

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

In re NOVATEL WIRELESS SECURITIES ) Lead Case No.  
LITIGATION )  
 ) 08-CV-01689-AJB(RBB)  
This Document Relates To: )  
 ) CLASS ACTION  
ALL ACTIONS. )  
 )

**NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION**

TO: ALL PERSONS WHO PURCHASED THE COMMON STOCK OF NOVATEL WIRELESS, INC. ("NWI") BETWEEN FEBRUARY 27, 2007 AND SEPTEMBER 15, 2008, INCLUSIVE (THE "CLASS PERIOD")

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS ACTION. PLEASE NOTE THAT IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THIS FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM POSTMARKED ON OR BEFORE JUNE 30, 2014.

This Notice has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of California (the "Court"). The purpose of this Notice is to inform you of the settlement (the "Settlement") of this securities class action litigation (the "Action") and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement. The Settlement resolves the Class's claims asserted against all the Defendants. This Notice describes the rights you may have in connection with the Settlement and what steps you may take in relation to the Settlement and this class action litigation. The terms of the Settlement are set forth in the Stipulation of Settlement, dated January 31, 2014 (the "Stipulation"), which can be viewed and/or downloaded at [www.novatelwirelesssettlement.com](http://www.novatelwirelesssettlement.com).

The proposed Settlement creates a fund in the amount of Sixteen Million Dollars (\$16,000,000.00), which includes \$6 million in cash, \$5 million in NWI common stock, and a \$5 million Note, and will include interest that accrues on the fund and may reflect any fluctuations in the price of the common stock prior to distribution ("Settlement Fund"). Based on the information currently available to Lead Plaintiffs and the analysis performed by their damages consultant, it is estimated that if Class Members submit claims for 100% of the shares eligible for distribution, the estimated average distribution per share will be approximately \$0.26 before deduction of Court-approved fees and expenses. Historically, actual claims rates are less than 100%, which result in higher distributions per share. Your actual recovery from this fund will depend on a number of variables, including the number of claimants, the number of NWI shares you and they purchased, the number of NWI shares you and they sold, the expense of administering the claims process, and the timing of your purchases and sales, if any (see the Plan of Distribution below for a more detailed description of how the settlement proceeds will be allocated among Class Members).

Defendants have denied and continue to deny specifically each and all of the claims and contentions alleged in the Action. The issues on which the parties disagree include: (1) whether the statements made or facts allegedly omitted were false, material, or otherwise actionable under the federal securities laws; (2) the extent to which the various matters that Lead Plaintiffs alleged were materially false or misleading influenced (if at all) the trading price of NWI shares at various times during the Class Period; (3) the extent to which the various allegedly adverse material facts that Lead Plaintiffs alleged were omitted influenced (if at all) the trading price of NWI shares at various times during the Class Period; (4) the extent to which external factors, such as general market conditions, influenced the trading prices of NWI shares at various times during the Class Period; (5) the effect of various market forces influencing the trading price of NWI shares at various times during the Class Period; (6) the amount by which NWI shares were allegedly artificially inflated (if at all) during the Class Period; and (7) the appropriate economic model for determining the amount by which NWI shares were allegedly artificially inflated (if at all) during the Class Period. Lead Plaintiffs and Defendants do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiffs were to have prevailed on each claim asserted. Defendants deny that they have violated the federal securities laws or any laws.

Lead Plaintiffs believe that the Settlement is a very good recovery and is in the best interests of the Class. There were significant risks associated with proceeding to trial. If Lead Plaintiffs prevailed, they believe there was a risk that, given NWI's current level of available cash, the judgment would be uncollectible. If Defendants prevailed, the Class would receive nothing. In addition, the amount of damages recoverable by the Class was and is challenged by Defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law and, had the Action gone to trial, Defendants would likely assert that most or all of the losses of Class Members were caused by non-actionable market, industry, or general economic factors. Defendants would also assert that throughout the Class Period, the statements challenged by Lead Plaintiffs were not made with knowledge of their falsity.

