

Edgar Filing: HUGHES Telematics, Inc. - Form 424B3

HUGHES Telematics, Inc.
Form 424B3
November 08, 2010
Table of Contents

Filed Pursuant to Rule 424(b)(3)

File No. 333-160787

SUPPLEMENT NO. 11 TO PROSPECTUS DATED AUGUST 19, 2009

THE DATE OF THIS SUPPLEMENT IS NOVEMBER 8, 2010

On November 8, 2010, HUGHES Telematics, Inc. filed the attached Quarterly Report on Form 10-Q with the Securities and Exchange Commission.

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

- Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2010, or**
- Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
Commission file number 001-33860

HUGHES Telematics, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

26-0443717
(I.R.S. Employer Identification Number)

2002 Summit Boulevard, Suite 1800

Atlanta, Georgia
(Address of principal executive offices)

30319
(Zip Code)

Registrant's telephone number, including area code: (404) 573-5800

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Edgar Filing: HUGHES Telematics, Inc. - Form 424B3

(Do not check if a smaller
reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of November 8, 2010, 92,627,237 shares of the registrant's common stock were outstanding.

Table of Contents

TABLE OF CONTENTS

<u>PART I FINANCIAL INFORMATION</u>	1
<u>Item 1. Financial Statements</u>	1
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	13
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	20
<u>Item 4. Controls and Procedures</u>	20
<u>PART II OTHER INFORMATION</u>	21
<u>Item 1. Legal Proceedings</u>	21
<u>Item 1A. Risk Factors</u>	21
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	21
<u>Item 3. Defaults Upon Senior Securities</u>	21
<u>Item 4. Reserved</u>	21
<u>Item 5. Other Information</u>	21
<u>Item 6. Exhibits</u>	21

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****HUGHES TELEMATICS, INC.****CONSOLIDATED BALANCE SHEETS****(Unaudited)****(In thousands, except share data)**

	September 30, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 17,347	\$ 28,368
Short-term investments	5,428	
Accounts receivable, net	9,812	4,118
Inventories, net	117	1,390
Prepaid expenses	975	1,556
Other current assets	2,439	2,119
Total current assets	36,118	37,551
Restricted cash	856	650
Property and equipment, net	25,509	30,128
Capitalized software, net	18,639	18,355
Intangible assets, net	13,445	13,005
Goodwill	5,169	5,169
Debt issuance costs	4,241	5,254
Other assets	7,468	7,969
Total assets	\$ 111,445	\$ 118,081
Liabilities and Stockholders Deficit		
Current liabilities:		
Accounts payable	\$ 5,348	\$ 7,521
Accrued liabilities	15,911	7,943
Deferred revenue	6,583	98
Current portion of capital lease obligations	1,825	3,125
Current portion of long-term debt	2,250	8,316
Other current liabilities	2,294	568
Total current liabilities	34,211	27,571
Long-term debt	104,689	91,140
Capital lease obligations	166	1,599
Long-term deferred revenue	12,781	47
Other liabilities	1,737	3,100

Edgar Filing: HUGHES Telematics, Inc. - Form 424B3

Total liabilities	153,584	123,457
Commitments and contingencies (Note 13)		
Stockholders' deficit:		
Preferred stock, \$0.0001 par value. Authorized 10,000,000 shares, no shares issued and outstanding at September 30, 2010 and December 31, 2009		
Common stock, \$0.0001 par value. Authorized 155,000,000 shares; issued and outstanding 92,627,237 shares at September 30, 2010 and 87,087,624 shares at December 31, 2009		
	9	9
Additional paid-in capital	369,281	352,159
Accumulated deficit	(424,245)	(357,544)
Total HUGHES Telematics, Inc. stockholders' deficit	(54,955)	(5,376)
Non-controlling interests in consolidated subsidiary	12,816	
Total stockholders' deficit	(42,139)	(5,376)
Total liabilities and stockholders' deficit	\$ 111,445	\$ 118,081

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

HUGHES TELEMATICS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Revenues:				
Services	\$ 8,215	\$ 5,845	\$ 20,739	\$ 16,750
Hardware	2,559	2,868	7,629	7,818
Total revenues	10,774	8,713	28,368	24,568
Costs and expenses:				
Cost of services	6,427	1,755	18,075	5,023
Cost of hardware sold	2,210	2,136	6,623	6,104
Research and development	3,357	8,089	8,806	26,551
Sales and marketing	5,977	2,766	17,202	7,825
General and administrative	9,594	11,159	28,691	28,121
Impairment charges		20,762		20,762
Total costs and expenses	27,565	46,667	79,397	94,386
Loss from operations	(16,791)	(37,954)	(51,029)	(69,818)
Interest income	32	51	119	104
Interest expense	(5,573)	(3,195)	(16,380)	(9,385)
Change in fair value of derivative instruments				(62,316)
Other (expense) income	(16)		(23)	
Loss before income taxes	(22,348)	(41,098)	(67,313)	(141,415)
Income tax expense	8	12	20	12
Net loss	(22,356)	(41,110)	(67,333)	(141,427)
Net loss attributable to non-controlling interests	497		632	
Net loss attributable to HUGHES Telematics, Inc.	(21,859)	(41,110)	(66,701)	(141,427)
Deemed dividend on and accretion of convertible preferred stock				(56,619)
Net loss attributable to common stockholders	\$ (21,859)	\$ (41,110)	\$ (66,701)	\$ (198,046)
Basic and diluted loss per common share	\$ (0.66)	\$ (1.71)	\$ (2.23)	\$ (11.19)
Basic and diluted weighted average common shares outstanding	33,191,993	24,042,090	29,949,581	17,692,728

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**HUGHES TELEMATICS, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)****(In thousands)**

	Nine Months Ended September 30,	
	2010	2009
Cash flows from operating activities:		
Net loss	\$ (67,333)	\$ (141,427)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	10,274	7,486
Change in fair value of derivative instruments		62,316
Non-cash impairment charges		19,097
Interest expense on long-term debt and capital leases	5,954	5,522
Interest expense on Series A Redeemable Preferred Stock		496
Amortization of debt issuance costs and discounts on long-term debt	4,608	3,362
Share-based compensation expense	2,126	975
Contribution of non-cash services to Lifecomm LLC	448	
Loss on sale of property and equipment	72	
Changes in assets and liabilities:		
Accounts receivable, net	(5,694)	1,751
Inventories, net	1,274	180
Prepaid expenses and other assets	859	(7,127)
Accounts payable and accrued and other liabilities	6,004	12,478
Deferred revenue	19,219	(264)