any of the foregoing.

7. Conditions to Closing.

7.1 Conditions to the Investors' Obligations. The obligation of each Investor to purchase the Shares and the Warrants at the Closing is subject to the satisfaction, on or prior to the Closing Date, of the following conditions, any of which may be waived by such Investor (as to itself only):

(a) The representations and warranties of the Company contained in Section 4 shall be true and correct in all material respects (other than representations and warranties which are already qualified as to materiality, which shall be true and correct in all respects) as of the date when made and as

of the Closing Date, as though made on and as of such date, except for such representations and warranties that speak as of a specific date, which shall be true and correct as of such specified date.

(b) The Company shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by it at or prior to the Closing Date.

(c) The Company shall have delivered a certificate, executed on behalf of the Company by its Chief Executive Officer or its Chief Financial Officer, dated as of the Closing Date, certifying to the fulfillment of the conditions specified in subsections (a) and (b) of this Section 7.1.

(d) The Company shall have delivered a certificate, executed on behalf of the Company by its Secretary, dated as of the Closing Date, in substantially the form attached hereto as Exhibit D.

(e) The Company shall have delivered a certificate or certificates to Paul, Weiss, Rifkind, Wharton & Garrison LLP registered in such name or names as the Investors may designate, representing the Preferred Shares and Warrants.

(f) The Company shall have obtained the consents, permits, approvals, registrations and waivers listed on Schedule 7.1 of the Disclosure Schedules, all of which shall be in full force and effect.

(g) The Company shall have executed and delivered the Investors' Rights Agreement.

(h) The Investors shall have received an opinion of Paul Hastings LLP, dated as of the Closing Date, relating to the transactions contemplated by or referred to herein, substantially in the form attached hereto as Exhibit E.

(i) The Certificate of Designation shall have been filed with the Secretary of State of the State of Delaware and shall be effective.

(j) Since the date of execution of this Agreement, no event or series of events shall have occurred that has had or would reasonably be expected to have a Material Adverse Effect.

(k) No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Transaction Documents.

7.2 Conditions to Obligations of the Company. The Company's obligation to sell and issue the Shares and the Warrants at the Closing is subject to the satisfaction on or prior to the Closing Date of the following conditions, any of which may be waived by the Company:

(a) The representations and warranties of the Investors contained in Section 5 shall be true and correct in all respects as of the date when made and as of the Closing Date, as though made on and as of such date.

(b) The Investors shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by them at or prior to the Closing.

(c) The Company shall have obtained the consents, permits, approvals, registrations and waivers listed on Schedule 7.1 of the Disclosure Schedules, all of which shall be in full force and effect.

(d) The Investors shall have executed and delivered the Investors' Rights Agreement.

(e) The Certificate of Designation shall have been filed with the Secretary of State of the State of Delaware and shall be effective.

(f) The Investors shall have delivered the Closing Consideration to the Company in United States dollars and in immediately available funds in accordance with the provisions of Section 3.

(g) The Investors shall have executed and delivered that certain stock transfer side letter, in such form as shall be reasonably acceptable to the Company.

(h) No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Transaction Documents.

7.3 Termination of Obligations to Effect Closing; Effects.

(a) The obligations of the Company, on the one hand, and the Investors, on the other hand, to effect the Closing shall terminate as follows:

(i) upon the mutual written consent of the Company and the Investors;

(ii) by the Company if any of the conditions set forth in Section 7.2 shall have become incapable of fulfillment, and shall not have been waived by the Company;

(iii) by an Investor (with respect to itself only) if any of the conditions set forth in Section 7.1 shall have become incapable of fulfillment, and shall not have been waived by the Investor;

(iv) by either the Company or any Investor (with respect to itself only) if the Closing has not occurred on or prior to September 10, 2014; or

(v) by either the Company or any Investor (with respect to itself only) if any governmental authority in the United States shall have been enacted, issued, promulgated, enforced or entered any judgment, injunction or similar order which is then in effect and is final and nonappealable and has the effect of making consummation of the transactions contemplated by the Transaction Documents illegal or otherwise preventing or prohibiting consummation of such transactions;

provided, however, that, except in the case of clauses (i) and (v) above, the party seeking to terminate its obligation to effect the Closing shall not then be in breach of any of its representations, warranties, covenants or agreements contained in this Agreement or the other Transaction Documents.