Lead Counsel have not received any payment for their services in conducting this Action on behalf of Lead Plaintiffs and the members of the Class, nor have they been paid for their expenses. If the Settlement is approved by the Court, Lead Counsel will apply to the Court for attorneys' fees of 27.5% of the Settlement Fund plus expenses not to exceed \$1,800,000, both to be paid from the Settlement Fund. Lead Plaintiffs may also seek to be paid from the Settlement Fund for their

reasonable costs and expenses (including lost wages) directly relating to their representation of the Class. If the amounts requested by counsel are approved by the Court, the average cost per share would be approximately \$0.10.

This Notice is not an expression of any opinion by the Court about the merits of any of the claims or defenses asserted by any party in this Action or the fairness or adequacy of the proposed Settlement.

For further information regarding this Settlement you may contact: Rick Nelson, c/o Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, Telephone: 800/449-4900. Please do not call any representative of the Defendants or the Court.

## I. NOTICE OF HEARING ON PROPOSED SETTLEMENT

A hearing (the "Settlement Hearing") will be held on June 20, 2014, at 3:00 p.m., before the Honorable Anthony J. Battaglia, United States District Judge, at the United States District Court for the Southern District of California, Edward J. Schwartz U.S. Courthouse, 221 West Broadway, San Diego, CA 92101. The purpose of the Settlement Hearing will be to determine: (1) whether the Settlement consisting of Sixteen Million Dollars (\$16,000,000.00) plus accrued interest and/or stock appreciation should be approved as fair, reasonable, and adequate to the Class; (2) whether the proposed Plan of Distribution of the settlement proceeds (the "Plan of Distribution") is fair, reasonable, and adequate; (3) whether the application by Lead Counsel for an award of attorneys' fees and expenses should be approved; (4) whether to approve Lead Plaintiffs' request for their payment of expenses in representing the Class; and (5) whether the Action should be dismissed with prejudice. The Court may adjourn or continue the Settlement Hearing without further notice to the Class.

## II. DEFINITIONS USED IN THIS NOTICE

1. "Authorized Claimant" means any member of the Class who submits a timely and valid Proof of Claim and Release form and whose claim for recovery has been allowed pursuant to the terms of the Stipulation.
2. "Claims Administrator" means the firm of Gilardi & Co. LLC.
3. "Class" means all Persons who purchased NWI common stock between February 27, 2007 and September 15, 2008, inclusive, and were damaged thereby, as ordered by the Court in that Order dated May 12, 2010, and titled, in part, "Order Granting Motion to Certify Class" (Dkt. No. 180). Excluded from the Class are: Defendants, directors, and officers of NWI, and their families and affiliates. Also excluded from the Class are those Class Members who previously excluded themselves pursuant to the Notice of Pendency of Class Action that was provided to the Class pursuant to the Court's Order dated January 18, 2011 (Dkt. No. 264) and those Class Members who submit valid requests for exclusion pursuant to this Notice of Proposed Settlement of Class Action.
4. "Class Member" means a Person who falls within the definition of the Class as set forth in ¶3 above.
5. "Class Period" means the period between February 27, 2007 and September 15, 2008, inclusive.
6. "Defendants" means NWI, Peter V. Leparulo, George B. Weinert, Robert M. Hadley, Slim S. Souissi, and Catherine F. Ratcliffe.
7. "Effective Date" means the first date by which all of the events and conditions specified in ¶8.1 of the Stipulation have been met and have occurred.
8. "Escrow Account" means the account controlled by the Escrow Agent into which Defendants shall cause the deposit of \$6,000,000.
9. "Escrow Agent" means Robbins Geller Rudman & Dowd LLP or its successor(s).
10. "Final" means the time when a Judgment that has not been reversed, vacated, or modified in any way is no longer subject to appellate review, either because of disposition on appeal and conclusion of the appellate process, or because of the passage of time for seeking appellate review. More specifically, it is when the last of the following has occurred with respect to the Judgment: (a) the date of final affirmance on an appeal of the Judgment, the expiration of the time for a petition for or a denial of a writ of certiorari to review the Judgment and, if certiorari is granted, the date of final affirmance of the Judgment following review pursuant to that grant; or (b) the date of final dismissal of any appeal from the Judgment or the final dismissal of any proceeding on certiorari to review the Judgment and expiration of time to seek any further review or appeal of such dismissal; or (c) if no appeal is filed, the expiration date of the time for the filing or noticing of any appeal from the Judgment. For purposes of this definition, an "appeal" shall include any motion to alter, amend, or otherwise review the Judgment, and any petition for any writ, including a writ of certiorari, that may be filed in connection with the approval or disapproval of the Stipulation. Any proceeding or order, or any appeal or petition for a writ of certiorari pertaining to any Plan of Distribution and/or application(s) for attorneys' fees, costs, or expenses or Lead Plaintiffs' expenses, shall not in any way delay or preclude the Judgment from becoming Final.
11. "Individual Defendants" means Peter V. Leparulo, George B. Weinert, Robert M. Hadley, Slim S. Souissi, and Catherine F. Ratcliffe.
12. "Judgment" means the judgment and order of dismissal with prejudice to be rendered by the Court upon approval of the Settlement, in all material respects in the form attached to the Stipulation as Exhibit B.
13. "Lead Counsel" means Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101.
14. "Lead Plaintiffs" means Plumbers & Pipefitters' Local #562 Pension Fund and Western Pennsylvania Electrical Employees Pension Fund.

