

HUGHES Telematics, Inc.
Form 424B3
May 17, 2011
Table of Contents

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-173965

PROSPECTUS

HUGHES TELEMATICS, INC.

2,428,572 Shares of Common Stock

This prospectus relates to the offer for sale by the existing holders of our common stock named in this prospectus of 2,428,572 shares of our common stock, par value \$0.0001 per share, including 1,000,000 shares of our common stock issuable upon exercise of warrants. These existing holders of our common stock and the warrants are referred to as selling security holders throughout this prospectus.

All of the shares of common stock offered by this prospectus are being sold by the selling security holders. It is anticipated that the selling security holders will sell these shares of common stock from time to time in one or more transactions, in negotiated transactions or otherwise, at prevailing market prices or at prices otherwise negotiated. We will not receive any proceeds from the sales of shares of common stock by the selling security holders. We have agreed to pay all fees and expenses incurred by us incident to the registration of our common stock, including SEC filing fees. Each selling security holder will be responsible for all costs and expenses in connection with the sale of their shares of common stock, including brokerage commissions or dealer discounts.

Our common stock is currently traded on the Over-the-Counter Bulletin Board, commonly known as the OTC Bulletin Board, under the symbol "HUTC." As of May 9, 2011, the closing sale price of our common stock was \$3.25 per share. Investing in our securities involves substantial risks. You should carefully consider the matters discussed under the section entitled "Risk Factors" on page 2 of this prospectus.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 12, 2011.

Table of Contents

TABLE OF CONTENTS

	Page
<u>ABOUT THIS PROSPECTUS</u>	<u>i</u>
<u>FORWARD-LOOKING STATEMENTS</u>	<u>ii</u>
<u>PROSPECTUS SUMMARY</u>	<u>1</u>
<u>RISK FACTORS</u>	<u>2</u>
<u>THE OFFERING</u>	<u>2</u>
<u>USE OF PROCEEDS</u>	<u>3</u>
<u>PLAN OF DISTRIBUTION</u>	<u>3</u>
<u>SELLING SECURITY HOLDERS</u>	<u>5</u>
<u>DESCRIPTION OF SECURITIES</u>	<u>8</u>
<u>LEGAL MATTERS</u>	<u>13</u>
<u>EXPERTS</u>	<u>13</u>
<u>DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT</u>	<u>13</u>
<u>LIABILITIES</u>	<u>13</u>
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	<u>13</u>

ABOUT THIS PROSPECTUS

This prospectus, which is part of a registration statement filed with the SEC, does not contain all of the information set forth or incorporated by reference in the registration statement or the exhibits filed therewith. Statements contained or incorporated by reference in this prospectus about the provisions or contents of any agreement or other document are only summaries. If SEC rules require that any agreement or document be filed as an exhibit to the registration statement, you should refer to that agreement or document for its complete contents. For further information with respect to us and the common stock offered by this prospectus, please see the registration statement, the exhibits filed with the registration statement and the documents incorporated by reference therein.

You should rely only on the information contained or incorporated by reference in this prospectus. No person is authorized to give any information or to make any representation other than those contained or incorporated by reference in this prospectus, and, if made, such information or representation must not be relied upon as having been given or authorized. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any security other than the securities offered by this prospectus, or an offer to sell or a solicitation of an offer to buy any securities by anyone in any jurisdiction in which the offer or solicitation is not authorized or is unlawful. The delivery of this prospectus will not, under any circumstances, create any implication that the information is correct as of any time subsequent to the date of this prospectus.

You should assume that the information contained or incorporated by reference in this prospectus, any prospectus supplement or other offering materials is accurate only as of the dates of those documents or documents incorporated by reference, as applicable. Our business, financial condition, results of operations and prospects may have changed since those dates.

