

Company Overview

NovAtel Inc. designs, markets, and supports a broad range of products that determine precise geographic locations using the Global Positioning System (GPS) and is the principal supplier of reference receivers to WAAS ground networks around the world. The system is comprised of 24 earth-orbiting satellites that transmit radio signals 24 hours a day worldwide. GPS receivers calculate the distance from the satellites to the receiver and then use a triangulation technique to determine exact geographical locations. GPS is used for a variety of purposes, including navigating, tracking, mapping, and conducting geographical surveys.

NovAtel's GPS products are used principally for applications in precision markets such as the surveying, geographic information systems (GIS), aviation, marine, mining, machine control, agriculture and precise timing markets with technologically innovative products that are easy to use and integrate, are highly reliable and provide a high degree of accuracy. NovAtel is not active in low-end GPS applications such as vehicle navigation and the consumer/cellular market.

Investor Information (at 8/28/02)

Nasdaq: NGPS
Price (Close): US\$2.33
Market capitalization: US\$17.9 million
Shares outstanding: 7,675,790

CAGR 1993-01
Sales: 30%
52-week price range (Close):
US\$1.40 - US\$4.95

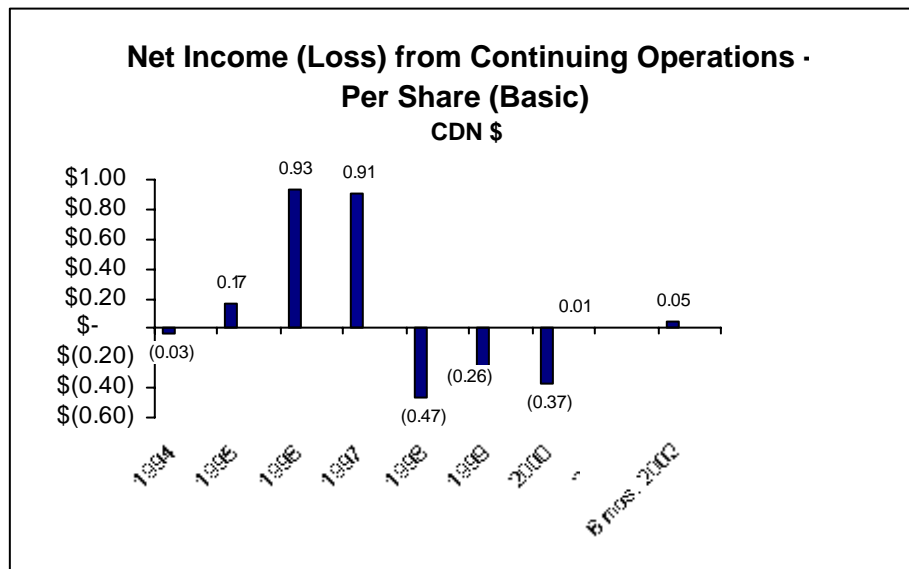
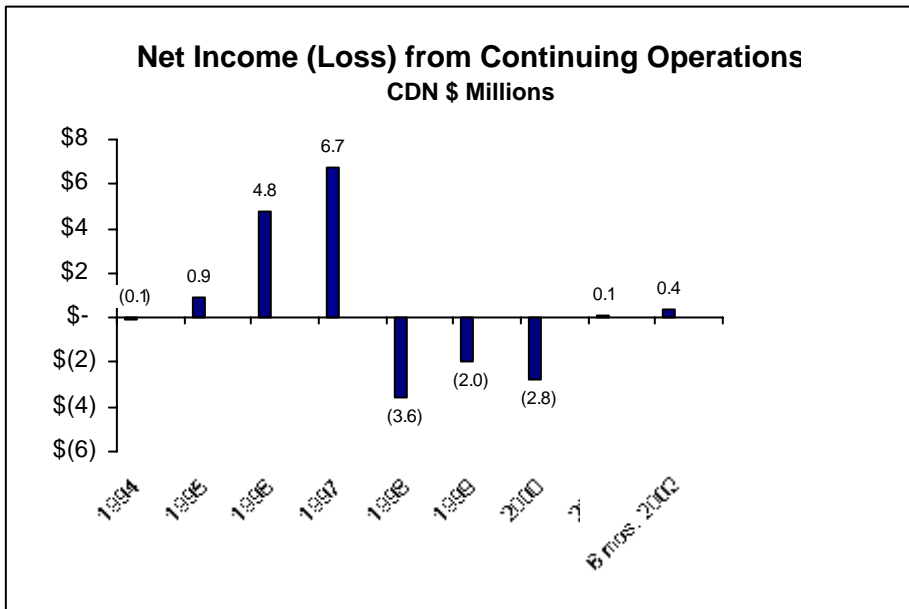
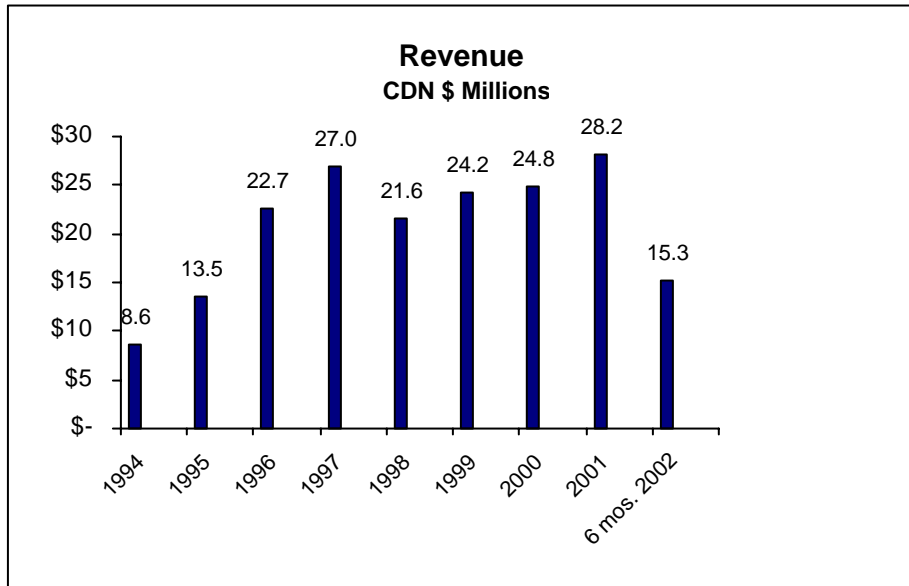
Financial Highlights