15. "Net Settlement Fund" means the portion of the Settlement Fund that shall be distributed to Authorized Claimants as allowed by the Stipulation, the Plan of Distribution, or the Court, after provision for the other amounts set forth in ¶6.3(a)-(c) of the Stipulation.
16. "Person" means an individual, corporation, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and his, her or its spouses, heirs, predecessors, successors, representatives, or assignees.
17. "Plaintiffs' Counsel" means any counsel who filed a complaint in the Action or any action that has been consolidated with the Action.
18. "Plan of Distribution," as further defined in §VII of this Notice, means a plan or formula of allocation of the Net Settlement Fund whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of expenses of notice and administration of the Settlement, Taxes and Tax Expenses, and such attorneys' fees, costs, expenses and interest, and other expenses as may be awarded by the Court. Any Plan of Distribution is not part of the Stipulation and the Released Persons shall have no responsibility or liability with respect thereto.
19. "Related Persons" means, with respect to the Defendants, each and all of their respective past or present parents, affiliates, associates, executors, personal representatives, subsidiaries, officers, directors, employees, principals, agents, controlling persons, general or limited partners or partnerships, attorneys, legal counsel, accountants, consultants, financial advisors, investment advisors, commercial bank lenders, investment bankers, partners, limited liability companies, shareholders, immediate family members, heirs, estates, administrators, predecessors, successors, indemnitors, indemnitees, insurers (including but not limited to the Defendants' Directors and Officers insurance carriers), reinsurers, any entity in which any Defendant has a controlling interest, assigns, any trust of which any Defendant is the settlor or which is for the benefit of any Defendant and/or members of any Defendant's family; and, as to each of the foregoing, all of their past, present, or future directors, officers, agents, partners, members, managers, employees, heirs, subsidiaries, predecessors, and successors, and any Person acting on their behalf.
20. "Released Claims" means any and all claims, whether known or unknown, arising from the purchase of NWI common stock during the Class Period and the acts, facts, statements or omissions that were or could have been alleged by Lead Plaintiffs or members of the Class in the Action. "Released Claims" includes "Unknown Claims" as defined herein. The inclusion of Unknown Claims in the definition of Released Claims was separately bargained for and was a key element of the Settlement. Released Claims do not include any claim arising from the performance or non-performance of the Settlement.
21. "Released Persons" means each and all of Defendants in their individual and corporate capacities and each and all of their Related Persons.
22. "Security Agreement" means that agreement accompanying the Settlement Note that provides the Class a security interest for the Settlement Note in all rights, title and interests of NWI in and to the property described as NWI's accounts receivable, which shall be the Collateral for the Settlement Note.
23. "Settlement Amount" means Sixteen Million Dollars (\$16,000,000.00) to be paid, or caused to be paid, by NWI pursuant to ¶3.1 of the Stipulation.
24. "Settlement Fund" means the Settlement Amount, together with all interest and income earned thereon.
25. "Settlement Note" means that component of the Settlement Fund represented by a \$5 million Promissory Note with a 5% interest rate and a 30-month maturity and secured by the collateral outlined in the Security Agreement.
26. "Settling Parties" means, collectively, Defendants and Lead Plaintiffs on behalf of themselves and the Class Members.
27. "Unknown Claims" means any Released Claims which Lead Plaintiffs or any Class Members do not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this Settlement.