(b) In the event of a termination by the Company or any Investor of its obligations to effect the Closing pursuant to this Section 7.3, written notice thereof shall forthwith be given to the other Investors by the Company and the other Investors shall have the right to terminate their obligations to effect the Closing upon written notice to the Company and the other Investors.

(c) In the event of any termination of this Agreement as provided in this Section 7.3, this Agreement (other than this Section 7.3(c) and Section 9, which shall remain in full force and effect) shall forthwith become wholly void and of no further force and effect; *provided*, that nothing in this Section 7.3(c) shall be deemed to release any party from any liability for any breach by such party of the terms and provisions of this Agreement or the other Transaction Documents.

8. Survival and Indemnification.

8.1 Survival. The representations and warranties contained herein shall survive the Closing and the delivery of the Securities for a period of twelve (12) months; *provided, however,* that the representations and warranties of (a) the Company set forth in Sections 4.1, 4.2, 4.3 and 4.4 and (b) the Investors set forth in Section 5 shall survive indefinitely; and *provided* further that if notice of a claim for indemnification pursuant to Section 8.2 for breach of any representation or warranty is brought prior to the end of such period, then the obligation to indemnify in respect of such breach shall survive as to such claim, until such claim has been finally resolved. All of the covenants, agreements and obligations of the parties contained in this Agreement shall survive (a) until fully performed or fulfilled, unless noncompliance with such covenants, agreements or obligations is waived in writing by the party or parties entitled to such performance or (b) if not fully performed or fulfilled, until the expiration of the relevant statute of limitations.

8.2 Indemnification. The Company agrees to indemnify and hold harmless each Investor and its Affiliates and their respective directors, officers, trustees, members, managers, employees and agents, and their respective successors and assigns (each, an "**Investor Indemnified Party**"), from and against any and all losses, claims, damages, liabilities and expenses (including without limitation reasonable attorneys' fees and disbursements) to which such Person may become subject as a result of or arising out of (a) any breach of representation, warranty, covenant or agreement made by or to be performed on the part of the Company under the Transaction Documents or (b) any action, suit, claim, proceeding or investigation by any governmental authority, stockholder of the Company or any other Person (other than the Company or another Investor Indemnified Party) relating to this Agreement or the other Transaction Documents or the transactions contemplated hereby or thereby (other than any losses, claims, damages, liabilities and expenses attributable to the acts, errors or omissions on the part of such Investor), and in each case, will reimburse any such Person for all such amounts as they are incurred by such Person.

8.3 Conduct of Indemnification Proceedings. Any person entitled to indemnification hereunder shall (a) give prompt notice to the indemnifying party of any claim with respect to which it seeks indemnification and (b) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; *provided* that any person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such person unless (i) the indemnifying party has agreed to pay such fees or expenses, (ii) the indemnifying party shall have failed to assume the defense of such claim and employ counsel reasonably satisfactory to such

person or (iii) in the reasonable judgment of any such indemnified party, based upon written advice of its counsel, a conflict of interest exists between such person and the indemnifying party with respect to such claims (in which case, if the person notifies the indemnifying party in writing that such person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such person); 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, except to the extent that such failure to give notice shall materially adversely affect the indemnifying party in the defense of any such claim or litigation. It is understood that the indemnifying party shall not, in connection with any proceeding in the same jurisdiction, be liable for fees or expenses of more than one separate firm of attorneys at any time for all such indemnified parties. No indemnifying party will, except with the consent of the indemnified party, consent to entry of any judgment or enter into any settlement that 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 of such claim or litigation and, in the event an indemnified party controls the defense of any claim under this Section 8, such indemnified party may not settle such claim without the Company's prior written consent, which will not be unreasonably withheld. Notwithstanding anything in this Agreement to the contrary, the indemnifying party shall not be permitted to assume the defense of a claim if (x) such claim seeks remedies, in addition to or other than, monetary damages that are reasonably likely to be awarded, or (y) such claim involves a criminal proceeding.

8.4 Investigation. No investigation of the Company or any of its Subsidiaries by any Investor, whether prior to or after the date hereof, shall limit any Investor's exercise of any right hereunder or be deemed to be a waiver of any such right.