Table of Contents

FORWARD-LOOKING STATEMENTS

We believe that some of the information in this prospectus constitutes forward-looking statements within the definition of the Private Securities Litigation Reform Act of 1995. You can identify these statements by forward-looking words such as “may,” “expect,” “anticipate,” “contemplate,” “believe,” “estimate,” “intends” and “continue” words. You should read statements that contain these words carefully because they discuss future expectations, contain projections of future results of operations or financial condition; or state other “forward-looking” information. We believe it is important to communicate our expectations to our stockholders. However, there may be events in the future that we are not able to predict accurately or over which we have no control. The risk factors and cautionary language contained in the prospectus provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations described by us in such forward-looking statements, including among other things:

- expectations regarding our growth potential;
- our financial performance;
- slower than expected development of the telematics industry or any event that causes telematics to be less attractive to consumers;
- the loss of our strategic relationship with Mercedes-Benz;
 - the loss of our strategic relationship with the distribution partner for our In-Drive product and service offering;
- an inability to enter into a strategic relationship with additional automakers or distribution partners for our In-Drive products and services, thereby limiting our growth potential;
- the introduction and proliferation of competitive products;
- changes in technology;
- an inability to achieve or sustain profitability;
- difficulties with delays or quality control with our primary vendors;
- failure to implement our short- or long-term growth strategies;
- the cost of retaining and recruiting our key personnel or the loss of such key personnel;
- risks associated with the expansion of our business in size and geography;
- operational risk;
- geopolitical events and regulatory changes;
- changing interpretations of generally accepted accounting principles (“GAAP”);
- general economic conditions; and
- litigation and regulatory enforcement risks, including the diversion of management time and attention and the additional costs and demands on our resources.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus.

All forward-looking statements included herein are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable laws and regulations, we undertake no obligations to update these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

You should be aware that the occurrence of the events described under the caption “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2010 and the risk factors described in any applicable prospectus supplement and any risk factors set forth in our other filings with the SEC, pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”), could have a material adverse effect on us.

Table of Contents

PROSPECTUS SUMMARY

This summary highlights information included or incorporated by reference in this prospectus. This summary may not contain all of the information that may be important to you. Before making an investment decision, you should read carefully this entire prospectus, any accompanying prospectus supplement and any other offering materials, together with the additional information described under the heading “Where You Can Find More Information” on page 13 of this prospectus.

Our Business

We are a telematics services company that provides a suite of real-time voice and data communications services and applications for use in vehicles and are developing additional applications for use within and outside of the automotive industry. These services are enabled through a state-of-the-art communications center designed and built to connect various mobile devices with content, services and call centers. Our system architecture enables us to manage the integration of these components and the associated service delivery in an efficient manner, allowing us to quickly adopt and implement new technologies and services.

Within the automotive industry, our communications center allows for two way voice and data communications to the vehicle and supports, among other things, critical safety and security services as well as location-based services and remote diagnostics. Since November 16, 2009, we have been the exclusive telematics service provider in the United States for all new vehicles sold by Mercedes-Benz USA, LLC (“Mercedes-Benz”), and we are now the preferred provider of telematics services for all Mercedes-Benz vehicles purchased prior to November 16, 2009. These services are marketed under the mbrace® brand and are enabled through a factory-installed hardware device in Mercedes-Benz vehicles. In addition, our In-Drive® solution offers services to consumers and other third parties through an aftermarket hardware device that we have developed and which we intend to distribute through relationships with companies and organizations with large customer bases for installation in existing vehicles. In August 2010, we entered into an agreement with a leading automotive insurance company to provide our In-Drive telematics services to certain customers of the insurance company and are in active discussions with other distribution partners. Through Networkfleet, Inc. (“Networkfleet”), our wholly owned subsidiary, we currently offer remote vehicle monitoring and other data services to support owners and operators of fleets of vehicles.

In May 2010, we broadened our connected services beyond the automotive market to include the mobile health and wellness industry with the formation of Lifecomm, LLC (“Lifecomm”), a majority owned subsidiary founded with QUALCOMM Incorporated (“Qualcomm”), a leader in developing and delivering innovative digital wireless communications products and services, and American Medical Alert Corp. (“AMAC”), a healthcare communications company dedicated to the provision of support services to the healthcare community. Lifecomm intends to design, develop, finance and operate a mobile personal emergency response service which will permit subscribers to initiate requests for emergency assistance services through a wearable device that is able to communicate information to and support voice interactions between the subscriber and an emergency assistance call center for purposes of dispatching first responders to the subscriber's location. We expect to launch the Lifecomm service offerings in the fourth quarter of 2011.