### **III. THE LITIGATION**

Lead Plaintiffs brought this class action against Defendants for violations of the federal securities laws, including §§10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"). In their amended complaint, filed on January 9, 2009, Lead Plaintiffs alleged that Defendants made materially false and misleading statements about NWI's financial condition and business prospects and sold stock based on material non-public information. Lead Plaintiffs alleged that when the market learned the truth about NWI's financial condition, NWI's stock dropped in value and caused damage to all persons that purchased NWI common stock between February 27, 2007 and September 15, 2008.

The amended complaint was subject to intense scrutiny. Over the ensuing five months, the Court considered two separate motions to dismiss – one under the standards existing when Lead Plaintiffs filed the amended complaint and the other under the standards handed down by the United States Supreme Court in *Ashcroft v. Iqbal*, 556 U.S. 662 (2009). Defendants filed their first motion to dismiss on February 9, 2009, Lead Plaintiffs opposed on March 11, 2009, and Defendants replied on March 23, 2009. After the Court denied Defendants' first motion to dismiss, Defendants moved for reconsideration, which the Court granted over Lead Plaintiffs' objection. Defendants then renewed their motion to dismiss on June 26, 2009,

Lead Plaintiffs opposed on July 10, 2009, and Defendants replied on July 17, 2009. The Court denied Defendants' renewed motion to dismiss on July 28, 2009.

Discovery started shortly thereafter and continued for 15 months. And like the remainder of the litigation, discovery was hotly contested. The parties filed multiple motions to compel with Judge Brooks and appealed many of his decisions to Judge Huff for review. Those efforts ultimately culminated in Defendants producing (and Lead Plaintiffs reviewing) millions of pages of documents with Lead Plaintiffs using the results of that review to take dozens of depositions throughout the country. At the same time, Defendants conducted discovery in connection with Lead Plaintiffs' motion for class certification. Lead Plaintiffs filed their motion on January 11, 2010, Defendants opposed on March 15, 2010, and Lead Plaintiffs replied on April 9, 2010. That reply was followed by a sur-reply by Defendants on April 25, 2010, and a response to that sur-reply by Lead Plaintiffs on May 7, 2010. The Court certified the Class on May 12, 2010.

Following expert discovery, on February 14-15, 2011, defendant Leparulo moved for Judgment on the Pleadings with respect to the insider trading claims against him, and all Defendants moved for Summary Judgment on all claims and to exclude three of Lead Plaintiffs' experts under the standards announced in *Daubert v. Merrell Dow Pharm.*, 509 U.S. 579 (1993). Lead Plaintiffs opposed those motions on March 4, 2011 and March 7, 2011, respectively, and Defendants replied on March 14, 2011. Judge Huff then transferred the case to this Court on March 15, 2011, before oral argument was heard and a decision was rendered on the outstanding motions. Lead Plaintiffs filed their own motions challenging Defendants' experts under *Daubert* a few months later on July 15, 2011. Defendants opposed those motions on August 5, 2011, and Lead Plaintiffs replied on August 19, 2011.

The Court issued its orders on the foregoing substantive motions periodically over the ensuing months. It granted in part the parties' motions to exclude each other's respective accounting experts on November 17, 2011, and it granted Leparulo's Motion for Judgment on the Pleadings and granted in part Defendants' Motion for Summary Judgment on November 23, 2011, dismissing Lead Plaintiffs' channel-stuffing claims. In particular, the Court held that the alleged practice of pulling sales forward, accelerating sales, or incentivizing sales, which Lead Plaintiffs had alleged made NWI's financial statements misleading, did not state a claim for securities fraud. The Court also found that Peter V. Leparulo had established that, on the face of the pleadings, no material fact remained to be resolved with respect to the insider trading claims asserted against him. And, throughout 2012 and 2013, it issued orders on the parties' remaining motions to exclude their respective experts, dealing with multiple motions for reconsideration, renewed motions, and a request for interlocutory appeal under 28 U.S.C. §1292. The end result was that the Court excluded one of Defendants' experts, and excluded certain parts of the opinions proffered by the parties' other experts. The Court scheduled trial for January 6, 2014.