8.5 Purchase Price Adjustment. Any indemnification payments pursuant to this Section 8 shall be treated as an adjustment to the applicable Closing Consideration for U.S. federal income and applicable state and local tax purposes, unless a different treatment is required by applicable law.

9. Miscellaneous.

9.1 Successors and Assigns. This Agreement may not be assigned by a party hereto without the prior written consent of the Company or the Required Investors, as applicable; *provided, however*, that an Investor may assign its rights and delegate its duties hereunder in whole or in part to an Affiliate or to a third party acquiring some or all of its Securities in a transaction complying with applicable securities laws without the prior written consent of the Company or the other Investors if such transferee shall agree in writing to be bound, with respect to the transferred Securities, by the terms and conditions of this Agreement that apply to the "Investors". The provisions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties.

9.2 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except for Persons entitled to indemnification pursuant to the terms of Section 8.

9.3 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Investors and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations described in the foregoing sentence and hereby agree to waive in any action for specific performance of any such

obligation (other than in connection with any action for a temporary restraining order) the defense that a remedy at law would be adequate.

9.4 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

9.5 Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given as hereinafter described (a) if given by personal delivery, then such notice shall be deemed given upon such delivery, (b) if given by facsimile, then such notice shall be deemed given upon receipt of confirmation of complete transmittal, (c) if given by electronic mail during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (d) if given by mail, then such notice shall be deemed given upon the earlier of (i) receipt of such notice by the recipient or (ii) three days after such notice is deposited in first class mail, postage prepaid, and (e) if given by an internationally recognized overnight air courier, then such notice shall be deemed given one (1) Business Day after delivery to such carrier. All notices shall be addressed to the party to be notified at the address as follows, or at such other address as such party may designate by ten days' advance written notice to the other party:

If to the Company:

Novatel Wireless, Inc.
9645 Scranton Road
San Diego, California 92121
Attention: President and Chief Operating Officer
Fax: (858) 812-3402
E-mail: ssouissi@novatelwireless.com

With a copy to:

Paul Hastings LLP
4747 Executive Drive, 12th Floor
San Diego, California 92121
Attention: Carl Sanchez and Teri O'Brien
Fax: (858) 458-3131
E-mail: carlsanchez@paulhastings.com; teriobrien@paulhastings.com

If to the Investors:

to the addresses set forth on the signature pages hereto.

9.6 Expenses. The Company shall reimburse the Investors upon demand for all reasonable out-of-pocket expenses incurred by the Investors, including without limitation reimbursement of reasonable attorneys' fees and disbursements and accounting fees and disbursements, in connection with in connection with the negotiation, preparation, execution, delivery and performance of this Agreement; *provided, however,* that in the event that the Agreement is terminated pursuant to Section 7.3, the Company's obligation to reimburse the Investors for such expenses shall be limited to an aggregate amount equal to $150,000, and any expenses incurred by the Investors in excess of such amount shall be the responsibility of the Investors. The Company shall at all times be responsible for its own costs and expenses incurred in connection with the transactions contemplated hereby, including attorneys' fees and disbursements and accounting fees and disbursements. In the event that legal proceedings are

commenced by any party to this Agreement against another party to this Agreement in connection with this Agreement or the other Transaction Documents, the party or parties which do not prevail in such proceedings shall severally, but not jointly, pay their pro rata share of the reasonable attorneys' fees and other reasonable out-of-pocket costs and expenses incurred by the prevailing party in such proceedings.

9.7 Amendments and Waivers. No failure or delay on the part of the Company or any Investor in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Company or any Investor at law, in equity or otherwise. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Required Investors. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Securities purchased under this Agreement at the time outstanding, each future holder of all such Securities, and the Company.

9.8 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission, or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile signature page were an original thereof.

9.9 Severability. If any provision of this Agreement is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Agreement shall not in any way be affected or impaired thereby and the parties will attempt to agree upon a valid and enforceable provision that is a reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Agreement.

9.10 Entire Agreement. This Agreement, including the schedules and exhibits attached hereto, and the other Transaction Documents constitute the entire agreement among the parties hereof with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter hereof and thereof.