Statement of Operations (CDN\$ in thousands, except per share data)

	Six months ended	
	<u>6/29/02</u>	<u>6/30/01</u>
Revenue	\$15,298	\$ 13,520
Net income (loss) from continuing operations	\$ 368	\$ (735)
Net income (loss) per share from continuing operations (basic)	\$ 0.05	\$ (0.10)
Net income (loss) per share from continuing operations (diluted)	\$ 0.05	\$ (0.10)

Balance Sheet (CDN\$ in thousands)

	<u>at 6/29/02</u>	<u>at 12/31/01</u>
Cash and short term investments	\$ 6,061	\$ 4,794
Total assets	\$28,699	\$27,821
Debt-long term	\$ 0	\$ 0
Total shareholders' equity	\$19,396	\$ 19,086



Recent Developments

- ◆ On June 17, NovAtel announced that it had received a contract from the US Federal Aviation Administration (FAA) to develop the next generation Wide Area Augmentation System (WAAS) receiver. The contract covers receiver development and qualification work over a 21-month period and also includes an additional option for the development of a new broadband WAAS antenna. The basic contract has a value of \$2.4 million US and the option is worth \$835,000 US.

NovAtel's WAAS receivers are deployed in the national WAAS/SBAS ground networks in the US, Japan, China and Europe. These complex receivers incorporate NovAtel's patented Narrow Correlator® and MEDLL® technologies, process WAAS signals from geo-stationary satellites and include dual frequency L1/L2 processing.