While the parties had mediated multiple times with different mediators, the Court's decisions on the dispositive motions and the risks and uncertainties of proceeding through trial, combined with NWI's current level of available cash, compelled the parties to negotiate a resolution of the case amongst themselves. The parties executed a Memorandum of Understanding on December 6, 2013, requested that day to have the Court suspend the deadline for the parties to file their motions *in limine*, and moved to stay the proceedings on December 11, 2013.

#### **IV. CLAIMS OF LEAD PLAINTIFFS AND BENEFITS OF SETTLEMENT**

Lead Plaintiffs and Lead Counsel believe that the claims asserted in the Action have merit. However, Lead Plaintiffs and Lead Counsel recognize and acknowledge the uncertainties of continued proceedings through trial and NWI's current level of available cash. Lead Plaintiffs and Lead Counsel have taken into account the uncertain outcome and the risk of trial, especially in complex actions such as this Action, and the potential harm that a verdict for the Class would cause NWI. Lead Plaintiffs and Lead Counsel also are aware of the defenses to the securities law violations asserted in the Action. Lead Plaintiffs and Lead Counsel believe that the Settlement set forth in the Stipulation confers substantial benefits upon the Class in light of the circumstances present here. Based on their evaluation, Lead Plaintiffs and Lead Counsel have determined that the Settlement set forth in the Stipulation is in the best interests of Lead Plaintiffs and the Class.

#### **V. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

Defendants, individually and collectively, have denied and continue to deny that they have violated the federal securities laws or any laws. Defendants, individually and collectively, have denied and continue to deny specifically each and all of the claims and contentions alleged in the Action, along with all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Action. Defendants also have denied and continue to deny, *inter alia*, the allegations that any of the Defendants made any material misstatements or omissions; that any of the Defendants sold NWI common stock based on material nonpublic information; that any member of the Class has suffered damages; that the price of NWI common stock was artificially inflated by reason of the alleged misrepresentations, omissions, non-disclosures or otherwise; that Lead Plaintiffs or the members of the Class were harmed by the conduct alleged in the Action; or that any of the Defendants knew or was reckless with respect to the alleged misconduct. In addition, Defendants maintain that they have meritorious defenses to all claims alleged in the Action.

Nonetheless, taking into account the uncertainty, risks, and costs inherent in any litigation, especially in complex cases such as this Action, Defendants have concluded that it is desirable and beneficial that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. The Stipulation shall in no event be construed as or deemed to be evidence of an admission or concession by Defendants with respect to any claim of any fault or liability or wrongdoing or damage whatsoever.

## VI. TERMS OF THE PROPOSED SETTLEMENT

The sum of Sixteen Million Dollars (\$16,000,000.00), which includes \$6 million in cash, \$5 million in stock (as provided for in ¶3.1(b)(3), (5) of the Stipulation), and a \$5 million Note, constitutes the Settlement Fund and has been transferred and delivered, or is in the process of being transferred and delivered, or will be transferred to the Escrow Agent if the Settlement is approved. The Settlement Fund includes the principal amount of the Sixteen Million Dollars (\$16,000,000.00), plus any accrued interest on the Settlement Fund and may reflect any fluctuations in the price of the stock. A portion of the settlement proceeds will be used for certain administrative expenses, including the costs of printing and mailing this Notice, the cost of publishing notice, payment of any taxes assessed against the Settlement Fund, and costs associated with the processing of claims submitted. In addition, as explained below, a portion of the Settlement Fund may be awarded by the Court to Lead Counsel as attorneys' fees and for expenses in litigating the case and to Lead Plaintiffs for their expenses in representing the Class. The balance of the Settlement Fund (the "Net Settlement Fund") will be distributed according to the Plan of Distribution described below to Class Members who submit valid and timely Proof of Claim and Release forms.