9.11 Further Assurances. The parties shall execute and deliver all such further instruments and documents and take all such other actions as may reasonably be required to carry out the transactions contemplated hereby and to evidence the fulfillment of the agreements herein contained.

9.12 Governing Law; Consent to Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York without regard to the choice of law principles thereof. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of New York located in New York County and the United States District Court for the Southern District of New York for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Agreement and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. Each of the parties hereto irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. Each party hereto irrevocably

waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. **EACH OF THE PARTIES HERETO WAIVES ANY RIGHT TO REQUEST A TRIAL BY JURY IN ANY LITIGATION WITH RESPECT TO THIS AGREEMENT AND REPRESENTS THAT COUNSEL HAS BEEN CONSULTED SPECIFICALLY AS TO THIS WAIVER.**

9.13 Independent Nature of Investors' Obligations and Rights. The obligations of each Investor under any Transaction Document are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the performance of the obligations of any other Investor under any Transaction Document. The decision of each Investor to purchase Securities pursuant to the Transaction Documents has been made by such Investor independently of any other Investor. Nothing contained herein or in any Transaction Document, and no action taken by any Investor pursuant thereto, shall be deemed to constitute the Investors as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Investors are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Investor acknowledges that no other Investor has acted as agent for such Investor in connection with making its investment hereunder and that no Investor will be acting as agent of such Investor in connection with monitoring its investment in the Securities or enforcing its rights under the Transaction Documents. Each Investor shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Investor to be joined as an additional party in any proceeding for such purpose. The Company acknowledges that each of the Investors has been provided with the same Transaction Documents for the purpose of closing a transaction with multiple Investors and not because it was required or requested to do so by any Investor.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Purchase Agreement or caused their duly authorized officers to execute this Purchase Agreement as of the date first above written.

The Company:

NOVATEL WIRELESS, INC.

By: /s/ Alex Mashinsky
Name: Alex Mashinsky
Title: Interim Chief Executive Officer

[SIGNATURE PAGE TO NOVATEL WIRELESS, INC. PURCHASE AGREEMENT]

The Investors:

HC2 HOLDINGS 2, INC., a Delaware corporation

By: /s/ Keith Hladek
Name: Keith Hladek
Title: Chief Operating Officer

Aggregate Purchase Price: $14,411,764.50

Number of Common Shares: 7,363,334

Number of Preferred Shares: 87,196

Number of Warrants: 4,117,647

Address: Andrea L. Mancuso
Acting General Counsel & Corporate Secretary
c/o HC2 Holdings, Inc.
460 Herndon Parkway, Suite 150
Herndon, VA 20170

Telephone: (703) 639-4797

E-mail: amancuso@HC2.com

with a copy to:

Address: Jeffrey D. Marell
Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064

Telephone: (212) 373-3105

Facsimile: (212) 492-0105

E-mail: jmarell@paulweiss.com

Exhibit 99.1

Novatel Wireless Announces Strategic Investment from HC2

SAN DIEGO — September 8, 2014 — Novatel Wireless, Inc. (NASDAQ: NVTL, the "Company"), a leading provider of Internet of Things, today announced that it has completed a transaction with HC2 Holdings 2, Inc. ("HC2"), a wholly owned subsidiary of HC2 Holdings, Inc. (HCHC), for a strategic investment in the Company. In exchange for a combination of common stock, warrants and convertible preferred stock, HC2 will invest up to an aggregate of approximately $23.7 million in the Company, comprised of an initial cash investment of approximately $14.4 million, which was funded today, and up to another $9.3 million if the warrants are exercised for cash. HC2's initial ownership stake in the outstanding common stock of the Company is approximately 17%. When and if the preferred stock is fully converted, HC2's ownership is expected to increase to approximately 18% and when and if both the preferred stock is fully converted and the warrants are fully exercised, HC2's ownership stake is expected to increase to approximately 25%, both percentages based on the Company's current outstanding shares. In connection with its investment, HC2 is also entitled to certain rights under an Investors' Rights Agreement with the Company, including Board observation rights and expected future appointments for Philip Falcone, HC2's Chairman, President & CEO, and Robert Pons, its Executive Vice President – Business Development, to the Novatel Wireless Board of Directors.