- ◆ NovAtel was awarded a contract by Zeta Associates, on behalf of the Federal Aviation Administration (FAA), to further develop and produce additional L5 receivers for use in Wide Area Augmentation System (WAAS) signal development and validation activities. The contract, which was announced August 21, is for \$149,000 US. Under the terms of the contract, NovAtel will be adding new software features to support prototype WAAS Ground Uplink Station (GUS) receiver testing for the new WAAS L1/L5 mid-continent GEO (geostationary satellite). This development work follows an initial contract in 2001 for three L5 receivers and two L5 transmitters.
- ◆ On July 11, NovAtel announced that it had been awarded a contract by Raytheon Navigation Landing Systems for the next phase of development and qualification of a new GPS reference receiver for the Local Area Augmentation System (LAAS). Under this phase of the program, which is now underway and expected to continue into the fall of 2002, NovAtel will complete development and initial software and hardware qualification of the LGF4 receivers, which has been specifically engineered by NovAtel for Raytheon NLS' LAAS Ground Facility (LGF) equipment.

NovAtel has now been working with Raytheon NLS for over 12 months on the LGF4 receiver program. Engineering model receivers were delivered in June of this year, and initial integration testing has already indicated excellent performance with the LAAS Integrated Multipath Limiting Antenna.

- ◆ NovAtel introduced the ProPak-LB on July 30. This new positioning engine, coupled with NovAtel's GPS-600-LB antenna, enables developers and integrators to offer their customers technology that delivers decimeter-level accuracy autonomously with subscription to OmniSTAR's new HP (High Performance) satellite service. Powered by NovAtel's OEM4 GPSCard, the ProPak-LB is the first OmniSTARHP enabled GPS engine on the market. The level of accuracy is achieved without the additional cost or inconvenience of a user base station and radio link.

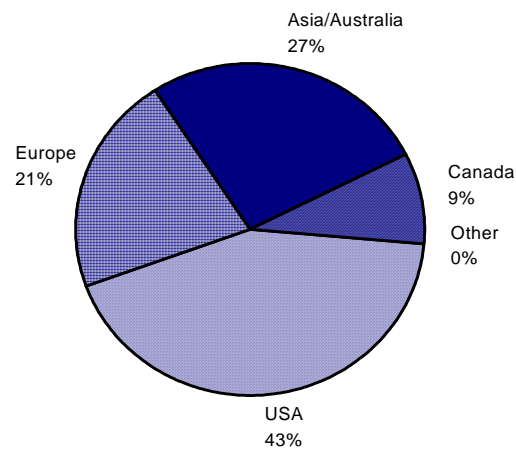
OmniSTAR is the world's market leader in providing DGPS enhancement data via satellite. With worldwide coverage, 94 reference stations around the globe, and two network control centers, the company provides highly reliable positioning services. OmniSTAR is owned by Fugro NV, a worldwide services company with over 250 offices in more than 55 countries. Fugro provides surveying, positioning, geoscience and geotechnical services, both onshore and offshore.

- ◆ On July 10, NovAtel announced the appointment of Mr. Farlin Halsey, Jr. to the position of Vice President, Marketing. Mr. Halsey is responsible for providing leadership in market analysis, product requirements and product promotions. His goal is to guide development of market-driven products, maximize brand and product awareness, and increase customer satisfaction in order to drive profitability and growth.
- ◆ At NovAtel's Annual Shareholders Meeting, held July 16, Mr. Jonathan W. Ladd was elected to the company's Board of Directors. Mr. Ladd holds the position of President and Chief Executive Officer of NovAtel Inc.

- ◆ As part of a transaction between Arthur Andersen LLP Canada and Deloitte & Touche LLP, Arthur Andersen LLP resigned as NovAtel's independent auditor effective June 3, 2002. Approval was granted during NovAtel's Annual Shareholders Meeting, held July 16, to appoint Deloitte & Touche LLP as its independent auditor for the fiscal year ending December 31, 2002.

Distribution

NovAtel sells its products through multiple channels - direct, dealers and value-added resellers - and in over 35 countries worldwide.



Region (2001)

Key Strategies

- ◆ Exploit high-end GPS markets by using our products, marketing strength or partnerships.
- ◆ Build Special Apps business by acting as an incubator for developing products.
- ◆ Maintain technological leadership.
- ◆ Continue to expand presence in Geomatics sector.
- ◆ Pursue opportunities for aerospace and defense.
- ◆ Provide superior customer support.
- ◆ Expand international presence.

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