## VII. PLAN OF DISTRIBUTION

The Net Settlement Fund will be distributed to Class Members who submit valid, timely Proof of Claim and Release forms ("Authorized Claimants") under the Plan of Distribution described below. The Plan of Distribution provides that you will be eligible to participate in the distribution of the Net Settlement Fund only if you have a net loss arising out of all transactions in NWI shares during the Class Period. No distributions will be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00.

For purposes of determining the amount an Authorized Claimant may recover under the Plan of Distribution, Lead Counsel have consulted with their damages consultant. The Plan of Distribution reflects an assessment of the damages that could have been recovered as well as Lead Counsel's assessment of the likelihood of establishing liability for various periods of the Class.

To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's claim, as defined below. If, however, and as is more likely, the amount in the Net Settlement Fund is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

For Class Members who held NWI common stock at the beginning of the Class Period or made multiple purchases or sales during the Class Period, the first-in, first-out ("FIFO") method will be applied to such holdings, purchases, and sales for purposes of calculating a claim. Under the FIFO method, sales of NWI common stock during the Class Period will be matched against the same type of security, in chronological order, first against securities held at the beginning of the Class Period. The remaining sales of NWI common stock during the Class Period will then be matched, in chronological order, against like NWI common stock purchased during the Class Period.

The total of all profits shall be subtracted from the total of all losses from transactions during the Class Period to determine if a Class Member has a claim. Only if a Class Member had a net loss, after all profits from transactions in NWI shares during the Class Period are subtracted from all losses, will such Class Member be eligible to receive a distribution from the Net Settlement Fund.

## PLAN OF DISTRIBUTION

The calculation of claims below is not an estimate of the amount you will receive. It is a formula for allocating the Net Settlement Fund among all Authorized Claimants.

1. For shares of NWI common stock ***purchased on or between February 27, 2007 through August 19, 2008***, the claim per share shall be as follows:
  - (a) If sold on or between February 27, 2007 through August 19, 2008, the claim per share shall be the lesser of (i) the purchase price times the percent inflation in Table A on the date of purchase less the sales price times the percent inflation in Table A on the date of sale; and (ii) the difference between the purchase price and the selling price.
  - (b) If retained at the end of August 19, 2008 and sold before November 18, 2008, the claim per share shall be the lesser of (i) the purchase price times the percent inflation in Table A at the time of purchase; (ii) the difference between the purchase price and the selling price; and (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in Table B below.
  - (c) If retained at the close of trading on November 17, 2008, or sold thereafter, the claim per share shall be the lesser of (i) the purchase price times the percent inflation in Table A on the date of purchase; and (ii) the difference between the purchase price per share and \$5.58 per share.
2. For shares of NWI common stock ***purchased on or between August 20, 2008 through September 15, 2008***, the claim per share shall be zero.

**TABLE A**

Period		Inflation as Percent of Price
Begin	End	
2/27/2007	2/27/2007	0%
2/28/2007	3/25/2007	46.21%
3/26/2007	5/1/2007	51.79%
5/2/2007	7/19/2007	53.94%
7/20/2007	8/6/2007	51.83%
8/7/2007	2/20/2008	54.38%
2/21/2008	4/14/2008	41.93%
4/15/2008	8/19/2008	25.10%
8/20/2008	9/15/2008	0%