"I am very pleased to announce this agreement with HC2, which we believe validates our vision to transition our Company and MiFi portfolio of products into an ever increasing and exciting Internet of Things world," said Alex Mashinsky, CEO of Novatel Wireless. "HC2 has a strong track record of partnering with companies to help them accelerate their growth and realize their potential. We are excited about the opportunity to leverage their deep experience in wireless technology and telecommunications infrastructure to further Novatel Wireless' strategic and business success. We also expect our strengthened balance sheet to positively impact our supplier and customer relationships."

Philip Falcone, HC2's Chairman, President and Chief Executive Officer, stated, "We are pleased to have acquired a minority interest in Novatel Wireless, with its extensive experience in wireless technologies. We look forward to working with Alex and his management team on executing Novatel's business plan."

Upon the closing of this transaction, the Company issued to HC2 (a) 7,363,334 shares of its common stock at a price of $1.75 per share, (b) 5-year warrants to purchase an additional 4,117,647 shares of common stock at an exercise price of $2.26 per share and (c) 87,196 shares of Series C Convertible Preferred Stock at a price of $17.50 per share, with each share being convertible into 10 shares of the Company's common stock upon the satisfaction of certain conditions. Beginning on December 31, 2014, and continuing until such time as the Series C Preferred Stock is converted into common stock or redeemed by the Company, the Series C Preferred Stock will carry dividends at the rate of 12.5% per year.

ABOUT NOVATEL WIRELESS

Novatel Wireless, Inc. is a leader in the design and development of intelligent wireless solutions based on 2G, 3G and 4G technologies. The Company delivers specialized wireless solutions to carriers, distributors, retailers, OEMs and vertical markets worldwide. Product lines include MiFi® Intelligent Mobile Hotspots, Ovation™ USB modems, Expedite® embedded modules, Mobile Tracking Solutions, Asset Tracking Solutions, and Enabler smart M2M modules. These innovative products provide anywhere, anytime communications solutions for consumers and enterprises. Headquartered in San Diego, California, Novatel Wireless is listed on NASDAQ: NVTL. For more information please visit www.nvtl.com. (NVTLF)

ABOUT HC2 HOLDINGS, INC.

HC2 Holdings, Inc. operates as a holding company of operating subsidiaries primarily in the United States and the United Kingdom. HC2 Holdings, Inc. owns 70% of Schuff International, Inc., the largest steel fabrication and erection company in the United States. HC2 Holdings, Inc.'s indirectly wholly-owned subsidiary PTGi International Carrier Services, Inc. ("PTGi ICS") is one of the leading international wholesale service providers to fixed and mobile network operators worldwide. HC2 Holdings, Inc. owns a majority interest in ANG Holding, Inc., a premier retailer of compressed natural gas (CNG) motor fuel in the United States. HC2 Holdings, Inc.'s indirectly wholly owned subsidiary Genovel Orthopedics, Inc. is researching the development of innovative products to treat early osteoarthritis of the knee. Founded in 1994, HC2 Holdings, Inc. is headquartered in Herndon, Virginia. For more information, visit: www.HC2.com.

FORWARD LOOKING STATEMENTS

Certain statements in this press release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to a variety of matters, including, without limitation, statements regarding the anticipated exercise or conversion of the Company's convertible securities and the ownership stake of HC2 that is expected to result from any such exercise or conversion, the anticipated aggregate investment to be made by HC2, the Company's use of the proceeds from the transaction and other statements that are not purely statements of historical fact. These forward-looking statements can sometimes be identified by our use of terms such as "intend," "expect," "plan," "estimate," "future," "strive" and similar words. These forward-looking statements are made on the basis of the current beliefs, expectations and assumptions of the management of the Company and are subject to significant risks and uncertainty. Investors are cautioned not to place undue reliance on any such forward-looking statements. All such forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update or revise these statements, whether as a result of new information, future events or otherwise. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, these statements involve many risks and uncertainties that may cause actual results to differ materially from what may be expressed or implied in these forward-looking statements. For a further discussion of risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to the business of the Company in general, see the risk disclosures in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 and in subsequent reports on Forms 10-Q and 8-K and other filings made with the SEC by the Company.

Investor contact:

Novatel Wireless
The Blueshirt Group
David Niederman
415-489-2189
david@blueshirtgroup.com

HC2
ir@HC2.com