On March 31, 2009, pursuant to the terms of the Agreement and Plan of Merger dated June 13, 2008 (as amended and restated on November 10, 2008 and March 12, 2009, the “Merger Agreement”), Hughes Telematics, Inc. (“Old HTI”), a privately held company, and Polaris Acquisition Corp. (“Polaris”), a publicly held blank check company, consummated the merger (the “Merger”) whereby Old HTI merged with and into a wholly-owned direct subsidiary of Polaris with Old HTI as the surviving corporation, and immediately thereafter, Old HTI merged with and into Polaris, with Polaris as the surviving corporation. In connection with the Merger, Polaris changed its name from “Polaris Acquisition Corp.” to “HUGHES Telematics, Inc.”

As used in this prospectus, unless otherwise indicated, references to “we,” “us,” “our” and the “Company” refer to Old HTI for periods prior to the consummation of the Merger and refer to HUGHES Telematics, Inc. for periods following the consummation of the Merger.

Company Information

Our executive offices are located at 2002 Summit Boulevard, Suite 1800, Atlanta, Georgia 30319. Our website is located at www.hughestelematics.com, and our telephone number is (404) 573-5800.

Table of Contents

RISK FACTORS

An investment in our securities involves significant risks, and should not be made by anyone who cannot afford to lose his or her entire investment. Before deciding to invest in our securities, you should consider the specific risks described in our Annual Report on Form 10-K for the year ended December 31, 2010, the risk factors described under the caption “Risk Factors” in any applicable prospectus supplement and any risk factors set forth in our other filings with the SEC, pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, before making an investment decision. Each of the risks described in these documents could materially and adversely affect our business, financial condition, results of operations and prospects, and could result in a partial or complete loss of your investment. See “Where You Can Find More Information” on page 13 of this prospectus.

THE OFFERING

Common stock offered by the selling security holders	Up to 2,428,572 shares of our common stock, including 1,000,000 shares of our common stock issuable upon exercise of the warrants.
Common stock outstanding prior to the offering	94,103,976 ⁽¹⁾
Common stock to be outstanding after the offering	95,103,976 ⁽²⁾
Use of Proceeds	We will not receive any proceeds from the sales of shares of common stock by the selling security holders.
OTC Bulletin Board Symbol	Our common stock is currently traded on the OTC Bulletin Board under the symbol “HUTC.”

(1) Based upon the total number of issued and outstanding shares as of May 9, 2011, including 58,498,131 earn-out shares.

(2) Based upon the total number of issued and outstanding shares as of May 9, 2011, including 58,498,131 earn-out shares, and the 1,000,000 shares of common stock issuable upon exercise of the warrants.

Table of Contents

USE OF PROCEEDS

We will not receive any proceeds from the sales of shares of common stock by the selling security holders.

PLAN OF DISTRIBUTION

We are registering 2,428,572 shares of common stock, including 1,000,000 shares of common stock issuable upon exercise of the warrants. As used in this prospectus, the term “selling security holders” includes pledgees, transferees or other successors-in-interest selling shares received from the selling security holders as pledgors, assignees, borrowers or in connection with other non-sale-related transfers after the date of this prospectus. This prospectus may also be used by transferees of the selling security holders, including broker-dealers or other transferees who borrow or purchase the shares to settle or close out short sales of shares of common stock. Selling security holders will act independently of us in making decisions with respect to the timing, manner and size of each sale or non-sale related transfer. We will not receive any of the proceeds from sales by the selling security holders.

We expect that the selling security holders will sell their shares primarily through sales on the OTC Bulletin Board or any other stock exchange, market or trading facility on which our shares are traded or in private transactions. Sales of our common stock may be made at fixed or negotiated prices and may be effected by means of one or more of the following transactions, which may involve cross or block transactions:

- 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;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales;
- transactions in which broker-dealers may agree with one or more selling security holders to sell a specified number of such shares at a stipulated price per share;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- underwritten offerings; or
- a combination of any of the above or any other method permitted pursuant to applicable law.

The selling security holders will have the sole discretion not to accept any purchase offer or make any sale of their shares if they deem the purchase price to be unsatisfactory at a particular time. To the extent required, this prospectus may be amended and supplemented from time to time to describe a specific plan of distribution, including the names of any broker-dealers, underwriters or agents.

Broker-dealers engaged by selling security holders may arrange for other broker-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling security holders or, if any broker-dealer acts as agent for the purchase of shares, from the purchaser, in amounts to be negotiated. Selling security holders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

In connection with sales of common stock, or interests therein, selling security holders 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. Selling security holders may also engage in short sales, puts and calls or other transactions in our securities or derivatives of our securities and may sell and deliver shares in connection with these transactions.

Selling security holders and any underwriters, broker-dealers or agents involved in an arrangement to sell any of the offered shares may, under certain circumstances, be deemed to be “underwriters” with respect to securities they sell within the meaning of the Securities Act. Any profit on such sales and any discount, commission, concession or other compensation received by any such underwriter, broker-dealer or agent, may be deemed an underwriting discount and commission under the Exchange Act. No selling security holder has informed us that they have an agreement or understanding, directly or indirectly, with any person to distribute the common stock. If a selling security holder should notify us that they have a material

Table of Contents

arrangement with a broker-dealer for the resale of their shares, we would be required to amend the registration statement of which this prospectus forms a part, and file a prospectus supplement to describe the agreement between the selling security holder and broker-dealer, underwriter or agent, provide required information regarding the plan of distribution, and otherwise revise the disclosure in this prospectus as needed. We would also file the agreement between the selling security holder and the broker-dealer as an exhibit to the post-effective amendment to the registration statement.

We have agreed to pay all fees and expenses incurred by us incident to the registration of our common stock, including SEC filing fees. Each selling security holder will be responsible for all costs and expenses in connection with the sale of their shares of common stock, including brokerage commissions or dealer discounts. Selling security holders will be indemnified by us against certain losses, claims, damages and liabilities, including certain liabilities under the Securities Act.

There can be no assurance that the selling security holders will sell any or all of the shares of common stock pursuant to the registration statement of which this prospectus forms a part.

Selling security holders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, which provisions may limit the timing of purchases and sales of common stock by them. The foregoing may affect the marketability of such securities. To comply with the securities laws of certain jurisdictions, if applicable, the common stock will be offered or sold in such jurisdictions only through registered or licensed brokers or dealers.

Selling security holders and other persons participating in the sale or distribution of the shares offered hereby will be subject to applicable provisions of the Exchange Act and rules and regulations promulgated thereunder, including, without limitation, Regulation M. With certain exceptions, Regulation M restricts certain activities of, and limits the timing of purchases and sales of, any of the shares by selling security holders, affiliated purchasers and any broker-dealer or other person who participates in the sale or distribution. Under Regulation M, these persons are precluded from bidding for or purchasing, or attempting to induce any person to bid for or purchase, any security subject to the distribution until the distribution is complete. Regulation M also prohibits any bids or purchases made in order to stabilize the price of a security in connection with the distribution of that security. All of these limitations may affect the marketability of the shares offered by this prospectus.

To our knowledge, no selling security holder is a broker-dealer or an affiliate of a broker-dealer.

Table of Contents

SELLING SECURITY HOLDERS

Pursuant to the registration rights agreement executed in connection with the private placement that we completed on February 7, 2011, we have filed a registration statement on Form S-3, of which this prospectus forms a part, with the SEC under the Securities Act to register the shares of common stock offered by certain of the selling security holders. See “Description of Securities-Shareholders' Agreement” and “-Registration Rights Agreement.” Up to 2,428,572 shares of our common stock, including 1,000,000 shares of our common stock issuable upon exercise of the warrants, are being offered by this prospectus, all of which are being registered for sale for the accounts of the selling security holders. The shares of common stock are being registered to permit public sales of the shares, and the selling security holders may offer the shares for resale from time to time pursuant to this prospectus. The selling security holders may also sell, transfer or otherwise dispose of all or a portion of their shares in transactions exempt from the registration requirements of the Securities Act or pursuant to another effective registration statement covering those shares. We may from time to time include additional selling security holders in amendments to this prospectus.

In connection with the Merger, on March 31, 2009, we entered into an escrow agreement (the “Escrow Agreement”), with Communications LLC (in its capacity as representative of the holders of shares of Old HTI common stock), Trivergance, LLC (in its capacity as representative of our initial stockholders) and Continental Stock Transfer & Trust Company (in its capacity as escrow agent). Communications LLC, our controlling stockholder, is an affiliate of Apollo Global Management, LLC. As of the date hereof, 58,498,131 shares of common stock are held in escrow subject to the terms of the Escrow Agreement, pending the satisfaction of certain earn-out targets and to satisfy certain possible indemnification claims. None of the shares offered by this prospectus are subject to the Escrow Agreement. Shares subject to the Escrow Agreement are included in the number of shares of our common stock outstanding for purposes of calculating the ownership percentages below.

The table below sets forth certain information regarding the selling security holders and the shares of our common stock offered by them in this prospectus.

Because each selling security holder may offer all, some or none of the shares it holds, no definitive estimate as to the number of shares that will be held by each selling security holder after the offering can be provided. The following table has been prepared on the assumption that all shares offered under this prospectus will be sold to parties unaffiliated with the selling security holders. The selling security holders have not had a material relationship with us within the past three years other than as described in the footnotes to the table below or as a result of their acquisition of our shares or other securities. To our knowledge, none of the selling security holder is a broker-dealer or an affiliate of a broker-dealer.

Beneficial ownership is determined in accordance with the rules of the SEC. Each selling security holder's percentage of ownership of our outstanding shares in the table below is based upon 94,103,976 shares of common stock outstanding as of May 9, 2011.

Table of Contents

Selling Security Holder	Ownership Before Offering		Ownership After Offering		
	Number of Shares Owned	Number of Shares Being Registered	Number of Shares Owned After Offering ⁽¹⁾	Percentage After Offering	
10th Mountain Endowment Fund, Inc. ⁽²⁾	17,000	17,000	—	—	%
Asphalt Green, Inc. ⁽³⁾	37,400	37,400	—	—	%
James F. Cleary ⁽⁴⁾	2,040	2,040	—	—	%
Vicente & Marie Citarella JTWROS ⁽⁵⁾	3,400	3,400	—	—	%
City of Milford Pension & Retirement Fund ⁽⁶⁾	272,000	272,000	—	—	%
City of Stamford Firemen's Pension Fund ⁽⁷⁾	119,000	119,000	—	—	%
Brook Dey Cosby ⁽⁸⁾	5,950	5,950	—	—	%
Donald and Dan-Thanh Devivo JTWROS ⁽⁹⁾	6,460	6,460	—	—	%
Susan Uris Halpern ⁽¹⁰⁾	42,500	42,500	—	—	%
Jasper Investments LLC ⁽¹¹⁾	3,400	3,400	—	—	%
John J. & Catherine H. Kayola JTWROS ⁽¹²⁾	2,040	2,040	—	—	%
Peter Loram ⁽¹³⁾	20,400	20,400	—	—	%
Domenic J. Mizio ⁽¹⁴⁾	85,000	85,000	—	—	%
Nicola Zesiger Mullen ⁽¹⁵⁾	10,200	10,200	—	—	%
Norwalk Employees' Pension Plan ⁽¹⁶⁾⁽¹⁷⁾	91,800	91,800	—	—	%
National Federation of Independent Business ⁽¹⁶⁾⁽¹⁸⁾	27,200	27,200	—	—	%
National Federation of Independent Business Employee Pension Trust ⁽¹⁶⁾⁽¹⁹⁾	51,000	51,000	—	—	%
Public Employee Retirement System of Idaho ⁽²⁰⁾	1,414,400	1,414,400	—	—	%
Psychology Associates ⁽²¹⁾					