**TABLE B**

Date	Average Closing Price	Date	Average Closing Price	Date	Average Closing Price
8/20/2008	\$6.29	9/19/2008	\$6.19	10/20/2008	\$5.93
8/21/2008	\$6.31	9/22/2008	\$6.19	10/21/2008	\$5.89
8/22/2008	\$6.29	9/23/2008	\$6.19	10/22/2008	\$5.86
8/25/2008	\$6.26	9/24/2008	\$6.19	10/23/2008	\$5.82
8/26/2008	\$6.26	9/25/2008	\$6.20	10/24/2008	\$5.79
8/27/2008	\$6.26	9/26/2008	\$6.20	10/27/2008	\$5.76
8/28/2008	\$6.26	9/29/2008	\$6.19	10/28/2008	\$5.73
8/29/2008	\$6.25	9/30/2008	\$6.19	10/29/2008	\$5.71
9/2/2008	\$6.24	10/1/2008	\$6.19	10/30/2008	\$5.70
9/3/2008	\$6.24	10/2/2008	\$6.19	10/31/2008	\$5.69
9/4/2008	\$6.23	10/3/2008	\$6.19	11/3/2008	\$5.69
9/5/2008	\$6.23	10/6/2008	\$6.18	11/4/2008	\$5.68
9/8/2008	\$6.23	10/7/2008	\$6.16	11/5/2008	\$5.67
9/9/2008	\$6.22	10/8/2008	\$6.14	11/6/2008	\$5.66
9/10/2008	\$6.23	10/9/2008	\$6.11	11/7/2008	\$5.66
9/11/2008	\$6.22	10/10/2008	\$6.09	11/10/2008	\$5.65
9/12/2008	\$6.22	10/13/2008	\$6.08	11/11/2008	\$5.64
9/15/2008	\$6.20	10/14/2008	\$6.05	11/12/2008	\$5.63
9/16/2008	\$6.18	10/15/2008	\$6.02	11/13/2008	\$5.62
9/17/2008	\$6.16	10/16/2008	\$5.99	11/14/2008	\$5.60
9/18/2008	\$6.17	10/17/2008	\$5.96	11/17/2008	\$5.58

**VIII. PARTICIPATION IN THE CLASS**

If you fall within the definition of the Class and did not previously exclude yourself from the Class, you are a Class Member unless you elect to be excluded from the Class pursuant to this Notice. If you have not previously requested to be excluded from the Class or do not request to be excluded from the Class, you will be bound by any judgment entered with respect to the Settlement in the litigation against Defendants whether or not you file a Proof of Claim and Release form.

***If you are a Class Member, you need do nothing (other than timely file a Proof of Claim and Release form if you wish to participate in the distribution of the Net Settlement Fund). Your interests will be represented by Lead Counsel.*** If you choose, you may enter an appearance individually or through your own counsel at your own expense.

TO PARTICIPATE IN THE DISTRIBUTION OF THE NET SETTLEMENT FUND, YOU MUST TIMELY COMPLETE AND RETURN THE PROOF OF CLAIM AND RELEASE FORM THAT ACCOMPANIES THIS NOTICE. The Proof of Claim and Release form must be postmarked on or before June 30, 2014, and be delivered to the Claims Administrator at the address below. Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim and Release form, you will be barred from receiving any payments from the Net Settlement Fund, but will in all other respects be bound by the provisions of the Stipulation and the Judgment.

#### **IX. EXCLUSION FROM THE CLASS**

You may request to be excluded from the Class. If you previously excluded yourself from the Class pursuant to the Notice of Pendency of Class Action that was provided to Class Members pursuant to the Court's Order dated January 18, 2011, you do not have to send in another request for exclusion. If you did not send in a prior request for exclusion and want to be excluded, you must mail a written request stating that you wish to be excluded from the Class to:

*Novatel Wireless Securities Litigation*  
EXCLUSIONS  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 990  
Corte Madera, CA 94976-0990

The request for exclusion must state: (1) your name, address, and telephone number; and (2) all purchases and sales of NWI shares made during the Class Period, including the dates and prices of each purchase or sale, and the number of shares purchased or sold. YOUR EXCLUSION REQUEST MUST BE POSTMARKED ON OR BEFORE MAY 30, 2014. If you submit a valid and timely request for exclusion, you shall have no rights under the Settlement, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the Stipulation or the Judgment.

#### **X. DISMISSAL AND RELEASES**

If the proposed Settlement is approved, the Court will enter a final Judgment. The Judgment will dismiss the Released Claims with prejudice as to all Defendants as provided in the Stipulation.

The Judgment will provide that all Class Members who have not validly requested to be excluded from the Class shall be deemed to have released and forever discharged all Released Claims (to the extent members of the Class have such claims) against all Released Persons as provided in the Stipulation.

#### **XI. APPLICATION FOR ATTORNEYS' FEES AND EXPENSES**

At the Settlement Hearing, Lead Counsel will request the Court to award attorneys' fees of 27.5% of the Settlement Fund, plus expenses not to exceed \$1,800,000, plus interest thereon. Lead Plaintiffs may seek to be paid for their reasonable costs and expenses (including lost wages) in their representation of the Class. Class Members are not personally liable for any such fees, expenses, or compensation.

To date, Lead Counsel have not received any payment for their services in conducting this Action on behalf of Lead Plaintiffs and the members of the Class, nor have counsel been paid for their expenses. The fee requested by Lead Counsel would compensate counsel for their efforts in achieving the Settlement Fund for the benefit of the Class, and for their risk in undertaking this representation on a contingency basis. The fee requested is within the range of fees awarded to plaintiffs' counsel under similar circumstances in litigation of this type.

#### **XII. CONDITIONS FOR SETTLEMENT**

The Settlement is conditioned upon the occurrence of certain events described in the Stipulation. Those events include, among other things: (1) entry of the Judgment by the Court, as provided for in the Stipulation; and (2) expiration of the time to appeal from or alter or amend the Judgment. Pending the Court's consideration of this Settlement, the Court has stayed all proceedings, and Class Members are precluded from bringing or pursuing any litigation that seeks to prosecute the Released Claims.

If, for any reason, any one of the conditions described in the Stipulation is not met, the Stipulation might be terminated and, if terminated, will become null and void, and the Settling Parties to the Stipulation will be restored to their respective positions as of December 6, 2013.

#### **XIII. THE RIGHT TO BE HEARD AT THE SETTLEMENT HEARING**

Any Class Member who has not validly and timely requested to be excluded from the Class, and who objects to any aspect of the Settlement, the Plan of Distribution, or the application(s) for attorneys' fees and expenses or Lead Plaintiffs' expenses may appear and be heard at the Settlement Hearing.<sup>1</sup> Any such Person must file a written notice of objection, no later than May 30, 2014, with the Court:

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<sup>1</sup> Lead Counsel's pleadings in support of these matters will be filed with the Court on or before May 5, 2014.

CLERK OF THE COURT  
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA  
333 West Broadway, Suite 420  
San Diego, CA 92101

and served on each of the following so that it is received no later than May 30, 2014:

ROBBINS GELLER RUDMAN  
& DOWD LLP  
JEFFREY D. LIGHT  
DOUGLAS R. BRITTON  
655 West Broadway, Suite 1900  
San Diego, CA 92101  
*Counsel for Lead Plaintiffs*

JONES DAY  
THOMAS R. JACKSON  
2727 North Harwood Street  
Dallas, TX 75201  
*Attorneys for NWI and the Individual Defendants*

The notice of objection must demonstrate the objecting Person's membership in the Class, including the number of NWI shares purchased and sold during the Class Period, and contain a statement of the reasons for objection. Only Class Members who have submitted written notices of objection in this manner will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise.

**XIV. SPECIAL NOTICE TO BANKS, BROKERS AND OTHER NOMINEES**

If you hold or held any NWI shares purchased during the Class Period as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice and the Proof of Claim and Release form by First-Class Mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

*Novatel Wireless Securities Litigation*  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 990  
Corte Madera, CA 94976-0990

If you choose to mail the Notice and Proof of Claim and Release form yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for, or advancement of, reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and Proof of Claim and Release form and which would not have been incurred but for the obligation to forward the Notice and Proof of Claim and Release form, upon submission of appropriate documentation to the Claims Administrator.

**XV. EXAMINATION OF PAPERS**

This Notice is a summary and does not describe all of the details of the Stipulation. For full details of the matters discussed in this Notice, you may review the Stipulation filed with the Court, which may be inspected during business hours, at the office of the Clerk of the Court, United States District Court, Southern District of California, 333 West Broadway, Suite 420, San Diego, CA 92101. The motion papers, with exhibits, including the Stipulation, are also available on the Court's ECF website (for a fee). Certain papers relating to the Settlement, including the Stipulation and its Exhibits, are also available at the Claims Administrator's website [www.novatelwirelesssettlement.com](http://www.novatelwirelesssettlement.com).

If you have any questions about the Settlement of the Action, you may contact a representative of Lead Counsel: Rick Nelson, c/o Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, 800/449-4900.

**DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.**

DATED: March 10, 2014

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA