

Polaris Acquisition Corp.
Form PRER14A
November 21, 2008

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

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934**

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

x Preliminary Proxy Statement
 o **Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
 o Definitive Proxy Statement
 o Definitive Additional Materials
 o Soliciting Material Pursuant to §240.14a-12

POLARIS ACQUISITION CORP.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required.
 x Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies: Common stock of Polaris Acquisition Corp.
- (2) Aggregate number of securities to which transaction applies: 74,514,086 shares of common stock of Polaris Acquisition Corp.

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the (3) amount on which the filing fee is calculated and state how it was determined): \$9.45, representing the average of the high and low prices for the common stock of Polaris Acquisition Corp. on August 21, 2008.

- (4) Proposed maximum aggregate value of transaction: \$704,158,113
(5) Total fee paid: \$27,673.41
x Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

- (1) Amount Previously Paid:
(2) Form, Schedule or Registration No.:
(3) Filing Party:
(4) Date Filed:

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This proxy statement is dated _____, 2008 and is first being mailed to Polaris stockholders on or about _____, 2008.

POLARIS ACQUISITION CORP.
2200 Fletcher Avenue
4th Floor
Fort Lee, New Jersey 07024

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held on

TO THE STOCKHOLDERS OF POLARIS ACQUISITION CORP.:

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of Polaris Acquisition Corp., a Delaware corporation ("Polaris"), will be held at _____, New York City time, on _____, 2008, at _____ for the following purposes:

1. To consider and vote upon a proposal to approve the merger of HUGHES Telematics, Inc., a Delaware corporation ("HUGHES Telematics") with and into Polaris, with Polaris continuing as the surviving corporation in the merger, pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of November 10, 2008 (the "merger agreement"), by and among Polaris, HUGHES Telematics and, for limited purposes, Communications Investors LLC, an affiliate of Apollo Management, L.P., as the escrow representative ("Apollo"), and the transactions contemplated thereby. We refer to this proposal as the "merger proposal" ;

2. To consider and vote upon a proposal to amend Polaris amended and restated certificate of incorporation to (A) change Polaris name from Polaris Acquisition Corp. to _____, (B) increase the number of Polaris authorized shares of common stock from 55,000,000 to 155,000,000 and authorized shares of preferred stock from 1,000,000 to 10,000,000, (C) remove the entirety of Article Fifth and (D) amend certain other ministerial provisions of the certificate of incorporation. We refer to this proposal as the pre-closing certificate amendment proposal ;
3. To consider and vote upon a proposal, effective after the consummation of the merger, to amend Polaris amended and restated certificate of incorporation to (A) remove provisions of Article Third relating to the dissolution and liquidation of Polaris in the event that a business combination is not consummated prior to January 11, 2010, (B) replace (1) the entirety of Article Sixth with a provision providing that Polaris is to have perpetual existence and (2) the entirety of Article Seventh with a provision providing that Polaris reserves the right to amend, alter, change or repeal any provision in Polaris amended and restated certificate of incorporation in the manner now or hereafter prescribed therein and by the laws of the State of Delaware, all of which relate to the operation of Polaris as a blank check company prior to the consummation of a business combination and (C) amend certain other ministerial provisions of the certificate of incorporation. We refer to this proposal as the post-closing certificate amendment proposal ;
4. To consider and vote upon a proposal, if necessary, to authorize the adjournment of the special meeting to a later date or dates to permit further solicitation and vote of proxies in the event there are insufficient votes at the time of the special meeting to approve the merger proposal, the pre-closing certificate amendment proposal or the post-closing certificate amendment proposal. We refer to this proposal as the adjournment proposal ; and
5. To consider and vote upon such other business as may properly come before the special meeting or any adjournment or postponement thereof.

The board of directors of Polaris has fixed the close of business on _____, 2008 as the record date for the determination of stockholders entitled to notice of and to vote at the special meeting and at any adjournment or postponement thereof. Only the holders of record of Polaris common stock on the record date are entitled to have their votes counted at the special meeting and any adjournments or postponements thereof.

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Merger Consideration

The merger agreement provides that all shares of common stock, par value \$0.01 per share, of HUGHES Telematics issued and outstanding immediately prior to the merger and not owned directly by HUGHES Telematics will be exchanged for the right to receive, in the aggregate, 14,962,245 fully paid and non-assessable shares of Polaris common stock, par value \$0.0001 per share. All options exercisable for HUGHES Telematics common stock issued and outstanding immediately prior to the merger will be exchanged for options exercisable for an aggregate of 541,810 shares of Polaris common stock. In addition, an aggregate of 56,901,303 Polaris common shares will be issued into escrow and released to the HUGHES Telematics stockholders as merger consideration in three tranches contingent upon Polaris common stock meeting specified price targets over the five-year period following the closing of the merger (the earn-out shares). So long as any earn-out shares remain in escrow, the HUGHES Telematics stockholders will be able to vote those earn-out shares without restriction on any matter brought to a vote of the stockholders of the combined company. The first tranche of 40%, or 22,760,523, of the earn-out shares will be released to the HUGHES Telematics stockholders if the trading price of Polaris common stock equals or exceeds \$20.00 for any 20 trading days within a 30 trading-day period between the first and fifth anniversaries of the closing of the merger. The second tranche of 30%, or 17,070,390, of the earn-out shares will be released if the trading price of

Polaris common stock equals or exceeds \$24.50 for any 20 trading days within a 30 trading-day period between the second and fifth anniversaries of the closing of the merger. The final tranche of 30%, or 17,070,390, of the earn-out shares will be released if the trading price of Polaris common stock equals or exceeds \$30.50 for any 20 trading days within a 30 trading-day period between the third and fifth anniversaries of the closing of the merger. If a share price target is not met within its measurement period, the earn-out shares related to the missed share price target will be cancelled by Polaris. HUGHES Telematics optionholders will also receive as merger consideration options exercisable for an aggregate of 2,060,499 shares of Polaris common stock, which will be divided into three tranches of the same proportions as with the earn-out shares and will be exercisable, according to their terms, if the trading price of Polaris common stock equals or exceeds the \$20.00, \$24.50 and \$30.50 share price targets, respectively, as specified immediately above (the earn-out options). In addition, Polaris initial stockholders (the initial stockholders) will place an aggregate of 1,250,000 shares of their Polaris common stock into escrow (the sponsor earn-out shares), to be released back to them if the price target for the first tranche of earn-out shares is achieved between the first and fifth anniversaries of closing.

The number of shares of Polaris common stock received by HUGHES Telematics stockholders at the closing of the merger will be subject to possible adjustments, including the issuance of up to 7,500,000 additional shares of Polaris common stock for the value of up to \$75.0 million of additional equity raised by HUGHES Telematics prior to the closing of the merger, if any, and the issuance of additional shares of Polaris common stock for a shortfall in the net working capital of Polaris below \$138.0 million at the closing of the merger.

Concurrent with the closing of the merger, 7.5%, or 1,122,161, of the 14,962,245 Polaris common shares to be received by HUGHES Telematics stockholders as merger consideration at the closing of the merger will be placed in escrow as a fund for the payment of indemnification claims that may be made against HUGHES Telematics stockholders as a result of breaches of HUGHES Telematics covenants, representations or warranties in the merger agreement and other transaction documents. Similarly, 7.5% of each tranche of escrowed earn-out shares, or 4,267,606, of the 56,901,303 earn-out shares in the aggregate, may be used to fund the payment of such indemnification claims. The HUGHES Telematics stockholders will be able to vote these escrowed shares without restriction.

We expect that the HUGHES Telematics stockholders will own approximately 46% of the outstanding shares of Polaris common stock immediately following the consummation of the merger (not including the earn-out shares or sponsor earn-out shares held in escrow), based on the number of shares of Polaris common stock outstanding as of , 2008, and assuming (1) no issuances of additional shares of Polaris common stock to HUGHES Telematics stockholders to account for the net proceeds received by HUGHES Telematics for equity issued prior to the mailing of this proxy statement, (2) no issuances of additional shares of Polaris common stock to HUGHES Telematics stockholders to account for a shortfall in the net working capital of Polaris, (3) no election of conversion of shares by Polaris stockholders (as discussed below) and (4)

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no exercise of warrants by Polaris stockholders. The ownership percentages of HUGHES Telematics stockholders will increase to the extent that earn-out shares are released to HUGHES Telematics stockholders as a result of the Polaris common stock meeting specified price targets over the five-year period following the closing of the merger.

Conversion Rights

Each Polaris stockholder, other than the initial stockholders, who holds shares of common stock issued in Polaris initial public offering (whether such shares were acquired pursuant to such initial public offering or afterwards) (the

public stockholders) has the right to vote against the merger proposal and, at the same time, elect that Polaris convert such stockholder's shares, which we refer to as the conversion election shares, for cash equal to a pro rata portion of the funds held in Polaris' trust account. However, if the holders of 4,500,000 or more shares of Polaris common stock issued in Polaris' initial public offering, an amount equal to 30% or more of the total number of shares issued in Polaris' initial public offering, vote against the merger and properly elect conversion of their shares for a pro rata portion of the funds held in the trust account, then Polaris will not be able to consummate the merger, regardless of whether a majority of the shares of Polaris common stock (a) voted by the public stockholders present and entitled to vote at the special meeting in person or by proxy and (b) outstanding as of the record date, vote in favor of the merger proposal.

Based on the amount of cash held in the trust account as of _____, 2008, without taking into account any interest accrued after such date, a stockholder who votes against the merger proposal and properly elects to convert its shares will be entitled to convert shares of Polaris common stock that it holds for approximately \$ _____ per share. If the merger is not completed, then the conversion election shares will not be converted for cash, even if a stockholder who voted against the merger properly elected conversion. Polaris will have sufficient funds in the trust account to pay the conversion price for the conversion election shares, even if it must convert up to but less than 30% of the shares of common stock issued in Polaris' initial public offering. Prior to exercising conversion rights, Polaris stockholders should verify the market price of Polaris common stock, as they may receive higher proceeds from the sale of their common stock in the public market than from exercising their conversion rights. Shares of Polaris common stock are quoted on the American Stock Exchange under the symbol TKP. On _____, 2008, the last sale price of Polaris common stock was \$ _____.

Required Vote to Approve the Proposals

The affirmative vote of a majority of the shares of Polaris common stock (a) voted by the public stockholders present and entitled to vote at the special meeting in person or by proxy and (b) outstanding as of the record date, is required to approve the merger proposal, provided that the holders of less than 30% of the shares of Polaris common stock that were issued in our initial public offering vote against the merger proposal and properly elect to convert their shares into a pro rata portion of the funds held in Polaris' trust account. Polaris' initial stockholders have agreed to vote all of their shares of Polaris common stock acquired prior to the initial public offering in accordance with the vote of the majority in interest of all other Polaris stockholders on the merger proposal. As of the date hereof, the Polaris' initial stockholders hold in the aggregate 3,750,000 shares of Polaris common stock, which represents 20% of the outstanding shares of Polaris common stock.

Assuming the merger proposal is approved by Polaris stockholders, the affirmative vote of a majority of the shares of Polaris common stock outstanding as of the record date is required to approve the pre-closing certificate amendment proposal and the post-closing certificate amendment proposal.

Each of the merger proposal, the pre-closing certificate amendment proposal and the post-closing certificate amendment proposal are conditioned upon the approval of the other proposals other than the adjournment proposal, and, in the event one or more of those proposals does not receive the necessary vote to approve that proposal, the remaining proposals, other than the adjournment proposal, will not be presented at the special meeting for approval. It is a condition to the closing of the merger for both Polaris and HUGHES Telematics under the merger agreement that each of the merger proposal, the pre-closing certificate amendment proposal and the post-closing certificate amendment proposal is approved by Polaris stockholders.

We will not transact any other business at the special meeting, except for business properly brought before the special meeting, or any adjournment or postponement thereof, by our board of directors.

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Voting

Your vote is important. Whether you plan to attend the special meeting or not, please sign, date and return your proxy card as soon as possible to make sure that your shares are represented at the special meeting. If you are a stockholder of record of Polaris common stock, you may also cast your vote in person at the special meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct your broker or bank on how to vote your shares. If you return your proxy card without an indication of how you wish to vote, it will be voted **FOR** each of the proposals and you will not be eligible to have your shares converted into a pro rata portion of the funds in our trust account. If you abstain from voting on the merger proposal, the pre-closing certificate amendment proposal or the post-closing certificate amendment proposal, or you do not instruct your broker on how to vote your shares on those proposals, the abstention or broker non-vote will have the same effect as a vote **against** each such proposal. To properly exercise your conversion rights, you must affirmatively vote against the merger proposal and your bank or broker must, by 5:00 p.m., New York City time, on _____, 2008, the business day prior to the special meeting, electronically transfer your shares to the Depository Trust Company (**DTC**) account of Continental Stock Transfer & Trust Company, our stock transfer agent, and provide Continental Stock Transfer & Trust Company with the necessary stock powers, written instructions that you want to convert your shares and a written certificate addressed to Continental Stock Transfer & Trust Company stating that you were the owner of such shares as of the record date, you have owned such shares since the record date and you will continue to own such shares through the closing of the merger.

Our warrant holders are not entitled to voting rights with respect to their warrants at the special meeting.

Recommendations of the Board of Directors of Polaris

After careful consideration, Polaris board of directors has determined that the merger proposal and the other proposals are fair and in the best interests of Polaris stockholders.

The board of directors of Polaris unanimously recommends that you vote **FOR the merger proposal, the pre-closing certificate amendment proposal, the post-closing certificate amendment proposal and, if necessary, the adjournment proposal.**

When you consider the recommendation of Polaris board of directors, you should keep in mind that certain of Polaris directors and officers have interests in the merger, which are described in the accompanying proxy statement, that are different from, or in addition to, your interests as a stockholder.

Thank you for your participation. We look forward to your continued support.

By Order of the Board of Directors,

Marc V. Byron
Chairman of the Board and Chief Executive Officer

, 2008

Neither the Securities and Exchange Commission nor any state securities commission has determined if this proxy statement is truthful or complete. Any representation to the contrary is a criminal offense.

SEE THE SECTION ENTITLED **RISK FACTORS IN THIS PROXY STATEMENT FOR A DISCUSSION OF VARIOUS FACTORS THAT YOU SHOULD CONSIDER IN CONNECTION WITH THE MERGER.**

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POLARIS ACQUISITION CORP.

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**SUMMARY OF THE MATERIAL TERMS OF THE
MERGER**

The parties to the merger agreement are Polaris, HUGHES Telematics and, for limited purposes, Apollo. See the section entitled The Merger Proposal.

HUGHES Telematics is a privately-owned automotive telematics services company that currently provides and is developing a suite of real-time automotive services and applications. See the section entitled Business of HUGHES Telematics.

At the closing of the merger, HUGHES Telematics will merge with and into Polaris, with Polaris continuing as the surviving corporation. See the section entitled The Merger Proposal.

In exchange for all of their common stock and options exercisable for common stock of HUGHES Telematics, the HUGHES Telematics stockholders will receive from Polaris, at the closing of the merger, an aggregate of 14,962,245 shares of Polaris common stock and the HUGHES Telematics optionholders will receive options exercisable for an aggregate of 541,810 shares of Polaris common stock, subject to certain adjustments. In addition, an aggregate of 56,901,303 earn-out shares will be issued into escrow and released to the HUGHES Telematics stockholders and earn-out options exercisable for an aggregate of 2,060,499 shares of Polaris common stock will be eligible to be exercised, according to their terms, by the HUGHES Telematics optionholders, each in three tranches, upon the trading share price of Polaris common stock reaching at least \$20.00, \$24.50 and \$30.50 within certain measurement periods over the five-year period following the closing of the merger. Not including the earn-out shares, the merger consideration has an aggregate value of approximately \$141.9 million based on the closing price of Polaris common stock on June 13, 2008, the last trading day before the announcement of the original merger agreement, \$135.4 million based on the closing price of Polaris common stock on November 10, 2008, the last trading day before the announcement of the amended and restated merger agreement, and \$136.8 million based on the closing price of Polaris common stock on November 17, 2008. See the section entitled The Merger Agreement Merger Consideration. The Polaris initial stockholders will place an aggregate of 1,250,000 shares of their Polaris common stock in escrow, to be released back to them if the price target for the first tranche of earn-out shares is achieved between the first and fifth anniversaries of closing. See the section entitled The Merger Agreement Escrow of Sponsor Earn-Out Shares. Any Polaris public stockholder who votes against the merger may, at the same time, elect that Polaris convert such stockholder's shares for a pro rata portion of the funds held in the trust account. If you seek to exercise this conversion right, you must submit your vote against approval of the merger and check the box on the proxy card indicating that you wish to exercise your conversion rights. In addition, by 5:00 p.m., New York City time, on , 2008, the business day prior to the special meeting your bank or broker must electronically transfer your shares and provide certain instructions and a certificate to Continental Stock Transfer & Trust Company, our stock transfer agent. See the section entitled The Special Meeting Conversion Rights.

As a result of the merger and assuming that no Polaris stockholders properly elect that Polaris convert their shares into cash as permitted by Polaris' amended and restated certificate of incorporation, immediately after the closing of the merger, the stockholders of HUGHES Telematics will own approximately 46% of the outstanding Polaris common stock and Apollo will own approximately 39% of the outstanding Polaris common stock, in each case not including the earn-out shares or sponsor earn-out shares held in escrow. If 29.99% of Polaris public stockholders properly elect that Polaris convert their shares into cash, then immediately after the closing of the merger the stockholders of HUGHES Telematics will own approximately 54% of the outstanding Polaris common stock and Apollo will own approximately 45% of the outstanding Polaris common stock, in each case not including the earn-out shares or sponsor earn-out shares held in escrow. Including the earn-out shares and sponsor earn-out shares held in escrow and assuming that none of Polaris public stockholders properly elect that Polaris convert their shares into cash, the stockholders of HUGHES Telematics and Apollo will hold approximately 79% and 67%, respectively, of Polaris voting power. Including the earn-out shares and sponsor earn-out shares held in escrow and assuming that 29.99% of Polaris public stockholders properly elect that Polaris convert their shares to cash, the stockholders of HUGHES Telematics and Apollo will

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hold approximately 84% and 70%, respectively, of Polaris' voting power. The percentage ownership held by HUGHES Telematics securityholders will increase and that of Polaris' stockholders will decrease upon (1) the release to the

HUGHES Telematics stockholders of any earn-out shares (2) the exercise of options by HUGHES Telematics optionholders, assuming vesting and other conditions to exercise are met, (3) the issuance of additional shares of Polaris common stock at the closing of the merger for the value of up to \$75.0 million of additional equity raised by HUGHES Telematics prior to the closing, if any, and (4) the issuance of additional shares of Polaris common stock for any shortfall in the net working capital of Polaris below \$138.0 million at the closing of the merger. See the section entitled "The Merger Agreement - Merger Consideration."

At the closing of the merger, 5,389,767 shares, or 7.5% of the Polaris common stock to be issued to HUGHES Telematics stockholders, will be placed in escrow as a fund for the payment of indemnification claims that may be made by Polaris stockholders as a result of breaches of HUGHES Telematics covenants, representations or warranties in the merger agreement. If required for indemnification, the right to these shares will be foregone or forfeited by all HUGHES Telematics stockholders, pro rata in accordance with their ownership. See the section entitled "The Merger Agreement - Indemnification."

In addition to voting on the merger, the stockholders of Polaris will vote on proposals to change its name to _____, to increase the number of authorized shares of common stock to 155,000,000 from 55,000,000 and to amend its charter to delete certain provisions that will no longer be applicable after the merger. See the sections entitled "The Pre-Closing Certificate Amendment Proposal" and "The Post-Closing Certificate Amendment Proposal."

As a condition to the closing of the merger, a majority of HUGHES Telematics stockholders will agree not to transfer any shares of Polaris common stock, including shares of Polaris common stock underlying stock options, issued to them in the merger for a period of two years after the closing of the merger, with certain limited exceptions for private transfers (e.g., to family members) where the transferee agrees to be bound by the terms of the lock-up. Additionally, those HUGHES Telematics stockholders will agree not to transfer any earn-out shares of Polaris common stock, including shares of Polaris common stock underlying earn-out options, issued to them in the merger and placed in escrow until (i) with respect to any shares released from escrow upon achievement of the price target for the first tranche of earn-out shares between the first and second anniversaries of the closing, one year following distribution of such securities from escrow, and (ii) with respect to any other earn-out shares, the earlier of (a) six months following the distribution of such shares from escrow or (b) the fifth anniversary of the closing. Polaris initial stockholders are subject to identical transfer restrictions with respect to the sponsor earn-out shares as if such securities were part of the first tranche of earn-out shares. See the section entitled "Agreements Related to the Merger - Shareholders Agreement."

After the merger, the board of directors of Polaris will be expanded to nine members, and the initial directors will include (i) Jeffrey A. Leddy, Andrew D. Africk, Matthew H. Nord, _____, _____, and _____, or such other persons designated by Apollo prior to the closing of the merger (at least one of whom must be considered independent under the rules of the American Stock Exchange and the NASDAQ Stock Market ("NASDAQ ")), (ii) Marc V. Byron, or such other person designated by the board of directors of Polaris prior to the closing of the merger who is reasonably acceptable to Apollo and (iii) _____ and _____, or such other persons mutually designated by Polaris board of directors and Apollo, each of whom the board of directors of Polaris has determined to be independent under the rules of the American Stock Exchange and NASDAQ. Because Apollo will beneficially own more than 50% of Polaris common stock following the merger, we will operate as a controlled company under applicable rules of both the American Stock Exchange and the NASDAQ. See the section entitled "Agreements Related to the Merger - Shareholders Agreement."

Polaris current directors and officers have interests in the merger that are different from, or in addition to, your interests as a stockholder. Because Polaris directors and officers acquired shares of Polaris common stock prior to its initial public offering at a price per share of \$0.006, they will therefore likely benefit from the merger even if the merger causes the market price of Polaris securities to significantly decrease. If the merger is not approved and Polaris fails to consummate a qualifying, alternative

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transaction by January 11, 2010, the shares of common stock issued prior to Polaris initial public offering and warrants held by Polaris directors and officers will be worthless because they are not entitled to receive any of the net

proceeds of Polaris' initial public offering that may be distributed upon liquidation of Polaris (except with respect to shares purchased in the open market). Further, if Polaris' remaining assets outside of the trust account are insufficient to pay the costs of liquidation, Marc V. Byron and Lowell D. Kraff have agreed to advance Polaris the funds necessary to complete such liquidation and not to seek repayment for such expenses. Finally, while our directors and officers may be reimbursed for any out-of-pocket expenses incurred by them in connection with certain activities on our behalf, such reimbursements are capped at an aggregate of \$1.8 million if a business combination is not consummated. From Polaris' inception on June 18, 2007 through September 30, 2008, our directors and officers had incurred a total of \$78,245 in out-of-pocket expenses, all of which has been reimbursed. See the section entitled "Risk Factors - Risks Related to the Merger with HUGHES Telematics."

QUESTIONS AND ANSWERS ABOUT THE PROPOSALS

In this proxy statement, the term "HUGHES Telematics" refers to HUGHES Telematics, Inc. The terms "Polaris," "the Company," "we," "us" and "our" refer to Polaris Acquisition Corp.

Q. Why am I receiving this proxy statement?

A. Polaris and HUGHES Telematics have agreed to merge, with Polaris as the surviving corporation. Under the terms of the merger agreement, in exchange for all of their common stock and options exercisable for common stock of HUGHES Telematics, the HUGHES Telematics stockholders will receive from Polaris, at the closing of the merger, an aggregate of 14,962,245 shares of Polaris common stock and the HUGHES Telematics optionholders will receive options exercisable for an aggregate of 541,810 shares of Polaris common stock, subject to certain adjustments. In addition, an aggregate of 56,901,303 earn-out shares will be issued into escrow and released to the HUGHES Telematics stockholders and earn-out options exercisable for an aggregate of 2,060,499 shares of Polaris common stock will be eligible to be exercised, according to their terms, by the HUGHES Telematics optionholders, each in three tranches, upon the trading share price of Polaris common stock reaching at least \$20.00, \$24.50 and \$30.50 within certain measurement periods over the five-year period following the closing of the merger. The first, second and third tranches of each of the earn-out shares and earn-out options will consist of 40%, 30% and 30% of the applicable securities, respectively.

In order to complete the merger, (1) a majority of the shares of Polaris common stock (a) voted by the public stockholders present at the special meeting in person or by proxy and (b) outstanding as of the record date, must be voted for the merger proposal, (2) less than 30% of the shares of Polaris common stock issued in our initial public offering must be voted against the merger proposal and be properly elected for conversion and (3) the Polaris stockholders must approve the other proposals as described below.

Q. What is being voted on?

A. You are being asked to vote on four proposals.

The first proposal is to approve the merger of Polaris and HUGHES Telematics pursuant to the terms of the merger agreement.

The second proposal is to amend Polaris' amended and restated certificate of incorporation to (A) change Polaris name from "Polaris Acquisition Corp." to _____, (B) increase the number of Polaris' authorized shares of common stock from 55,000,000 to 155,000,000 and authorized shares of preferred stock from 1,000,000 to 10,000,000, (C) remove the entirety of Article Fifth and (D) amend certain ministerial provisions of the certificate of incorporation. The third proposal is to amend Polaris' amended and restated certificate of incorporation post-closing to remove provisions relating to the dissolution and liquidation of Polaris in the event that a business combination is not consummated prior to January 11, 2010, to provide that Polaris is to have perpetual existence and to amend certain ministerial provisions of the certificate of incorporation.

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The fourth proposal is to approve the adjournment of the special meeting to a later date or dates, if necessary, to permit further solicitation and vote of proxies in the event there are insufficient votes at the time of the special meeting to approve the merger proposal, the pre-closing certificate amendment proposal or the post-closing certificate amendment proposal.

A form of Polaris' restated certificate of incorporation, as it would appear if the pre-closing certificate amendment proposal (with deletions denoted by italics and strikeouts and insertions denoted by italics and underlines) and the post-closing certificate amendment proposal (with deletions denoted by bold italics and strikeouts and insertions denoted by bold italics and underlines) are both effected, is attached as Annex B. Each of the merger proposal, the pre-closing certificate amendment proposal and the post-closing certificate amendment proposal is conditioned upon the approval of the other proposals, other than the adjournment proposal, and in the event one or more of those proposals does not receive the necessary vote to approve that proposal or proposals, then the remaining proposals, other than the adjournment proposal, will not be presented at the special meeting for adoption.

You are invited to attend the special meeting to vote on the proposals described in this proxy statement. However, you do not need to attend the special meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card. Your vote is important. Polaris encourages you to vote as soon as possible after carefully reviewing this proxy statement.

This proxy statement provides you with detailed information about the merger proposal, the pre-closing certificate amendment proposal, the post-closing certificate amendment proposal and the adjournment proposal and the special meeting of stockholders. We encourage you to carefully read this entire document, including the attached annexes. **YOU SHOULD ALSO CAREFULLY CONSIDER THOSE FACTORS DESCRIBED UNDER THE SECTION ENTITLED RISK FACTORS.**

Q. Why is Polaris proposing the merger?

Polaris is a blank check company organized for the purpose of acquiring an operating business through a merger, capital stock exchange, asset acquisition or other similar business combination. Polaris has been in search of a business combination partner since its initial public offering occurred in January 2008. Polaris' board of directors believes that HUGHES Telematics presents a unique opportunity for Polaris because of its strategic position, anticipated growth and experienced management team, among other factors. As a result, Polaris believes that the merger with HUGHES Telematics will provide Polaris stockholders with an opportunity to participate in a company at an early stage of its growth and development.

Q. What vote is required in order to approve the merger proposal?

The approval of the merger between HUGHES Telematics and Polaris will require the affirmative vote of a majority of the shares of Polaris common stock (a) voted by Polaris' public stockholders present at the special meeting in person or by proxy and (b) outstanding as of the record date. The affirmative vote of a majority of the shares of Polaris common stock voted by the public stockholders present at the special meeting in person or by proxy and entitled to vote thereon is a requirement of our certificate of incorporation. The affirmative vote of a majority of the shares of Polaris common stock outstanding as of the record date is a requirement of the Delaware General Corporation Law ("DGCL").

In addition, each of Polaris' public stockholders has the right to vote against the merger proposal and elect that Polaris convert such stockholder's shares, which we refer to as conversion election shares, for cash equal to a pro rata portion of the funds held in Polaris' trust account, including interest, in which a substantial portion of the net proceeds of Polaris' initial public offering is deposited. Stockholders who seek to exercise this conversion right must submit their vote against approval of the merger proposal and follow the proper procedures to elect conversion of their shares. Based on the amount of cash held in the trust account as of _____, 2008, without taking into account any interest accrued after such date, a stockholder who votes against the merger proposal and properly elects to convert its shares will be entitled to convert shares of Polaris common stock that it holds for approximately \$ _____ per share. These shares will be converted for cash only if the merger is completed.

However, if the holders of 4,500,000 or more shares of Polaris common stock issued in its initial public

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offering, an amount equal to 30% or more of the total number of shares issued in its initial public offering, vote against the merger and properly elect conversion of their shares for a pro rata portion of the trust account, then Polaris will not be able to consummate the merger, regardless of whether a majority of the shares of Polaris common stock (a) voted by the public stockholders present and entitled to vote at the special meeting in person or by proxy and (b) outstanding as of the record date vote in favor of the merger proposal. If the merger is not completed, then conversion election shares will not be converted into cash, even if a stockholder who voted against the merger elected conversion. If you elect conversion of your shares, your bank or broker must, by 5:00 p.m., New York City time, on _____, 2008, the business day prior to the special meeting, electronically transfer your shares to the DTC account of Continental Stock Transfer & Trust Company, our stock transfer agent, and provide Continental Stock Transfer & Trust Company with the necessary stock powers, written instructions that you want to convert your shares and a written certificate addressed to Continental Stock Transfer & Trust Company stating that you were the owner of such shares as of the record date, you have owned such shares since the record date and you will continue to own such shares through the closing of the merger.

If you Abstain from voting on the merger proposal, the abstention will have the same effect as a vote AGAINST the merger proposal. Similarly, if you do not give instructions to your broker on how to vote your shares, the broker non-vote will have the same effect as a vote AGAINST the merger proposal. If fewer than a majority of the shares of Polaris common stock (a) voted by the public stockholders present in person or by proxy at the special meeting, or (b) outstanding as of the record date are voted for the merger proposal, or if the holders of an aggregate of 30% or more of the shares issued in Polaris initial public offering vote against the merger proposal and properly elect to convert their shares into a pro rata portion of the funds held in our trust account, none of the other proposals will be presented for approval, other than the adjournment proposal.

Polaris initial stockholders have agreed to vote all of their shares of Polaris common stock acquired prior to the initial public offering in accordance with the vote of the majority in interest of all other Polaris stockholders on the merger proposal. As of the date hereof, the Polaris initial stockholders hold in the aggregate 3,750,000 shares of Polaris common stock, which represents 20% of the outstanding shares of Polaris common stock. Polaris initial stockholders have also agreed to vote any shares of Polaris common stock purchased in Polaris initial public offering or in the aftermarket in favor of the merger proposal, and these votes will be counted as votes of Polaris public stockholders. Polaris initial stockholders did not purchase any shares in the initial public offering, nor have they acquired any shares in the aftermarket as of _____, 2008.

Q. What vote is required in order to approve the pre-closing certificate amendment proposal?

The approval of the pre-closing certificate amendment proposal will require the affirmative vote of a majority of the shares of Polaris common stock issued and outstanding as of the record date. If you Abstain from voting on the pre-closing certificate amendment proposal, the abstention will have the same effect as a vote AGAINST the A. pre-closing certificate amendment proposal. Similarly, if you do not give instructions to your broker on how to vote your shares, the broker non-vote will have the same effect as a vote AGAINST the pre-closing certificate amendment proposal. Approval of the pre-closing certificate amendment proposal is conditioned upon the approval of the merger proposal and the post-closing certificate amendment proposal.

Q. What vote is required in order to approve the post-closing certificate amendment proposal?

The approval of the post-closing certificate amendment proposal will require the affirmative vote of a majority of the shares of Polaris common stock issued and outstanding as of the record date. If you Abstain from voting on the post-closing certificate amendment proposal, the abstention will have the same effect as a vote AGAINST the A. post-closing certificate amendment proposal. Similarly, if you do not give instructions to your broker on how to vote your shares, the broker non-vote will have the same effect as a vote AGAINST the post-closing certificate amendment proposal. Approval of the post-closing certificate amendment proposal is conditioned upon the approval of the merger proposal and the pre-closing certificate amendment proposal.

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Q. What vote is required in order to approve the adjournment proposal?

A.

The approval of the adjournment proposal will require the affirmative vote of a majority of the shares of Polaris common stock represented in person or by proxy and entitled to vote thereon at the special meeting. If you Abstain from voting on this proposal, this abstention will have no effect on the outcome.

Q. Did Polaris board of directors make a determination as to the value of HUGHES Telematics?

A. While they did not identify a specific value for HUGHES Telematics, Polaris directors determined that the fair market value of HUGHES Telematics is in excess of 80% of the balance of Polaris trust account (excluding deferred underwriting discounts and commissions and taxes payable).

Q. Did Polaris board of directors obtain any opinions in connection with its approval of the merger agreement?

A. Yes. Polaris board of directors obtained from Duff & Phelps, LLC (Duff & Phelps) (i) an opinion that the fair market value of HUGHES Telematics is in excess of 80% of the balance of Polaris trust account (excluding deferred underwriting discounts and commissions and taxes payable) and (ii) a fairness opinion. The details of each opinion are described below, under The Merger Proposal Duff & Phelps Opinion.

Q. If I am not going to attend the special meeting of stockholders in person, should I return my proxy card instead?

A. Yes. After carefully reading and considering the information contained in this proxy statement, please complete and sign your proxy card. Then return the enclosed proxy card in the return envelope provided as soon as possible, so that your shares may be represented at the special meeting.

Q. Does Polaris board of directors recommend voting for the approval of the merger proposal, the pre-closing certificate amendment proposal, the post-closing certificate amendment proposal and the adjournment proposal?

A. Yes. After careful consideration of the terms and conditions of the merger proposal, the pre-closing certificate amendment proposal, the post-closing certificate amendment proposal and the adjournment proposal, Polaris board of directors has determined that each of these proposals is in the best interests of Polaris and its stockholders. Polaris board of directors unanimously recommends that Polaris stockholders vote FOR each of these proposals. Note that the members of Polaris board of directors may have interests in the merger that are different from, or in addition to, your interests as a stockholder. For a description of such interests, see the section entitled The Merger Proposal Interests of Polaris Directors and Officers in the Merger.

Q. Can I change my vote after I have mailed my signed proxy?

A. Yes. You can revoke your proxy at any time prior to the final vote at the special meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways: (i) you may submit another properly completed proxy card with a later date; (ii) you may send a written notice that you are revoking your proxy to Jerry Stone, Polaris Vice President at the address listed at the end of this section or (iii) you may attend the special meeting and vote in person. Simply attending the special meeting will not, by itself, revoke your proxy.

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

Q. If my shares are held in street name by my broker, will my broker vote my shares for me?

A. If your broker holds your shares in its name and you do not give the broker voting instructions, under the applicable stock exchange rules, your broker may not vote your shares on the merger proposal, the pre-closing certificate amendment proposal or the post-closing certificate amendment proposal. If you do not give your broker voting instructions and the broker does not vote your shares, this is referred to as a broker non-vote. Broker non-votes, if any, are counted for purposes of determining the presence of a

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quorum and will have the same effect as votes AGAINST the merger proposal, the pre-closing certificate amendment proposal and the post-closing certificate amendment proposal, but will not be counted toward the vote total for the adjournment proposal.

Q. Will I receive anything in the merger?

A. You will receive nothing in the merger (unless you properly elect to exercise your conversion rights, as described below). You will continue to hold the Polaris units, common stock and warrants that you currently own.

Q. Do I have conversion rights in connection with the merger?

A.

If you are a Polaris public stockholder, then you have the right to vote against the merger proposal and elect that Polaris convert your shares of common stock for a pro rata portion of the funds held in the trust account in which a substantial portion of the net proceeds of its initial public offering are held, calculated as of two business days prior to the consummation of the merger. As of _____, 2008, without taking into account any interest accrued after such date, the trust account contained approximately \$ _____, or \$ _____ per share. These rights to vote against the merger and elect conversion of your shares for a pro rata portion of the trust account, calculated as of two business days prior to the consummation of the merger, are referred to in this proxy statement as conversion rights, and each share of common stock as to which such election is made is referred to as a conversion election share.

Q. How do I exercise my conversion rights?

If you wish to exercise your conversion rights, you must vote against the merger proposal and properly elect that Polaris convert your shares for cash prior to the vote on the merger proposal at the special meeting (or any adjournment or postponement thereof). If you do not affirmatively vote against the merger proposal, you will not be able to exercise your conversion rights. If you exercise your conversion rights, then you will be irrevocably exchanging your shares of common stock for cash and will no longer own those shares of common stock. Polaris will have sufficient funds in the trust account to pay the conversion price for the conversion election shares, even if it must convert up to but less than 30% of the shares of common stock issued in Polaris' initial public offering. All of our public shares are held in street name. Accordingly, your bank or broker must, by 5:00 p.m., New York City time, on _____, 2008, the business day prior to the special meeting, electronically transfer your shares to the DTC account of Continental Stock Transfer & Trust Company, our stock transfer agent, and provide Continental Stock Transfer & Trust Company with the necessary stock powers, written instructions that you want to convert your shares and a written certificate addressed to Continental Stock Transfer & Trust Company stating that you were the owner of such shares as of the record date, you have owned such shares since the record date and you will continue to own such shares through the closing of the merger. If your bank or broker does not provide each of these documents to Continental Stock Transfer & Trust Company, 17 Battery Place, New York, New York 10004, attn: Mark Zimkind, tel. (212) 845-3287, fax (212) 616-7616 by 5:00 p.m., New York City time, on _____, 2008, the business day prior to the special meeting, your shares will not be converted. There is a nominal cost associated with this delivery process and the act of certificating the shares or electronically delivering them through the DTC's system. The transfer agent will typically charge the tendering broker \$45, and the broker may or may not pass this cost on to you. If you elect conversion of your shares and later decide that you do not want to convert such shares, your bank or broker must make arrangements with Continental Stock Transfer & Trust Company, at the telephone number stated above, to withdraw the conversion. To be effective, withdrawals of shares previously submitted for conversion must be completed prior to the commencement of the special meeting. Continental Stock Transfer & Trust Company can assist with this process. We urge stockholders who may wish to exercise their conversion rights to promptly contact the account executive at the organization holding their account to accomplish these additional procedures. If such stockholders fail to act promptly, they may be unable to timely satisfy the conversion requirements.

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- Q. What happens to the Polaris warrants I hold if I vote against approval of the merger proposal and exercise my conversion rights?
- A. Properly exercising your conversion rights does not result in either the conversion or loss of your warrants. Your warrants will continue to be outstanding following the merger and the conversion of your Polaris common stock.
- Q. What if I object to the proposed merger? Do I have appraisal or dissenters' rights?
- A. No appraisal or dissenters' rights are available under the Delaware General Corporation Law, which we refer to as the DGCL, for the stockholders of Polaris in connection with the merger proposal.
- Q. What happens to the funds deposited in the trust account after consummation of the merger?
- A. Upon completion of the merger, Polaris stockholders who voted against the merger proposal and properly elected to exercise their conversion rights will receive their pro rata portion of the funds held in the trust account (net of taxes payable on the interest earned thereon and \$ _____ of interest earned on the trust account that has been released to

Polaris as of _____, 2008), calculated as of the date that is two business days prior to the completion of the merger. The balance of the funds in the trust account will be released to Polaris to enable it to pay the deferred underwriting discounts and commissions from its initial public offering and expenses associated with its operations and this transaction. Remaining amounts will be used to finance the operations of HUGHES Telematics after the transaction is consummated.

- Q. What happens if the merger proposal, the pre-closing certificate amendment proposal and the post-closing certificate amendment proposal do not receive the necessary votes for approval?
 If any of the merger proposal, pre-closing certificate amendment proposal or the post-closing certificate amendment proposal do not receive the necessary votes for approval, then the remaining proposals, other than the adjournment proposal, will not be presented at the special meeting for approval, and if the adjournment proposal is approved the special meeting will be adjourned to a later date or dates to permit further solicitation and vote of proxies.

Q. What happens if, even after adjournment, the merger is not consummated?

If the merger is not consummated even after adjournment, Polaris' certificate of incorporation will not be amended and Polaris will continue to search for a target business to acquire. However, Polaris will be liquidated if it does not consummate a business combination by January 11, 2010. If Polaris is unable to consummate an initial business combination and is liquidated and it expends all of the net proceeds of its initial public offering, other than the proceeds deposited in the trust account, and without taking into account interest, if any, earned on the trust account, net of income taxes payable on such interest and net of up to \$1.8 million in interest income on the trust account balance that may be released to it to fund working capital requirements, the initial per-share liquidation price would be \$ _____, or \$ _____ less than the per-unit offering price of \$10.00. We cannot assure you that the actual per share liquidation price will not be less than \$ _____. Furthermore, the outstanding warrants are not entitled to participate in a liquidating distribution and the warrants will therefore expire and become worthless if Polaris dissolves and liquidates before completing a business combination. Holders of Polaris common stock acquired prior to the initial public offering have waived any right to any liquidation distribution with respect to those shares.

Q. If the merger is completed, what will happen to the Polaris common stock, units and warrants?

- The merger will have no effect on the Polaris common stock, units and warrants currently outstanding, except that (1) Polaris expects that they will trade on either the NASDAQ Global Market or the NASDAQ Capital Market instead of the American Stock Exchange upon consummation of the merger, and (2) the Polaris warrants will become exercisable upon the later of the completion of the merger or January 11, 2009.

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Q. When do you expect the proposal to be completed?

- Polaris expects that the transactions and actions contemplated in the proposals (other than the post-closing certificate amendment proposal) will be completed as promptly as practicable following the special meeting of A. stockholders to be held on _____, 2008. However, Polaris or HUGHES Telematics may terminate the merger agreement in certain circumstances even if stockholders approve the merger proposal. The post-closing certificate amendment proposal will be completed as soon as practicable after consummation of the merger.

Q. What do I need to do now?

- Polaris urges you to read carefully and consider the information contained in this proxy statement, including the A. annexes, and to consider how the merger will affect you as a stockholder of Polaris. You should then vote as soon as possible in accordance with the instructions provided in this proxy statement and on the enclosed proxy card.

Q. Do I need to tender my shares?

- Only Polaris stockholders who vote against approval of the merger proposal and properly elect to have their shares converted into a pro rata share of the funds held in the trust account must deliver their shares to our stock transfer A. agent prior to the special meeting. Polaris public stockholders who vote in favor of the approval of the merger proposal, or who otherwise do not elect to have their shares converted should not deliver their shares now or after the merger, because their shares will not be converted or exchanged in connection with the merger.

Q. Who is paying for this proxy solicitation?

Polaris is soliciting the proxy represented by the enclosed proxy on behalf of its board of directors, and Polaris will pay all costs of preparing, assembling and mailing the proxy materials. In addition to mailing out proxy materials,

A. Polaris chief executive officer and chairman of the board, and other officers or directors may solicit proxies by telephone or fax, each without receiving any additional compensation for his services. Polaris has requested brokers, banks and other fiduciaries to forward proxy materials to the beneficial owners of its common stock.

Q. Who can help answer my questions?

A. If you have questions about the merger or the other proposal or if you need additional copies of the proxy statement or the enclosed proxy card you should contact Polaris proxy solicitor:

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, New York 10022
Stockholders call toll-free: (888) 750-5834
Banks and brokers call collect: (212) 750-5833

You may also contact Polaris at:

Polaris Acquisition Corp.
2200 Fletcher Avenue, 4th Floor
Fort Lee, New Jersey 07024
Attn: Secretary
Tel: (201) 242-3500

You may also obtain additional information about Polaris from documents filed with the Securities and Exchange Commission (SEC) by following the instructions in the section entitled Where You Can Find More Information.
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SUMMARY

This summary is being provided with respect to each of the proposals. Although the merger is the primary reason for the calling of the special meeting of stockholders, the other proposals are important as well. This summary may not contain all of the information that is important to you. For a more complete description of the transactions contemplated by the merger proposal, the pre-closing certificate amendment proposal, the post-closing certificate amendment proposal and the adjournment proposal, you should carefully read this entire proxy statement, including the attached annexes.

The Principal Parties

Polaris (see page 109)

Polaris was incorporated in Delaware on June 18, 2007, as a blank check company formed for the purpose of acquiring an operating business through a merger, capital stock exchange, asset acquisition or other similar business combination. On January 17, 2008, Polaris consummated the initial public offering of 15,000,000 of its units (units).

Each unit consists of one share of common stock, \$.0001 par value per share (common stock), and one warrant (warrant), to purchase one share of common stock at an exercise price of \$7.00 per share. The units were sold at an offering price of \$10.00 per unit, generating gross proceeds of \$150.0 million. Simultaneously with the consummation of the initial public offering, Polaris consummated the private sale (private sale) of 4,500,000 warrants (insider warrants) with an exercise price of \$7.00 at a purchase price of \$1.00 per insider warrant, generating total proceeds of

\$4.5 million. The insider warrants were purchased by Byron Business Ventures XX, LLC, an entity controlled by Marc V. Byron, Polaris Chairman of the Board and Chief Executive Officer, Praesumo Partners, LLC, an entity controlled by Lowell D. Kraff, Polaris President and a director of Polaris, Moore Holdings, LLC, an entity controlled by David L. Moore, a director of Polaris, Meritage Farms LLC and Cloobek Companies, LLC, each a stockholder of Polaris, Granite Creek Partners, L.L.C., an entity controlled by Brian B. Boorstein, a director of Polaris, Roxbury Capital Group LLC Incentive Savings Plan, an entity controlled by Stuart I. Oran, a director of Polaris, and Alerion Equities, LLC and Odessa, LLC, each a stockholder of Polaris.

Polaris received net proceeds of approximately \$143.4 million from its initial public offering and sale of the insider warrants. Of those net proceeds, approximately \$6.8 million is attributable to the portion of the underwriters discounts and commissions which has been deferred until the consummation of a business combination. The net proceeds were deposited into a trust account and will be part of the funds distributed to Polaris public stockholders in the event it is unable to complete an initial business combination.

Polaris shares of common stock, warrants and units are listed on the American Stock Exchange under the symbols TKP, TKP.WS and TKP.U, respectively.

Polaris principal executive office is located at 2200 Fletcher Avenue, 4th Floor, Fort Lee, New Jersey 07024, and its telephone number is (201) 242-3500.

HUGHES Telematics, Inc. (see page 74)

HUGHES Telematics is an automotive telematics services company that currently provides and is developing a suite of real-time automotive services and applications. These services and applications will be enabled through a hardware component that is factory-installed in new vehicles through multi-year contractual arrangements with automakers. In other instances, these services will be available through software provided by HUGHES Telematics that interfaces with compatible third-party hardware already installed by HUGHES Telematics automaker clients in certain vehicle models. HUGHES Telematics has contracts to be the telematics service provider in the United States to Chrysler LLC (Chrysler) and Mercedes-Benz USA, LLC (Mercedes-Benz) starting in 2009, and continues to market its telematics service to other automakers. Through Networkcar, Inc. (Networkcar), its wholly-owned subsidiary, HUGHES Telematics currently offers remote vehicle monitoring and other data services through after-market hardware that is purchased separately and installed on existing fleet vehicles.

HUGHES Telematics principal executive office is located at 41 Perimeter Center East, Suite 400, Atlanta, Georgia 30346, and its telephone number is (770) 391-6400.

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The Merger (see page 39)

Polaris board of directors believes that HUGHES Telematics presents a unique opportunity for Polaris investors to participate in a growing technology and services company that is poised for significant recurring revenues and earnings.

Merger Consideration to HUGHES Telematics Stockholders (see page 55)

The transaction provides for a direct merger of HUGHES Telematics with and into Polaris. Under the terms of the merger agreement, in exchange for all of their common stock and options exercisable for common stock of HUGHES

Telematics, the HUGHES Telematics stockholders will receive from Polaris, at the closing of the merger, an aggregate of 14,962,245 shares of Polaris common stock and the HUGHES Telematics optionholders will receive options exercisable for an aggregate of 541,810 shares of Polaris common stock, subject to certain adjustments. In

addition, an aggregate of 56,901,303 earn-out shares will be issued into escrow and released to the HUGHES Telematics stockholders and earn-out options exercisable for an aggregate of 2,060,499 shares of Polaris common stock will be eligible to be exercised, according to their terms, by the HUGHES Telematics optionholders, each in three tranches, upon the trading share price of Polaris common stock reaching at least \$20.00, \$24.50 and \$30.50 within certain measurement periods over the five-year period following the closing of the merger.

The Polaris initial stockholders will place an aggregate of 1,250,000 shares of their Polaris common stock in escrow, to be released back to them if the price target for the first tranche of earn-out shares is achieved between the first and fifth anniversaries of closing.

The number of shares of Polaris common stock received by HUGHES Telematics stockholders at the closing of the merger will be subject to possible adjustments, including the issuance of up to 7,500,000 additional shares of Polaris common stock for the value of up to \$75.0 million of additional equity raised by HUGHES Telematics prior to the closing of the merger, if any, and the issuance of additional shares of Polaris common stock for a shortfall in the net working capital of Polaris below \$138.0 million at the closing of the merger.

Not including the earn-out shares, the merger consideration has an aggregate value of approximately \$141.9 million based on the closing price of Polaris common stock on June 13, 2008, the last trading day before the announcement of the original merger agreement, \$135.4 million based on the closing price of Polaris common stock on November 10, 2008, the last trading day before the announcement of amended and restated merger agreement, and \$136.8 million based on the closing price of Polaris common stock on November 17, 2008.

Polaris and HUGHES Telematics plan to complete the merger as promptly as practicable after the special meeting, provided that:

Polaris stockholders have approved the merger proposal, the pre-closing certificate amendment proposal and the post-closing certificate amendment proposal;

holders of less than 30% of the shares of Polaris common stock issued in its initial public offering vote against the merger proposal and properly elect to have Polaris convert their shares for cash; and the other conditions specified in the merger agreement described below under **The Merger Agreement** **Conditions to the Completion of the Merger** have been satisfied or waived.

If Polaris stockholder approval has not been obtained at that time, or any other conditions have not been satisfied or waived, the merger will be completed promptly after Polaris stockholder approval is obtained or the remaining conditions are satisfied or waived. The merger agreement may be terminated if the closing of the merger has not occurred before the earlier of (1) April 15, 2009 or (2) 70 days after the date this proxy statement was distributed to Polaris stockholders.

A copy of the merger agreement is included as Annex A to this proxy statement. We encourage you to read the merger agreement in its entirety. See the section entitled **The Merger Agreement**.

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Merger-Related Agreements and Transactions (see page 68)

Shareholders Agreement

In connection with the merger agreement, Polaris, the initial stockholders of Polaris, and certain stockholders of HUGHES Telematics have agreed to enter into a shareholders agreement at the closing of the merger, pursuant to which (i) such HUGHES Telematics stockholders will accept certain restrictions on transfer of their shares of Polaris common stock received at the closing of the merger (including Polaris common stock underlying options received at the closing of the merger) for two years after the closing; (ii) the Polaris initial stockholders will accept certain restrictions on transfer of their shares of Polaris common stock for one year after the closing of the merger, (iii) such HUGHES Telematics stockholders will accept certain restrictions on transfer of their released earn-out shares and Polaris common stock underlying earn-out options, if any, (iv) the Polaris initial stockholders will accept certain restrictions on transfer of their released sponsor earn-out shares, (v) the Polaris initial stockholders and such HUGHES Telematics stockholders receive certain registration rights for their shares of Polaris common stock, (vi) the Polaris initial stockholders and the HUGHES Telematics stockholders agree on the composition of Polaris board of directors at the time of the closing of the merger and (vii) Polaris initial stockholders will be entitled to one representative on Polaris board of directors while (a) the earn-out shares and indemnity shares remain in escrow and (b) the initial stockholders hold at least 50% of the outstanding Polaris common stock held by them at the closing of the merger. See the section entitled Agreements Related to the Merger Shareholders Agreement.

Escrow Agreement

Polaris and HUGHES Telematics have agreed to enter into a customary escrow agreement providing for the escrow of earn-out and indemnity shares issued to HUGHES Telematics stockholders at the closing of the merger and Polaris initial stockholders sponsor earn-out shares. See the section entitled Agreements Related to the Merger Escrow Agreement.

Polaris Board of Directors Recommendation (see page 34)

After careful consideration, Polaris board of directors has determined unanimously that the merger proposal is in the best interests of Polaris and its stockholders. Accordingly, Polaris board has unanimously approved and declared advisable the merger and unanimously recommends that you vote or instruct your vote to be cast FOR the approval of the merger proposal.

In negotiating and structuring the merger, Polaris board of directors reviewed various industry and financial data and considered the due diligence and evaluation materials provided by HUGHES Telematics in order to determine that the consideration to be paid in connection with the merger was reasonable. See the sections entitled The Merger Proposal Polaris Reasons for the Merger and Recommendation of the Polaris Board and The Merger Proposal Recommendation. On June 13, 2008, Duff & Phelps delivered to Polaris board of directors, its opinion that, as of that date and based upon and subject to the factors, limitations and assumptions described in the opinion, the consideration to be paid by Polaris pursuant to the merger agreement was fair from a financial point of view to the holders of Polaris common stock. Duff & Phelps also opined that the fair market value of HUGHES Telematics is equal to at least 80% of the balance of Polaris trust account (excluding deferred underwriting discounts and commissions and taxes payable). See the section entitled The Merger Proposal Duff & Phelps Opinion.

Polaris board of directors has determined unanimously that the pre-closing certificate amendment proposal, post-closing certificate amendment proposal and adjournment proposal are in the best interests of Polaris and its stockholders. Accordingly, Polaris board has unanimously approved and declared advisable the pre-closing certificate amendment proposal, post-closing certificate amendment proposal and the adjournment proposal and unanimously recommends that you vote or instruct your vote to be cast FOR the approval of the pre-closing certificate amendment proposal, post-closing certificate amendment proposal and the adjournment proposal.

Management Following the Merger (see page 117)

Board of Directors of Polaris Following the Merger

Upon completion of the merger, the board of directors of Polaris will be expanded to nine members, and the initial directors will include (i) Jeffrey A. Leddy, Andrew D. Africk, Matthew H. Nord, ,

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and , or such other persons designated by Apollo prior to the closing of the merger (at least one of whom must be considered independent under the rules of the American Stock Exchange and NASDAQ), (ii) Marc V. Byron, or such other person designated by the board of directors of Polaris prior to the closing of the merger who is reasonably acceptable to Apollo and (iii) and , or such other persons mutually designated by Polaris board of directors and Apollo, each of whom the board of directors of Polaris has determined to be independent under the rules of the American Stock Exchange and NASDAQ. Because Apollo will beneficially own more than 50% of Polaris common stock following the merger, we will operate as a controlled company under applicable rules of both the American Stock Exchange and NASDAQ.

Executive Officers of Polaris Following the Merger.

Upon completion of the merger, the executive officers of Polaris will include Jeffrey A. Leddy as Chief Executive Officer, Erik J. Goldman as President, Craig J. Kaufmann as Vice President Finance and Treasurer, Robert C. Lewis as General Counsel and Secretary and Keith J. Schneider as President of Networkcar.

Interests of Polaris Directors and Officers in the Merger (see page 45)

In considering the recommendation of Polaris board of directors to vote FOR the merger proposal, you should be aware that members of Polaris board of directors may have interests different from or in addition to your interests as a stockholder. If the merger is approved, Marc V. Byron will continue to serve as a director of Polaris following the merger and will be compensated for such service. Additionally, if the merger is not approved and Polaris fails to consummate an alternative transaction within the time allotted pursuant to its certificate of incorporation and Polaris is therefore required to liquidate, the shares of common stock purchased by Polaris initial stockholders prior to Polaris initial public offering, and any warrants held by the initial stockholders, will be worthless because Polaris initial stockholders are not entitled to receive any of the net proceeds of Polaris initial public offering that may be distributed upon liquidation of Polaris. The table below shows the amount that the common stock and the warrants beneficially owned by the directors and officers of Polaris (and entities affiliated with Polaris officers and directors) would be worth upon consummation of the merger and the unrealized profit from such securities based on an assumed market price of the common stock and the warrants of Polaris of \$ and \$, respectively.

	Common Stock			Warrants			Value	Unrealized Profit
	Beneficially Owned	Amount Paid	Value	Beneficially Owned	Amount Paid	Value		
Marc. V. Byron	999,078	\$6,661		900,000	\$900,000			
Lowell D. Kraff	999,078	\$6,661		900,000	\$900,000			
David L. Moore	238,531	\$1,590		360,000	\$360,000			
David F. Palmer	174,758	\$1,165		0	\$0			
Jerry Stone	174,758	\$1,165		0	\$0			
Brian B. Boorstein	61,565	\$410		108,000	\$108,000			
Stuart I. Oran	43,565	\$290		54,000	\$54,000			
Total	2,691,333	\$17,942		2,322,000	\$2,322,000			

Other Matters to be Considered at the Special Meeting (see page 35)

Assuming the merger proposal is approved by Polaris stockholders, Polaris is seeking stockholder approval of the pre-closing certificate amendment proposal and the post-closing certificate amendment proposal.

Polaris is seeking stockholder approval to adjourn the special meeting to a later date, or dates, in the event there are not sufficient votes at the time of the special meeting to approve the merger proposal, the pre-closing certificate amendment proposal or the post-closing certificate amendment proposal.

Appraisal Rights (see page 37)

Polaris stockholders do not have appraisal rights in connection with the merger under the DGCL.

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U.S. Federal Income Tax Consequences of the Merger and Exercise of Conversion Rights (see page 53)

Polaris stockholders who do not properly exercise their conversion rights will continue to hold their Polaris shares and, as a result, are generally not expected to recognize any gain or loss for U.S. federal income tax purposes as result of the merger.

Polaris stockholders who properly exercise their conversion rights and terminate their interest in Polaris will be required to recognize gain or loss upon the exchange of their shares of common stock for cash. We urge you to consult your own tax advisors regarding your particular tax consequences.

For a description of the federal income tax consequences of the proper exercise of conversion rights, see the section entitled "The Merger Proposal - U.S. Federal Income Tax Consequences of the Merger."

Anticipated Accounting Treatment (see page 53)

The merger will be accounted for as a reverse acquisition under the purchase method of accounting, with HUGHES Telematics being treated as the accounting acquirer. Consequently, HUGHES Telematics consolidated financial statements will become the historical financial statements of the registrant following consummation of the merger, with the transaction treated as a recapitalization of HUGHES Telematics.

Regulatory Matters (see page 53)

Polaris is required to file and deliver this proxy statement in connection with the special meeting of stockholders of Polaris under the Securities Exchange Act of 1934, as amended, (the Exchange Act). See the section entitled The Merger Proposal Regulatory Matters.

Date, Time and Place of Special Meeting of Polaris Stockholders (see page 34)

The special meeting of the stockholders of Polaris will be held at New York City time, on , 2008, at . A proposal to adjourn the special meeting to a later date or dates may be presented, if necessary, to permit further solicitation and vote of proxies, if, based upon the tabulated vote at the time of the special meeting, Polaris is not authorized to consummate the merger. See the section entitled The Adjournment Proposal for more information.

Voting Power; Record Date (see page 35)

Only stockholders of record at the close of business on , 2008 will be entitled to vote at the special meeting. On this record date, there were 18,750,000 shares of common stock outstanding and entitled to vote at the special meeting. Each holder of common stock is entitled to one vote per share on each proposal on which such shares are entitled to vote at the special meeting. Holders of warrants are not entitled to voting rights with respect to their warrants at the special meeting.

Quorum and Vote of Polaris Stockholders (see page 36)

A quorum of stockholders is necessary to hold a valid special meeting. A quorum will be present if holders of at least a majority of the issued and outstanding shares entitled to vote are present in person or by proxy at the special meeting. Abstentions and broker non-votes will be counted towards the quorum requirement.

The approval of the merger proposal will require the affirmative vote by the holders of a majority of the shares of Polaris common stock (a) voted by the public stockholders present at the special meeting in person or by proxy and (b) outstanding as of the record date. If the holders of an aggregate of 30% or more of the shares issued in Polaris initial public offering vote against the merger proposal and properly elect to convert their shares into a pro rata portion of Polaris trust account, the remaining proposals, other than the adjournment proposal, will not be presented at the special meeting for approval.

The approval of the pre-closing certificate amendment proposal will require the affirmative vote by the holders of a majority of the shares of Polaris common stock outstanding as of the record date.

The approval of the post-closing certificate amendment proposal will require the affirmative vote by the holders of a majority of the shares of Polaris common stock outstanding as of the record date.

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The approval of the adjournment proposal will require the majority vote of the voting power of the stockholders present or represented at the special meeting and entitled to vote.

If, following the date of this proxy statement, Polaris determines that the merger proposal may not receive sufficient votes at the special meeting for the merger to be consummated, Polaris, HUGHES Telematics and the initial stockholders and/or their affiliates may enter into negotiations for one or more transactions with existing stockholders or other third parties that would be designed to incentivize stockholders who have indicated, or are believed to have indicated, an intention to vote against the merger proposal to either vote in favor of, or to sell their shares to one or more parties who would vote in favor of, the merger proposal. There can be no certainty that any such transactions would in fact be sought to be negotiated or, if negotiations are commenced, would be consummated. If any such transactions are consummated, Polaris, Polaris executive officers and directors, the initial stockholders and any other applicable parties will promptly disclose such transactions by means of a supplement to this proxy statement and/or the filing of a Current Report on Form 8-K with the SEC and any other required filings.

Risk Factors (see page 11)

In evaluating the merger proposal, the pre-closing certificate amendment proposal, the post-closing certificate amendment proposal and the adjournment proposal, you should carefully read this proxy statement and especially consider the factors discussed in the section entitled Risk Factors.

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Summary Historical Consolidated Financial Information of HUGHES Telematics

The summary historical consolidated financial information of HUGHES Telematics set forth below is derived from the audited and unaudited consolidated financial statements of HUGHES Telematics included in this proxy statement. HUGHES Telematics summary historical consolidated balance sheet data as of September 30, 2008 and December 31, 2007 and 2006, and historical summary consolidated statement of operations data for the nine months ended September 30, 2008, the year ended December 31, 2007 and for the period from January 9, 2006 (inception) to December 31, 2006 have been derived from HUGHES Telematics audited consolidated financial statements. The summary historical consolidated statement of operations data for the nine months ended September 30, 2007 has been derived from HUGHES Telematics unaudited consolidated financial statements and, in the opinion of management, include all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of HUGHES Telematics financial position and results of operations as of the dates and for the periods indicated. The results for periods of less than a full year are not necessarily indicative of the results to be expected for any interim period or for a full year.

This information should be read in conjunction with the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations of HUGHES Telematics and the consolidated financial statements and the notes thereto included elsewhere in this proxy statement.

	Year Ended	January 9,
Nine Months Ended	December	2006
September 30,	31,	(Inception) to
2008 2007	2007	December 31,

2006

(In Thousands, Except Share Data)

Consolidated Statement of Operations Data:

Revenues	\$ 20,965	\$ 14,896	\$ 20,352	\$ 6,913
Loss from operations	(33,237)	(22,339)	(33,577)	(6,136)
Loss before income taxes	(39,645)	(22,758)	(34,535)	(6,104)
Net loss	(39,645)	(21,307)	(32,333)	(3,836)
Basic and diluted loss per share	(106.09)	(57.17)	(86.74)	(11.57)
Basic and diluted weighted average shares outstanding	373,680	372,680	372,768	331,688

September 30, 2008 December 31, 2007 2006
(In Thousands)

Consolidated Balance Sheet Data:

Cash, cash equivalents, and short-term investments	\$ 25,654	\$ 22,017	\$ 17,388
Restricted cash current and noncurrent	11,320	997	997
Total assets	109,827	62,932	54,648
Series A Redeemable Preferred Stock	61,479	57,017	35,273
Long-term debt	59,298		
Capital lease obligations current and noncurrent	7,705		
Total liabilities	147,534	75,795	50,398
Stockholders' (deficit) equity	(37,707)	(12,863)	4,250

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TABLE OF CONTENTS**Summary Historical Financial Information of Polaris**

The summary historical financial information of Polaris set forth below is derived from the audited and unaudited financial statements of Polaris included in this proxy statement. Polaris' summary historical balance sheet data as of December 31, 2007, and historical summary statement of operations data for the period from June 18, 2007 (inception) to December 31, 2007, have been derived from Polaris' audited financial statements. The summary historical balance sheet data as of September 30, 2008 and the summary historical statement of operations data for the nine months ended September 30, 2008 have been derived from Polaris' unaudited financial statements and, in the opinion of management, include all adjustments necessary for a fair presentation of Polaris' financial position and results of operations as of the dates and for the periods indicated. The results for periods of less than a full year are not necessarily indicative of the results to be expected for any interim period or for a full year.

This information should be read in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations of Polaris" and the financial statements and the notes thereto included elsewhere in this proxy statement.

Balance Sheet Data:	September 30, 2008	December 31, 2007
Cash	\$ 103,550	\$ 12,801
Total assets	151,108,853	188,603

Total liabilities	7,242,569	164,276
Value of common stock subject to conversion (\$10 per share)	44,999,990	\$
Stockholders' equity	98,866,294	188,603

Statements of Operations:	June 18, 2007 (Inception) to December 31, 2007	June 18, 2007 (Inception) to September 30, 2007	Nine Months Ended September 30, 2008	June 18, 2007 (Inception) to September 30, 2008
Revenue	\$	\$	\$	\$
Interest Income	389	320	1,987,041	1,987,430
Net Income (Loss)	(673)	(742)	461,266	460,593
Net income per share			0.03	0.04

Summary Unaudited Pro Forma Condensed Combined Financial Information

The summary unaudited pro forma condensed combined financial information set forth below is derived from, and should be read in conjunction with, the unaudited pro forma condensed consolidated financial statements included elsewhere in this proxy statement.

The following unaudited pro forma condensed combined statement of operations data presents the combined company's results of operations for the year ended December 31, 2007 and the nine months ended September 30, 2008 assuming the merger occurred on January 1, 2007. The following unaudited pro forma condensed combined balance sheet data presents the combined company's financial position assuming that the merger occurred on September 30, 2008. The unaudited pro forma condensed combined financial information does not purport to represent what the combined company's results of operations or financial condition would actually have been had the merger in fact occurred as of such dates or to project the combined company's results of operations for any future period or as of any future date.

This information should be read together with HUGHES Telematics' and Polaris' audited and unaudited financial statements and related notes, provided in the sections entitled "Unaudited Pro Forma Condensed Combined Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations of HUGHES Telematics," "Management's Discussion and Analysis of Financial Condition and Results of Operations of Polaris," and other financial information included elsewhere in this proxy statement.

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The unaudited pro forma condensed financial information has been prepared using two different levels of approval of the merger by the Polaris stockholders, as follows:

Assuming No Exercise of Conversion Rights: This presentation assumes that no Polaris stockholders properly exercise their conversion rights; and

Assuming Maximum Exercise of Conversion Rights: This presentation assumes that 29.99% of the Polaris stockholders properly exercise their conversion rights.

	Nine Months Ended September 30, 2008		Year Ended December 31, 2007	
	Assuming No Exercise of Conversion Rights	Assuming Maximum Exercise of Conversion Rights	Assuming No Exercise of Conversion Rights	Assuming Maximum Exercise of Conversion Rights
(In Thousands, Except Share Data)				
Pro Forma Statement of Operations Data:				
Revenues	\$20,965	\$20,965	\$20,352	\$20,352
Loss from operations	(34,352)	(34,352)	(33,578)	(33,578)
Loss before income taxes	(36,899)	(37,494)	(32,725)	(32,725)
Net loss	(37,071)	(37,666)	(30,523)	(30,523)
Basic and diluted loss per share	(1.18)	(1.40)	(0.97)	(1.14)
Basic and diluted weighted average shares outstanding	31,340,084	26,840,085	31,340,084	26,840,085

September 30, 2008
Assuming No
Exercise of
Conversion
Rights
(In Thousands)

Pro Forma Balance Sheet Data:

Cash and cash equivalents	\$ 169,207	\$ 124,207
Restricted cash	4,700	4,700
Total assets	247,186	202,186
Series A Redeemable Preferred Stock		
Long-term debt	59,298	59,298
Capital lease obligations	7,705	7,705
Total liabilities	86,548	86,548
Stockholders' equity	160,638	115,638

See the section entitled "Unaudited Pro Forma Condensed Combined Financial Information" for further information.

Comparative Historical and Unaudited Pro Forma Per Share Information

The following tables set forth the per share data of Polaris and HUGHES Telematics on a stand-alone basis for the historical periods of the nine months ended September 30, 2008 and the year ended December 31, 2007 and the unaudited pro forma combined per share ownership information of Polaris and HUGHES Telematics after giving effect to the merger, assuming (1) maximum approval, which assumes that no Polaris stockholders properly exercise their conversion rights, in one case, and (2) minimum approval, which assumes that 29.99% of Polaris stockholders properly exercise their conversion rights, in the other case. You should read this information in conjunction with the selected summary historical financial information included elsewhere in this proxy statement, and the historical financial statements of Polaris and HUGHES Telematics and related notes included elsewhere in this proxy statement.

The unaudited pro forma combined

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per share information is derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial information and related notes included elsewhere in this proxy statement.

The unaudited pro forma combined earnings per share information below does not purport to represent the earnings per share which would have occurred had the companies been combined during the periods presented, nor earnings per share for any future date or period. The unaudited pro forma combined book value per share information below does not purport to represent what the value of Polaris and HUGHES Telematics would have been had the companies been combined during the periods presented.

	As of and for the Nine Months Ended September 30, 2008			
	Historical	Pro Forma Combined		
	Polaris	HUGHES Telematics	Assuming No Exercise of Conversion Rights	Assuming Maximum Exercise of Conversion Rights
	(In Thousands, Except Share Data)			
Basic and diluted earnings (loss) per share	\$0.03	\$(106.09)	\$(1.18)	\$(1.40)
Cash dividends declared per share				
Book value	98,866	(37,707)	160,638	115,638
Book value per share	5.46	(100.91)	5.13	4.31
Weighted average shares outstanding	18,092,381	373,680	31,340,084 ⁽¹⁾	26,840,085 ⁽¹⁾

	As of and for the Year Ended December 31, 2007			
	Historical	Pro Forma Combined		
	Polaris	HUGHES Telematics	Assuming No Exercise of Conversion Rights	Assuming Maximum Exercise of Conversion Rights
	(In Thousands, Except Share Data)			
Basic and diluted loss per share	\$	\$(86.74)	\$(0.97)	\$(1.14)
Cash dividends declared per share				
Book value	24	(12,863)	180,557	135,557
Book value per share		(34.51)	5.76	5.05
Weighted average shares outstanding	5,175,000	372,768	31,340,084 ⁽¹⁾	26,840,085 ⁽¹⁾

(1) Excludes (i) an aggregate of 1,122,161 shares of Polaris common stock which will be issued to HUGHES Telematics stockholders and be placed in escrow for 15 months following closing to indemnify Polaris for the payment of indemnification claims that may be made by Polaris as a result of breaches of HUGHES Telematics covenants, representations and warranties in the merger agreement, (ii) the 56,901,303 earn-out shares which will be issued to HUGHES Telematics stockholders but held in escrow until achievement of the specified price targets and (iii) the 1,250,000 sponsor earn-out shares to be placed into escrow upon consummation of the merger.

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RISK FACTORS

You should carefully consider the following risk factors, together with all of the other information included in this proxy statement, before you decide whether to vote or instruct your vote to be cast to approve the merger proposal. As

Polaris operations will be those of HUGHES Telematics upon consummation of the merger, a number of the following risk factors relate to the business and operations of HUGHES Telematics. Unless the context indicates otherwise, in this section prior to the merger, the terms we, us and our refer to Polaris and, following the consummation of the merger, such terms refer to the combined company, which will be renamed

Risks Related to Our Business Following the Merger with HUGHES Telematics

To date, HUGHES Telematics has only generated losses, which are expected to continue for the foreseeable future.

For the fiscal year ended December 31, 2007 and the nine months ended September 30, 2008, HUGHES Telematics incurred approximately \$32.3 million and \$39.6 million, respectively, of net losses in connection with the development of its factory-installed hardware devices (the telematics control unit or TCU) and telematics system and the operations of its Networkcar subsidiary. HUGHES Telematics expects its net losses and its negative cash flow to continue for the foreseeable future as it completes the development of its telematics system, makes payments under its various contracts and begins to incur marketing costs associated with the launch of service in automotive manufacturer vehicles in mid-2009. We cannot assure you that HUGHES Telematics net losses and negative cash flow will not accelerate and surpass HUGHES Telematics expectations, potentially significantly, nor can we assure you that HUGHES Telematics will ever generate any net income or positive cash flow.

HUGHES Telematics is completing the development of its first generation telematics product installed in vehicles and has not yet generated any revenue from its service offerings for vehicles with factory-installed hardware.

To date, all of HUGHES Telematics revenues have been earned through the sale of Networkcar's products and services, and no revenues have been generated from services enabled by HUGHES Telematics factory-installed telematics device. While the design of its TCU has been completed, HUGHES Telematics still needs to complete validation testing with the automakers with which it has strategic relationships. In addition, HUGHES Telematics needs to complete the development of certain of its operating systems before HUGHES Telematics can start commercial operation and generate revenues from its service offerings for vehicles with factory-installed hardware. Unless it successfully completes the development of these operating systems, HUGHES Telematics will not become profitable, and an investor will likely lose money on its investment. We cannot assure you that HUGHES Telematics will successfully complete, in a cost effective or timely manner, the development of operating systems that meet automakers specifications or that allow HUGHES Telematics to successfully generate revenue. If HUGHES Telematics fails to do so it will materially and negatively impact its business.

HUGHES Telematics key service agreements are with a small number of automakers and are subject to numerous risks, including expiration, early termination and prolonged reduction in production volume.

HUGHES Telematics only has service agreements with Chrysler and Mercedes-Benz, and a substantial majority of its future revenues are expected to be derived from these agreements. If HUGHES Telematics were to lose one or both of these key relationships, it would have a material adverse impact on its business and prospects. If either of these automakers were to materially lower its production volume for a prolonged period of time and HUGHES Telematics did not obtain additional customers or offsetting sources of revenue, its business and prospects would be materially harmed. HUGHES Telematics prospects and future revenues may be negatively impacted by a prolonged contraction of demand for the vehicles produced by these automakers or the determination by either automaker or any successor entity to discontinue a particular brand. In addition, if either or both of these automakers enter into bankruptcy proceedings or undergo similar restructuring, it is possible that the automaker's service agreement with HUGHES Telematics may be voided or terminated, which would have a material adverse impact on business and prospects of HUGHES

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Telematics. Even if HUGHES Telematics is successful in developing relationships with additional automakers, its future revenues will be derived from sources related to vehicles manufactured by a small number of automakers.

HUGHES Telematics current agreement with Chrysler is scheduled to expire on June 16, 2015. HUGHES Telematics current agreement with Mercedes-Benz is scheduled to expire on June 16, 2016. Though we anticipate there will be ongoing revenue from a base of vehicles installed with HUGHES Telematics communicators, we cannot assure you that any of the automakers with which HUGHES Telematics has strategic relationships, including Mercedes-Benz or Chrysler, will extend or renew their contracts with HUGHES Telematics before or when they expire or that, if they are extended or renewed, they will be extended or renewed on the same terms or on terms that are as favorable to HUGHES Telematics as the existing contracts.

Automakers, particularly U.S. automakers, are facing significant financial and structural challenges.

It has been widely reported in the press that automakers, particularly U.S. automakers, including Chrysler, are currently facing significant financial and structural challenges and that it is possible that these challenges will result in bankruptcy proceedings for Chrysler. If Chrysler enters into bankruptcy proceedings or undergoes similar restructuring, it is possible that its service agreement with HUGHES Telematics may be voided or terminated or restructured in a manner that could have a material adverse impact on business and prospects of HUGHES Telematics. The adverse effects, if any, on Hughes Telematics, of a bankruptcy involving Chrysler or any other automaker that HUGHES Telematics contracts with are difficult to predict and may not be determinable until long after such an event occurs.

Chrysler, along with General Motors and Ford, has appeared before the U.S. Congress to request financial assistance from the U.S. government. Even if bankruptcy was avoided through the provision of financial assistance from the U.S. government, such assistance may be conditioned upon significant changes to Chrysler's business, which in turn could adversely impact the business of HUGHES Telematics.

The automotive industry may undergo a period of consolidation or reorganization, the effects of which are difficult to predict.

There have been reports that Chrysler was in discussions with General Motors, which offers a competing telematics service, regarding a possible business combination. Such discussions have reportedly been suspended or terminated due to the current state of uncertainty surrounding the U.S. automobile industry, though recent reports suggest that they may be restarted if the federal government provides financial assistance to U.S. automakers. A consolidation of Chrysler with General Motors may materially harm the business and prospects of HUGHES Telematics and the effects of any such consolidation or other transformative event involving Chrysler or Mercedes are difficult to predict, and may not be determinable until long after such an event occurs.

HUGHES Telematics must meet certain developmental milestones and provide certain levels of service upon product launch.

HUGHES Telematics' agreements with each of Chrysler and Mercedes-Benz require it to meet certain developmental milestones and to maintain certain minimum service level standards. Each respective agreement may be terminated by Chrysler or Mercedes-Benz upon a material breach by HUGHES Telematics, including upon HUGHES Telematics' failure to meet certain of the developmental milestones or to satisfy the required service levels. As HUGHES Telematics' operating systems are still being tested and developed, HUGHES Telematics may not be able to meet the requirements or its obligations under the agreements. To the extent that HUGHES Telematics fails to meet its material obligations under either contract and a contract is terminated, HUGHES Telematics' prospects would be severely impaired.

HUGHES Telematics' projections are based on a number of estimates and assumptions that could prove to be materially inaccurate.

Since HUGHES Telematics has not yet launched its service offerings for vehicles with factory-installed hardware and is participating in a dynamic industry, some or all of the assumptions underlying its projections may prove to be materially inaccurate. For example, the HUGHES Telematics' growth projections provided to

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Duff & Phelps are based in large part on estimates of (i) consumer and automaker adoption rates of telematics-related products and services estimated by industry analysts or experienced by automakers with current telematics service offerings and (ii) vehicle sales by the automakers with which HUGHES Telematics has strategic relationships. Estimated adoption rates are subject to a number of uncertainties, including, among others, pricing, privacy concerns and, for certain services, capabilities of competing products such as cell phones and other personal electronic devices. Estimated vehicle sales are also subject to a number of uncertainties, such as general economic conditions, availability of financing for automotive purchasers and competitive factors. Accordingly, HUGHES Telematics' estimates of the size of the anticipated market or the potential demand for HUGHES Telematics' services may turn out to be significantly inaccurate. In addition, HUGHES Telematics' projected results are based on certain assumptions as to the cost of developing, manufacturing and distributing TCUs, as well as costs related to the provision of services, such as communications, sales, marketing, customer support, content and other costs. There can be no assurance that any of these assumptions will prove correct or that projected results will be achieved. Actual results may vary from projected results, and such variations may be material.

The automotive industry may undergo a period of consolidation or reorganization, the effects of which are difficult to

Competition for telematics service contracts with automakers is intense.

While HUGHES Telematics has entered into exclusive relationships with Chrysler and Mercedes-Benz, starting in 2009, to provide specified telematics services to new vehicles manufactured by these automakers for the United States market, competition for new contracts to provide services similar to HUGHES Telematics services is intense. HUGHES Telematics currently faces significant competition from other telematics service providers for new contracts with automakers and, once HUGHES Telematics services become available, increased competition in the telematics industry could eventually result in downward pricing pressure, reduced margins and the loss of market share.

Some of HUGHES Telematics current and potential competitors have established or may establish cooperative relationships among themselves or directly with automakers. Accordingly, it is possible that alliances among competitors or among automakers, particularly if they involve General Motors or OnStar, could have a negative impact on the ability of HUGHES Telematics to expand its automaker customer base. Certain of the current and potential competitors of HUGHES Telematics, including OnStar, also have significantly greater name recognition and financial, marketing, management and other resources than HUGHES Telematics does. They may be able to respond more quickly to changes in customer preferences or devote greater resources to developing and promoting their service offering. We cannot guarantee that HUGHES Telematics can maintain its competitive position against its current and potential competitors, especially those with greater financial, marketing, management and other resources than it will have.

Competition for subscribers could negatively affect HUGHES Telematics business.

Indirectly, certain of HUGHES Telematics services compete with services provided by wireless devices such as cellular telephones and carriers of mobile communications, as well as aftermarket telematics providers. As wireless providers in the U.S. market complete their service build-out for location-based services, this competition may increase significantly or could jeopardize the commercial viability of certain of HUGHES Telematics services.

Consumers may opt for certain services offered by wireless carriers, such as navigation, despite the scope of HUGHES Telematics service offerings, rather than those offered by HUGHES Telematics. In addition, starting in November 2009, while HUGHES Telematics will be the exclusive telematics service provider to Mercedes-Benz for all new Mercedes-Benz vehicles sold in the United States, it expects to have to compete with the incumbent service provider, ATX Group, Inc. (ATX Group) for legacy Mercedes-Benz customers. Though Mercedes-Benz supports HUGHES Telematics as the provider of choice for such legacy customers, there can be no assurance that HUGHES Telematics will be successful in converting such customers at the rates it expects or without incurring additional costs.

HUGHES Telematics has significant indebtedness, the terms of which limit the operation of HUGHES Telematics business, and a failure to generate significant cash flow could render it unable to service such obligations.

As of November 17, 2008, HUGHES Telematics had outstanding long-term indebtedness with an aggregate principal balance of approximately \$67.5 million, consisting of \$55.0 million of senior secured term indebtedness issued under a credit facility and a \$12.5 million senior subordinated unsecured promissory note

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issued to Apollo. While HUGHES Telematics may elect to pay the interest accrued on the senior secured term indebtedness until March 31, 2010 and on the senior subordinated unsecured promissory note until the October 1,

2013 maturity date in kind (i.e., with such accrued interest being added to the outstanding principal balance of the term indebtedness), after March 31, 2010 and until the March 31, 2013 maturity date of the senior secured term indebtedness, the accrued interest must be paid in cash.

In addition, senior secured term indebtedness with an aggregate principal amount of \$50.0 million bears variable interest at a rate equal to 11% plus the greater of the London Interbank Rate (LIBOR) or 3% (pursuant to an agreement with one of the senior secured note holders, the interest rate on senior secured term indebtedness with a principal amount of \$5.0 million has a fixed interest rate of 14%). In the event that interest rates rise, the result would be higher interest costs for HUGHES Telematics. HUGHES Telematics ability to service this indebtedness will be dependent on its ability to generate cash from internal operations or raise equity sufficient to make required payments on such indebtedness. HUGHES Telematics business may not generate sufficient cash flow from operations and future borrowings may not be available to HUGHES Telematics under credit facilities in an amount sufficient to enable HUGHES Telematics to pay this indebtedness and fund operating and liquidity requirements. HUGHES Telematics may need to refinance all or a portion of this indebtedness on or before maturity; however, HUGHES Telematics may not be able to refinance any of this indebtedness on commercially reasonable terms, or at all.

Further, the credit facility contains restrictive covenants that will limit HUGHES Telematics ability to engage in activities that may be in its long-term best interests. An event of default, including from the failure to comply with the covenants or from the termination of the Chrysler or Mercedes-Benz contracts, could, if not cured or waived, result in the acceleration of all of HUGHES Telematics outstanding indebtedness.

Substantially all of HUGHES Telematics assets are used to collateralize its credit facility.

HUGHES Telematics credit facility is secured by substantially all of its assets, including cash, inventory and accounts receivable. The credit agreement governing the credit facility contains various covenants that restrict HUGHES Telematics business. Noncompliance with any of the covenants without cure or waiver would constitute an event of default under the credit facility. Upon the occurrence of an event of the default under the credit facility, substantially all of the assets of HUGHES Telematics would be subject to liquidation by the creditors, which could result in no assets being left available to the stockholders.

HUGHES Telematics will have significant indebtedness following the merger and may have to raise additional capital to successfully carry out its business plan.

Assuming no Polaris stockholders properly elect to convert their Polaris common stock, it is estimated that through its merger with Polaris, HUGHES Telematics will receive net cash proceeds of up to approximately \$ million, which will be used to fund HUGHES Telematics growth opportunities. HUGHES Telematics, however, will retain significant indebtedness, including under its existing credit facility. HUGHES Telematics also may have to enter into new credit facilities, or possibly issue additional preferred or common stock, to finance its growth. If HUGHES Telematics has to issue additional equity, the stockholders of Polaris would be diluted. We cannot assure you that HUGHES Telematics will have access to financing on commercially reasonable terms, if at all.

HUGHES Telematics long development and sales cycle will place considerable demands on HUGHES Telematics resources and liquidity.

HUGHES Telematics expects that it will take several years from the date it commences negotiations with an automaker to the date it is able to collect fees for the provision of services. Negotiation with an automaker regarding a commercial arrangement for services to be offered in vehicles is a long and complicated process since these types of

HUGHES Telematics has significant indebtedness, the terms of which limit the operation of HUGHES Telematics b

arrangements are complex and new to the automotive industry. Once a contract is executed, HUGHES Telematics TCU, if required by the contract, may need to be further developed or modified and will need to be tested to ensure that they or other systems properly operate with that automaker's vehicle systems. Further, the manufacturing and installation schedule for the TCU must be coordinated to coincide with the automaker's model development, manufacturing and release schedules. Even after vehicles with HUGHES Telematics factory-installed TCUs are released for sale, there may be a period

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of up to a year before HUGHES Telematics is able to collect fees for services provided to vehicle owners. This relatively long sales and development cycle will place considerable demands on HUGHES Telematics' liquidity and capital resources for the foreseeable future.

HUGHES Telematics' success depends on the success of the automakers with which it has strategic relationships.

HUGHES Telematics' service offerings for vehicles with factory-installed hardware are necessarily tied to the success of the automakers with which it has strategic relationships. To the extent that these automakers decrease the volume of vehicles they manufacture for the domestic market, HUGHES Telematics will have a smaller addressable customer base. Importantly, HUGHES Telematics cannot control the decisions of the automakers with which it has strategic relationships with respect to how many vehicles they manufacture or what lines, if any, they cease manufacturing in the face of market pressures or internal financial demands. A significant decrease in actual production in the future by these automakers from that currently anticipated would cause HUGHES Telematics' projected customer base to be smaller and could cause HUGHES Telematics' projections to be inaccurate and may have a material and negative impact on HUGHES Telematics' business.

HUGHES Telematics' business and growth may be significantly impacted by events in the automotive industry in general and in the overall economy.

HUGHES Telematics' business depends on the willingness of automakers to install HUGHES Telematics' products in their vehicles. The business and the results of the automotive industry are tied to industry and general economic conditions. The number of vehicles sold industry-wide varies from year to year, and sales in the United States declined in the first six months of 2008 compared to the first six months of 2007, a decline which has continued significantly in the second half of 2008. The automotive industry may be further negatively impacted by conditions such as increases in costs, government regulations, disruptions of supply, shortages of raw materials, labor disputes or by global and local economic conditions, including increases in the rate of unemployment, changes in consumer confidence levels, the availability of credit and the availability and cost of fuel. To the extent that an automaker with which HUGHES Telematics has a contract faces adverse conditions resulting in a decrease in production volume, HUGHES Telematics' business may be negatively affected. To the extent that the automotive industry in general faces adverse conditions, automakers may be less willing to enter into contracts with HUGHES Telematics, which would have a negative impact on the growth of HUGHES Telematics' business. Furthermore, economic conditions may cause subscribers to services offered by HUGHES Telematics to reduce or stop their use of such services, resulting in decreased revenues for HUGHES Telematics.

The failure of HUGHES Telematics services to perform at a high level could jeopardize its ability to retain existing strategic relationships with automakers or form new strategic relationships.

HUGHES Telematics ability to safeguard and strengthen the brand quality of the automakers with which it has strategic relationships is critical to maintaining key strategic relationships and its ultimate success. Supporting the brand quality of these automakers may become more challenging as it develops relationships with other automakers, including, potentially, those manufacturers with a greater percentage of vehicles below the luxury category. Promoting these automakers brands will depend largely on its ability to provide high quality services and consumer support, as well as the ability to provide custom solutions to these automakers telematics requirements. These activities are expensive, and HUGHES Telematics may not generate a corresponding increase in vehicles under service or revenues to justify these costs. If HUGHES Telematics fails to successfully safeguard the brand quality of the existing and prospective automaker with which it has or will have strategic relationships, its business and prospects will be harmed.

We cannot assure you that automakers will expand service offerings beyond traditional telematics services or do so at the rates HUGHES Telematics expects.

The continued rate of integration of telematics into vehicles, including both traditional safety and security features, such as those HUGHES Telematics currently expects to be its initial consumer service offerings, and future service offerings, such as diagnostics, navigation with integrated traffic, convenience services and

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infotainment, is subject to uncertainty. The uncertainty concerning the rate of integration of both traditional and future telematics services stems from a number of issues including:

the relative early stage of the industry itself;
uncertainties regarding the longer-term appeal of telematics services; and
competitive uncertainties, including whether current or future consumer products will materially alter the industry. Consumer products that are or could become direct competition for certain services include location-enabled cellular telephones; PDAs; navigation systems; factory-installed, in-vehicle communications and entertainment systems; and aftermarket telematics equipment.

As a result of these and other issues, automakers may limit the use of telematics services utilizing factory-installed devices to traditional safety and security services, or limit deployment of future services to select brands, models or pricing categories. If automakers do not integrate telematics programs into future automobiles, HUGHES Telematics business and prospects will be harmed and its commercial viability could be jeopardized.

Not all automakers should be regarded as prospects for strategic relationships, since some may resist outsourcing their telematics programs and others may not embrace HUGHES Telematics approach to telematics services.

Not all automakers will solicit the assistance of an outside service provider to perform the services component of their telematics programs and may decide instead to develop in-house telematics capabilities. If automakers in general, or potential automakers with which HUGHES Telematics is pursuing strategic relationships, in particular, conclude that

The failure of HUGHES Telematics services to perform at a high level could jeopardize its ability to retain existing

the disadvantages of engaging a third-party service provider for assistance outweigh the advantages, HUGHES Telematics' growth prospects will suffer. These automakers may resist using an outside telematics service provider such as HUGHES Telematics for a number of reasons, including:

the risks or perceived risks of providing third-party service providers with access to their proprietary technology or information;

a desire to retain control over all consumer-related functions;

concerns over the level of service to be expected from a third-party service provider and the ability to properly measure acceptable levels of service; and

a belief that the automaker maintains all of the necessary infrastructure, personnel, systems and other resources necessary to manage the program internally.

For those automakers that do outsource telematics, not all will ultimately embrace HUGHES Telematics' approach to telematics services. As a result, not all automakers should be regarded as prospects for strategic relationships.

Failure of third-party vendors to support HUGHES Telematics' efforts in a timely manner would delay the generation of revenues or could result in cancellation of HUGHES Telematics' arrangements.

Although it is responsible for the design and related requirements of the TCU, HUGHES Telematics relies to a significant degree on the support and performance of third-party vendors in connection with the development and testing of the TCU, as well as the completion of the design, development, launch and operation of its telematics system. HUGHES Telematics will also rely on third parties to manufacture its TCU. A failure by any one of these vendors to perform its obligations to HUGHES Telematics in a timely or proper manner could result in a delay in the launch of HUGHES Telematics' service, a breach of HUGHES Telematics' obligations to automakers or could result in the termination of a contract with such an automaker, which would severely impair HUGHES Telematics' prospects. In such an instance, HUGHES Telematics could also face material liabilities to the automakers in excess of insured amounts or the contractual indemnity of the vendor.

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HUGHES Telematics' business may be impaired if a third party infringes on HUGHES Telematics' intellectual property rights.

Certain aspects of HUGHES Telematics' service depend in part upon intellectual property that HUGHES Telematics has developed or will develop in the future. Monitoring infringement of intellectual property rights is difficult, and HUGHES Telematics cannot be certain that the steps it has taken will prevent unauthorized use of its intellectual property and technical know-how. If the intellectual property that HUGHES Telematics uses is not adequately protected, others will be permitted to and may duplicate its service without liability. In addition, others may challenge, invalidate or circumvent HUGHES Telematics' intellectual property rights, patents or existing sublicenses. In addition, some of the know-how and technology HUGHES Telematics has developed and plans to develop will not be covered by United States patents. Trade secret protection and contractual agreements may not provide adequate protection if there is any unauthorized use or disclosure. Other parties may have patents or pending patent applications which will later mature into patents or inventions which may block HUGHES Telematics' ability to provide some of its services. HUGHES Telematics may have to resort to litigation to enforce its rights under license agreements or to determine the scope and validity of other parties' proprietary rights in the subject matter of those licenses. This activity may be expensive. Also, HUGHES Telematics may not succeed in any such litigation.

HUGHES Telematics may become involved in intellectual property or other disputes that could harm its business.

Third parties, including competitors, may already have patents on inventions, or may obtain patents on new inventions in the future, that could limit HUGHES Telematics' ability to provide services in the future. Such third parties may claim that HUGHES Telematics' products or services infringe their patent rights and assert claims against HUGHES Telematics. In addition, HUGHES Telematics has agreed in some of its contracts, and may in the future agree in other contracts, to indemnify third parties for any expenses or liabilities resulting from claimed infringements of the proprietary rights of third parties as it relates to the services HUGHES Telematics provides. HUGHES Telematics, or third parties that it is obligated to indemnify, may receive notifications alleging infringements of intellectual property rights relating to HUGHES Telematics' business, the provision of its services or the products previously sold by it. If any infringement claim is successful against HUGHES Telematics, it may be required to pay substantial damages or it may need to seek and obtain a license of the other party's intellectual property rights. HUGHES Telematics may be required to redesign those services that use the infringed technology. Moreover, HUGHES Telematics may be prohibited from selling, using or providing its services that use the challenged intellectual property.

Rapid technological changes could make HUGHES Telematics' service less attractive.

The wireless industry is characterized by rapid technological change, frequent new product innovations, changes in customer requirements and expectations, and evolving industry standards. If HUGHES Telematics is unable to keep pace with these changes, its business may be harmed. Products using new technologies, or emerging industry standards, could make HUGHES Telematics' technologies less attractive. In addition, HUGHES Telematics may face unforeseen problems when developing its services which could harm its business. Because HUGHES Telematics will depend on third parties to develop technologies used in key elements of its products, more advanced technologies which HUGHES Telematics may wish to use may not be available to it on reasonable terms or in a timely manner. Further, HUGHES Telematics' competitors may have access to technologies not available to it, which may enable them to produce products of greater interest to consumers or automakers, or at a more competitive cost.

Systems failures or interruptions to HUGHES Telematics' service may have a negative impact on its revenues, damage its reputation and decrease its ability to attract new customers to its service offering.

HUGHES Telematics' ability to provide uninterrupted service and high quality customer support will depend on the efficient and uninterrupted operation of its computer and communications systems. The systems that HUGHES Telematics expects to use to integrate the various elements of automakers' telematics programs and deliver its services will be complex and may contain undetected errors, especially when first introduced. These errors may not be discovered until after a vehicle model has been launched with HUGHES Telematics' service offering, or consumers begin using the service. Any disruption of HUGHES Telematics' services,

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computer systems or communications networks, or those of third parties that HUGHES Telematics relies on, could result in the inability of consumers to receive its services for an indeterminate period of time which could cause HUGHES Telematics to lose automakers' confidence or revenue, or to face litigation. If HUGHES Telematics experiences frequent or persistent systems failures, its business and prospects may be irreparably harmed.

HUGHES Telematics may be exposed to potential liability for actual or perceived failure to provide required services.

Because consumers subscribing to HUGHES Telematics safety and security services rely on HUGHES Telematics in emergency situations, HUGHES Telematics may be exposed to potential claims for damages, including special or consequential damages, as a result of an actual or perceived failure of its safety and security services. HUGHES Telematics failure or inability to meet a driver's expectations in the performance of its services, or to do so in the time frame required by the driver, regardless of responsibility for such failure, could result in liability against HUGHES Telematics, harm to HUGHES Telematics business or reputation and/or discourage other automakers from integrating telematics into future vehicles or from engaging HUGHES Telematics to provide telematics services.

HUGHES Telematics expected future growth will place a significant strain on its management, systems and resources.

HUGHES Telematics was formed in January 2006 and has grown quickly. In order to execute its business strategy, HUGHES Telematics will continue to experience significant growth which will place a significant strain on its systems, processes, resources, management and other infrastructure and support mechanisms. To manage the anticipated growth of its operations, HUGHES Telematics will be required to:

improve existing and implement new operational, financial and management information controls, reporting systems and procedures;
establish relationships with additional vendors, suppliers and strategic partners and maintain existing relationships;
and

hire, train, manage and retain additional personnel.

To the extent HUGHES Telematics is unable to assemble the personnel, controls, systems, procedures and relationships necessary to manage its future growth, if any, management resources may be diverted and HUGHES Telematics opportunity for success may be limited.

Regulations concerning consumer privacy may adversely affect HUGHES Telematics business.

Certain technologies that HUGHES Telematics currently supports, or may in the future support, are capable of collecting personally-identifiable information and vehicle-specific information such as performance data and error codes. Vehicle-specific information may also reveal personally-identifiable information. HUGHES Telematics anticipates that as telematics programs continue to develop in the future, it will be possible to collect or monitor substantially more of this kind of information. A growing body of laws designed to protect the privacy of personally-identifiable information, as well as to protect against its misuse, and the judicial interpretations of such laws, may adversely affect the growth of HUGHES Telematics business. In the United States, these laws could include the Federal Trade Commission Act, the Electronic Communications Privacy Act, the Fair Credit Reporting Act and the Gramm-Leach Bliley Act, as well as various state laws and related regulations. In addition, certain governmental agencies, like the Federal Trade Commission, have the authority to protect against the misuse of consumer information by targeting companies that collect, disseminate or maintain personal information in an unfair or deceptive manner. In particular, such laws could limit HUGHES Telematics ability to collect information related to users of its services, to store or process that information in what would otherwise be the most efficient manner, or to commercialize new services based on new technologies. The evolving nature of all of these laws and regulations, as well as the evolving nature of various governmental bodies enforcement efforts, and the possibility of new laws in this area, may adversely affect HUGHES Telematics ability to collect and disseminate or share certain information about

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consumers and may negatively affect the ability of automakers or dealers to make use of that information. If HUGHES Telematics fails to successfully comply with applicable regulations in this area, its business and prospects could be harmed.

Consumer avoidance of services which collect, store or use personally-identifiable data could adversely affect HUGHES Telematics business.

Consumer sentiment regarding privacy issues is constantly evolving. Such consumer sentiment may affect the buying public's interest in HUGHES Telematics' current or future service offerings. In some cases, consumer groups and individual consumers have already begun to vigorously lobby against, or otherwise express significant concern over, the collection, storage and/or use of personally-identifiable information. Accordingly, privacy concerns of consumers may influence automakers to refrain from adopting telematics programs, especially those which involve more robust programs, which could in turn harm the overall telematics industry or, depending on HUGHES Telematics' programs, its prospects. Moreover, strong consumer attitudes often precipitate new regulations like the ones described above. If HUGHES Telematics fails to successfully monitor and consider the privacy concerns of consumers, its business and prospects would be harmed.

The inability of HUGHES Telematics to identify, hire and retain qualified personnel will adversely affect its business.

HUGHES Telematics' continued success will depend to a significant extent upon the performance and contributions of its senior management and upon its ability to attract, motivate and retain highly qualified employees. HUGHES Telematics is dependent upon key senior management to effectively manage HUGHES Telematics' business in a highly competitive environment. If one or more of the HUGHES Telematics' key officers joins a competitor or forms a competing company, HUGHES Telematics may experience material interruptions in product development, delays in bringing products to market, difficulties in its relationships with automakers, suppliers and customers and loss of additional personnel, which could significantly harm its business, financial condition and operating results.

Additionally, failure to continue to attract and retain qualified management personnel could adversely affect HUGHES Telematics' business and projected growth. HUGHES Telematics competes to hire new employees, and then must train them and develop their skills and competencies. HUGHES Telematics' operating results could be adversely affected by increased costs due to increased competition for employees, higher employee turnover or increased employee benefit costs. Any unplanned turnover could deplete HUGHES Telematics' institutional knowledge base and erode its competitive advantage.

Investors evaluating the proposals described in this proxy statement will not have, prior to the special meeting, certain information relating to compensation arrangements for the officers, directors and employees of the combined company.

Significant compensation decisions will be made by Polaris' board of directors and compensation committee after the merger. While it is generally anticipated that HUGHES Telematics' current officers and employees will continue in the same or substantially the same capacities with HUGHES Telematics after the merger, none of them has entered into or is entering into an employment agreement in connection with the merger. Accordingly, their compensation

arrangements will be subject to review and change from time to time, including in the near term, by the board of Polaris and its compensation committee following the merger. Although the board of directors and compensation committee will have a fiduciary duty to make fair and reasonable compensation decisions, future compensation arrangements cannot be currently quantified and therefore investors must recognize the presently indeterminate nature of this factor in their economic analysis of the merger and the related proposals discussed in this proxy statement.

HUGHES Telematics is a private company. Fulfilling our obligations as a public company after completing the merger will be expensive and time consuming.

HUGHES Telematics is a private company and is not required to prepare or file periodic and other reports with the SEC under the applicable U.S. federal securities laws or to comply with the requirements of U.S. federal securities laws applicable to public companies, such as Section 404 of the Sarbanes-Oxley Act of

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2002 (the Sarbanes-Oxley Act). Although HUGHES Telematics has maintained a relatively small finance and accounting staff and HUGHES Telematics has maintained disclosure controls and procedures and internal control over financial reporting as required under the U.S. federal securities laws with respect to its activities, neither HUGHES Telematics nor we were required to establish and maintain such disclosure controls and procedures and internal controls over financial reporting as required with respect to a public company with substantial operations.

Under the Sarbanes-Oxley Act and the related rules and regulations of the SEC, as well as the rules of the American Stock Exchange and NASDAQ, we will be required to implement additional corporate governance practices and to adhere to a variety of reporting requirements and accounting rules. Compliance with these obligations will require significant time and resources from our management and our finance and accounting staff and will increase our legal, insurance and financial compliance costs. We may also need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. As a result of the increased costs associated with being a public company, our operating income as a percentage of revenue is likely to be lower.

We must comply with Section 404 of the Sarbanes-Oxley Act in a relatively short timeframe, which will require us to document and test our internal controls over financial reporting for fiscal 2009 and beyond. Any delays or difficulty in satisfying these requirements could adversely affect our future results of operations and stock price.

Section 404 of the Sarbanes-Oxley Act requires us to document and test the effectiveness of our internal controls over financial reporting in accordance with an established control framework and to report on our management's conclusion as to the effectiveness of these internal controls over financial reporting beginning with the fiscal year ending December 31, 2009. We will also be required to have an independent registered public accounting firm test the internal controls over financial reporting and report on the effectiveness of such controls for the fiscal year ending December 31, 2009 and subsequent years. Any delays or difficulty in satisfying these requirements could adversely affect future results of operations and our stock price. We may also incur significant costs to comply with these requirements.

We may in the future discover areas of internal controls over financial reporting that need improvement. There can be

Investors evaluating the proposals described in this proxy statement will not have, prior to the special meeting, certain

no assurance that remedial measures will result in adequate internal controls over financial processes and reporting in the future. Any failure to implement the required new or improved controls, or difficulties encountered in their implementation, could materially adversely affect our results of operations or could cause us to fail to meet our reporting obligations. If we are unable to conclude that we have effective internal controls over financial reporting, or if our independent registered public accounting firm is unable to provide an unqualified report regarding the effectiveness of internal controls over financial reporting as required by Section 404 of the Sarbanes-Oxley Act, investors may lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our securities. In addition, failure to comply with Section 404 of the Sarbanes-Oxley Act could potentially subject us to sanctions or investigation by the SEC or other regulatory authorities.

Risks Related to Our Organization and Structure Following the Merger with HUGHES Telematics

The voting power of our shares will be concentrated in the hands of HUGHES Telematics stockholders, with a majority of the voting power beneficially owned by Apollo.

Immediately after the closing of the merger and subject to certain adjustments, HUGHES Telematics stockholders will beneficially own shares of our common stock which collectively represent approximately 79% of our voting power. If all warrants held by Polaris stockholders are exercised, the concentration of voting power in the hands of HUGHES Telematics stockholders will decrease to approximately 65% (assuming no exercise of options held by HUGHES Telematics optionholders and no Polaris stockholders properly elect to convert their shares for cash).

In addition, upon the closing of the merger, Polaris, the Polaris initial stockholders and certain HUGHES Telematics stockholders, including Apollo, will enter into a shareholders' agreement. The parties to the shareholders' agreement have agreed that the initial post-closing board of directors will be comprised of

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(i) Jeffrey A. Leddy, Andrew D. Africk, Matthew H. Nord, _____, _____ and _____, or such other persons designated by Apollo prior to the closing of the merger (at least one of whom must be considered independent under the rules of the American Stock Exchange and NASDAQ), (ii) Marc V. Byron, or such other person designated by the board of directors of Polaris prior to the closing of the merger who is reasonably acceptable to Apollo and (iii) _____ and _____, or such other persons mutually designated by Polaris' board of directors and Apollo, each of whom the board of directors of Polaris has determined to be independent under the rules of the American Stock Exchange and NASDAQ. Accordingly, Apollo will have significant control over the combined company after the merger. There is a risk that the interests of Apollo and these directors will not be consistent with the interests of our other stockholders. A more complete description of the shareholders' agreement can be found below under **Agreements Related to the Merger Shareholders' Agreement**.

Because of their board representation and control of approximately 79% of our voting power immediately after the closing of the merger, HUGHES Telematics stockholders, including Apollo (which shall control approximately 67% of the total voting power), will be able to exert considerable influence and control over the combined company and the outcome of all matters requiring stockholder approval. Apollo may be able to cause, prevent or delay a change of control of our company or a change in the composition of our board of directors, and could preclude any unsolicited acquisition of our company. In addition, because Apollo may substantially determine the outcome of a stockholder

vote, it could deprive stockholders of an opportunity to receive a premium for their shares as part of a sale of our company, and that voting control could ultimately affect the market price of our common stock.

We will be a controlled company within the meaning of both the American Stock Exchange and NASDAQ corporate governance standards, and, as a result, will rely on exemptions from certain corporate governance requirements that provide protection to stockholders of other companies.

After the completion of the merger, Apollo will beneficially own more than 50% of the total voting power of our common stock and we will be a controlled company under both the American Stock Exchange and NASDAQ corporate governance standards. As a controlled company, certain exemptions under both the American Stock Exchange and NASDAQ standards will free us from the obligation to comply with certain American Stock Exchange and NASDAQ corporate governance requirements, respectively, including the requirement to maintain a majority of independent directors on our board of directors and the requirements regarding the determination of compensation of executive officers and the nomination of directors by independent directors. As a result of our use of the controlled company exemptions, you will not have the same protection afforded to stockholders of companies that are subject to all of the American Stock Exchange and NASDAQ corporate governance requirements.

Risks Related to the Merger with HUGHES Telematics

If the benefits of the merger do not meet the expectations of the marketplace, investors, financial analysts or industry analysts, the market price of Polaris securities may decline.

The market price of our common stock may decline as a result of the merger if HUGHES Telematics does not perform as expected or if we do not otherwise achieve the perceived benefits of the merger as rapidly as, or to the extent anticipated by, the marketplace, investors, financial analysts or industry analysts. Accordingly, investors may experience a loss as a result of a decreasing stock price, and we may not be able to raise future capital, if necessary, in the equity markets.

Our current directors either directly or beneficially own shares of common stock and warrants and have other interests in the merger that are different from and in addition to yours.

In transactions occurring in June 2007, our initial stockholders purchased 5,175,000 shares of Polaris common stock for an aggregate purchase price of \$25,000 and contributed 862,500 of these shares back to us in January 2008. Because the underwriters did not exercise their over-allotment option in Polaris initial public offering, our initial stockholders also forfeited an aggregate of 562,500 shares of Polaris common stock in April 2008.

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In a private placement concurrent with Polaris initial public offering, our initial stockholders, including our officers and directors, purchased an aggregate of 4,500,000 insider warrants with an exercise price of \$7.00 at a purchase price of \$1.00 per warrant (for a purchase price of \$4.5 million in the aggregate).

In light of the amount of consideration paid, our initial stockholders will likely benefit from the consummation of the merger, even if the merger causes the market price of our securities to significantly decrease. Furthermore, the \$4.5 million purchase price of the 4,500,000 insider warrants will be included in the funds that are distributed to our public stockholders in the event of our dissolution and liquidation. This may influence their motivation for promoting the merger and/or soliciting proxies for the approval of the merger proposal. Our initial stockholders' common stock and warrants had an aggregate market value (without taking into account any discount due to the restricted nature of such securities) of \$ [redacted] based on the closing sale prices of \$ [redacted] and \$ [redacted], respectively, on the American Stock Exchange on [redacted], 2008. These securities are subject to lock-up agreements and, subject to certain exceptions, the common stock may not be sold, assigned or transferred until at least one year after we consummate a business combination and the warrants may not be sold, assigned or transferred until at least 45 days after the closing of the merger, and our initial stockholders have waived any rights to receive any liquidation proceeds that may be distributed upon our liquidation in respect of shares they acquired prior to our initial public offering (their [redacted] initial shares [redacted]). Therefore, if the merger proposal is not approved and we are required to commence proceedings to dissolve and liquidate, the shares and warrants held directly or beneficially by our initial stockholders will be worthless.

In particular, in considering the recommendation of Polaris' board of directors elsewhere in this proxy statement to vote FOR the merger proposal, you should also be aware that (i) if the merger is not approved and Polaris fails to consummate an alternative transaction within the time allotted, the shares of common stock issued prior to Polaris' initial public offering and warrants held by Polaris' directors will be worthless because Polaris' directors are not entitled to receive any of the net proceeds of Polaris' initial public offering that may be distributed upon liquidation of Polaris (except with respect to shares purchased in the open market). Polaris' initial stockholders acquired shares of Polaris' common stock prior to its initial public offering at a price per share of \$0.006. Polaris' initial stockholders will therefore also benefit if the merger is approved. For example, the units and the warrants purchased by the initial stockholders of Polaris prior to Polaris' initial public offering in the aggregate would be worth \$ [redacted] and \$ [redacted], respectively, upon consummation of the merger and the unrealized profit from such securities would be \$ [redacted] and \$ [redacted], respectively (in each case, based on an assumed market price of the units and the warrants of Polaris of \$ [redacted] and \$ [redacted], respectively).

Our initial stockholders have waived their rights to participate in any liquidation distribution with respect to the initial stockholders' common stock acquired prior to our initial public offering. We will pay the costs of liquidation from our remaining assets outside of the trust account. If such funds are insufficient, Marc V. Byron and Lowell D. Kraff have agreed to advance us the funds necessary to complete such liquidation (currently anticipated to be no more than approximately \$15,000) and have agreed not to seek repayment for such expenses.

In addition, our initial stockholders, officers, directors or their affiliates may be reimbursed for any out-of-pocket expenses incurred by them in connection with certain activities on our behalf, such as identifying, investigating and consummating our initial business combination. If a business combination is not consummated, our officers and directors will not receive reimbursement for any out-of-pocket expenses incurred by them to the extent that such expenses exceed the interest income on the trust account available to us for working capital purposes (up to an aggregate of \$1.8 million). On the other hand, if we complete a business combination within the required time frame, those expenses will be repaid by Polaris without limitation. Consequently, our officers and directors may have an incentive to approve and complete a business combination other than just what is in the best interest of our stockholders. From inception on June 18, 2007 through September 30, 2008, our directors and officers had incurred a total of \$78,245 in out-of-pocket expenses, all of which has been reimbursed.

The price of our common stock after the merger may be less than what you originally paid for your shares of common stock prior to the merger.

The market price of Polaris common stock may decline as a result of the merger if:

the market for common shares of companies in the telematics industry is volatile;
HUGHES Telematics does not perform as expected;
market conditions in the telematics industry fluctuate;

Polaris does not achieve the perceived benefits of the merger as rapidly as, or to the extent anticipated by, financial or industry analysts;

the effect of the merger on Polaris financial results is not consistent with the expectations of financial or industry analysts; or

there is a change in the general state of the capital markets.

Accordingly, investors may experience a loss as a result of a decreasing stock price, and Polaris may not be able to raise future capital, if necessary, in the equity markets or through other financing.

We expect to incur significant costs associated with the merger, whether or not the merger is completed, which will reduce the amount of cash otherwise available for other corporate purposes.

We expect to incur significant costs associated with the merger, whether or not the merger is completed. These costs will reduce the amount of cash otherwise available for other corporate purposes. There is no assurance that the actual costs will not exceed our estimates. There is no assurance that the significant costs associated with the merger will prove to be justified in light of the benefit ultimately realized.

If the merger with HUGHES Telematics is not completed, we may have insufficient time or funds to complete an alternate business combination and may be forced to liquidate. Holders of our common stock and warrants may incur losses.

Pursuant to our certificate of incorporation, among other things, we must complete a business combination with a target business having a fair market value of at least 80% of our net assets at the time of acquisition (less the deferred underwriting discount and commissions of approximately \$6.8 million and taxes payable) by January 11, 2010. If we fail to consummate a business combination within the required time frame, we will, in accordance with our certificate of incorporation, dissolve, liquidate and wind up. If the merger proposal is not approved by our stockholders or if 30% or more of the holders of Polaris common stock issued in our initial public offering vote against the merger and properly exercise their conversion rights, we will not complete the merger and may not be able to consummate an alternate business combination within the required time frame, either due to insufficient time or insufficient operating funds. In any liquidation the amount held in the trust account, inclusive of any interest, plus any remaining net assets (subject to our obligations under Delaware law to provide for claims of creditors as described below), will be distributed on a pro rata basis to the holders of Polaris common stock issued in our initial public offering. Our initial stockholders have waived their rights to participate in any liquidation distribution with respect to their initial shares.

There will be no distribution from the trust account with respect to our warrants.

If we dissolve and liquidate before we consummate a business combination and distribute the trust account, our public stockholders will receive less than the unit offering price in our initial public offering of \$10.00 and our warrants will expire and become worthless.

If we are forced to dissolve and liquidate, payments from the trust account to our public stockholders may be delayed.

If we neither consummate the merger with HUGHES Telematics nor consummate any other business combination by January 11, 2010, we anticipate notifying the trustee of the trust account to begin liquidating such assets promptly after such date and anticipate it will take no more than 10 business days to effectuate such distribution.

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We currently expect that the costs associated with the implementation and completion of the plan of dissolution and liquidation will be no more than approximately \$15,000. We will pay the costs of liquidation from our remaining assets outside of the trust fund. If such funds are insufficient, Marc V. Byron and Lowell D. Kraff have agreed to advance us the funds necessary to complete such dissolution and/or liquidation and have agreed not to seek repayment of such expenses; however, there is no guarantee that the assets of Messrs. Byron and Kraft will be sufficient to satisfy our dissolution and/or liquidation expenses.

Our stockholders may be held liable for claims by third parties against us to the extent of distributions received by them.

If we are unable to complete an initial business combination by January 11, 2010, our corporate existence will cease except for the purposes of winding up our affairs and liquidating pursuant to Section 278 of the Delaware General Corporation Law, in which case we will as promptly as practicable thereafter approve a plan of distribution in accordance with Section 281(b) of the Delaware General Corporation Law. Section 278 provides that our existence will continue for at least three years after its expiration for the purpose of prosecuting and defending suits, whether civil, criminal or administrative, by or against us, and of enabling us gradually to settle and close our business, to dispose of and convey our property, to discharge our liabilities and to distribute to our stockholders any remaining assets, but not for the purpose of continuing the business for which we were organized. Our existence will continue automatically even beyond the three-year period for the purpose of completing the prosecution or defense of suits begun prior to the expiration of the three-year period, until such time as any judgments, orders or decrees resulting from such suits are fully executed. Section 281(b) will require us to pay or make reasonable provision for all then-existing claims and obligations, including all contingent, conditional, or unmatured contractual claims known to us, and to make such provision as will be reasonably likely to be sufficient to provide compensation for any then-pending claims and for claims that have not been made known to us or that have not arisen but that, based on facts known to us at the time, are likely to arise or to become known to us within 10 years after the date of dissolution. Accordingly, we would be required to provide for any creditors known to us at that time or those that we believe could be potentially brought against us within the subsequent 10 years prior to distributing the funds held in the trust to stockholders. However, because we are a blank check company, rather than an operating company, and our operations have been and will be limited to searching for prospective target businesses to acquire, the only likely claims to arise would be from our vendors that we engage (such as accountants, lawyers, investment bankers, etc.) and potential target businesses. We have attempted to have HUGHES Telematics and all vendors that we have engaged since the consummation of our initial public offering and intend to have all vendors that we engage until the completion of our initial business combination execute agreements with us waiving any right, title, interest or claim of any kind in or to any monies held in the trust account. Accordingly, we believe the claims that could be made against us should be limited, thereby lessening the likelihood that any claim would result in any liability extending to the trust. However, we cannot assure you that we will properly assess all claims that may be potentially brought against us. As such, our stockholders could potentially be liable for any claims to the extent of distributions received by them (but no more) and any liability of our stockholders may extend well beyond the third anniversary of the date of distribution.

If we are forced to dissolve and liquidate, payments from the trust account to our public stockholders may be delayed.

Accordingly, we cannot assure you that third parties will not seek to recover from our stockholders amounts owed to them by us.

If we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, any distributions received by stockholders could be viewed under applicable debtor/creditor and/or bankruptcy laws as either a preferential transfer or a fraudulent conveyance. As a result, a bankruptcy court could seek to recover all amounts received by our stockholders. Furthermore, because we intend to distribute the proceeds held in the trust account to our public stockholders promptly after January 11, 2010 in the event we do not consummate a business combination, this may be viewed or interpreted as giving preference to our public stockholders over any potential creditors with respect to access to or distributions from our assets. Furthermore, our board may be viewed as having breached their fiduciary duties to our creditors and/or may have acted in bad faith, and thereby exposing itself and our company to claims of punitive damages, by paying public stockholders from the trust account prior to addressing the claims of creditors. We cannot assure you that claims will not be brought against us for these reasons.

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Our ability to request indemnification from HUGHES Telematics stockholders for damages arising out of the merger is limited.

At the closing of the merger, 7.5%, or 5,389,767 shares, of the Polaris common stock to be issued to HUGHES Telematics stockholders (including 7.5% of the earn-out shares), will be deposited into escrow as the sole remedy for the obligation of HUGHES Telematics stockholders to indemnify and hold us harmless for any damages, whether as a result of any third-party claim or otherwise, and by reason of, arising out of or resulting from the breach of representations and warranties and agreements and covenants of HUGHES Telematics. We may only assert claims for indemnification once the damages exceed \$2.0 million in the aggregate, in which event the amount payable will include this \$2.0 million and all additional and future amounts that become payable. Accordingly, it is possible that we will not be entitled to indemnification even if HUGHES Telematics is found to have breached its representations, warranties, agreements and covenants contained in the merger agreement and other transaction documents if such breach would only result in damages to us of less than \$2.0 million.

Further, except in case of fraud, willful misrepresentation or intentional breach, our sole remedy for damages will be the shares of Polaris common stock held in escrow at the time of payment. At the closing of the merger, these escrowed shares will consist of (x) 1,122,161 shares of Polaris common stock, which will be released 15 months after the closing of the merger and (y) 4,267,597 of the 56,901,303 earn-out shares, divided into three tranches, which will be released to HUGHES Telematics stockholders upon the achievement of specified price targets over the five-year period following the closing of the merger. Accordingly, it is possible that we will not be entitled to full indemnification even if HUGHES Telematics is found to have breached its representations, warranties, agreements and covenants contained in the merger agreement and other transaction documents to the extent such breach results in damages in excess of the value of shares of Polaris common stock held in escrow at the time of payment.

The pro forma financial statements are not necessarily indicative of the financial position or results of operations of HUGHES Telematics.

The pro forma financial statements contained in this proxy statement are not an indicator of HUGHES Telematics financial condition or results of operations following the merger. The pro forma financial statements have been derived from the historical financial statements of HUGHES Telematics and Polaris and many adjustments and assumptions have been made regarding HUGHES Telematics after giving effect to the merger. The information upon

Our stockholders may be held liable for claims by third parties against us to the extent of distributions received by them

which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with complete accuracy. As a result, the actual financial condition and results of operations of HUGHES Telematics following the merger may not be consistent with, or evident from, these pro forma financial statements.

If Polaris stockholders fail to vote or abstain from voting on the merger proposal, they may not exercise their conversion rights to convert their shares of Polaris common stock into a pro rata portion of the trust account as of the record date.

Polaris stockholders holding shares of Polaris common stock issued in our initial public offering who affirmatively vote against the merger proposal may elect that we convert their shares into a pro rata portion of the trust account calculated as of two business days prior to the completion of the merger. An eligible stockholder may request conversion at any time after the mailing to our stockholders of the proxy statement and prior to the vote taken with respect to the proposed merger with HUGHES Telematics at the special meeting of stockholders. Polaris stockholders who seek to exercise this conversion right must affirmatively vote against the merger and properly deliver their shares to Polaris stock transfer agent by 5:00 p.m., New York City time, on [redacted], 2008, the business day prior to the special meeting. Any Polaris stockholder who fails to vote (including where shares are broker non-voted, as described below) or who abstains from voting on the merger proposal may not exercise his conversion rights and will not receive a pro rata portion of the trust account for conversion, calculated as of two business days prior to the consummation of the merger, of his shares.

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Our working capital will be reduced if Polaris stockholders exercise their right to convert their shares into cash. This would reduce our cash reserve after the merger.

Pursuant to our certificate of incorporation, holders of shares issued in our initial public offering may vote against the merger and elect that we convert their shares into a pro rata share of the trust account calculated as of two business days prior to the consummation of the merger. We will not consummate the merger if 30% or more of the shares of Polaris common stock that were issued in our initial public offering vote against the merger proposal and properly exercise their conversion rights. To the extent the merger is consummated and up to, but less than, 30% of holders have properly elected to convert their shares, there will be a corresponding reduction in the amount of funds available to the combined company following the merger. Additionally, if holders properly elect to convert their shares, there may be a corresponding reduction in the value of each share of common stock of the combined company. As of [redacted], 2008, the record date, assuming the merger proposal is adopted, the maximum amount of funds that could be disbursed to our stockholders upon the exercise of their conversion rights is approximately \$ [redacted], or approximately 29.99% of the funds then held in the trust account. Any payment upon exercise of conversion rights will reduce our cash after the merger. As a company in the early stage of its growth and development, the combined company will require significant capital to grow and eventually become profitable and may require additional sources of capital to the extent that funds disbursed to our stockholders upon the exercise of their conversion rights result in working capital shortfalls.

We will be required to issue additional shares of Polaris common stock to the HUGHES Telematics stockholders if our net working capital at closing falls below \$138.0 million or if HUGHES Telematics raises additional equity prior to closing.

The merger agreement requires us to issue additional shares of Polaris common stock at the closing of the merger to HUGHES Telematics stockholders if our net working capital (not including any liability to Polaris stockholders who have properly elected to convert their shares into cash) falls below \$138.0 million at closing. The number of Polaris shares issued will equal the working capital shortfall amount divided by \$10.00. We do not expect to have a working capital shortfall at closing; however, such a shortfall may arise if, prior to closing, we incur significant, unexpected expenses or if the investments in the trust account do not perform as they have to date. We will also be required to issue at the closing of the merger up to 7,500,000 additional shares of Polaris common stock for the value of up to \$75.0 million of additional equity raised by HUGHES Telematics prior to the closing of the merger, if any. The issuance of such additional shares of Polaris common stock will dilute your ownership interest in the combined company.

Our issuance of preferred stock could adversely affect our common stockholders.

If the pre-closing certificate amendment proposal is approved at the special meeting, our amended and restated certificate of incorporation will be amended to authorize the issuance of additional shares of preferred stock with such voting rights, full or limited, and such designations, preferences and relative, participating, optional or special rights and such qualifications, limitations or restrictions as may be determined from time to time by our board of directors.

Accordingly, our board of directors will be empowered, without stockholder approval, to issue greater amounts of preferred stock with dividends, liquidation, conversion, voting or other rights that could adversely affect the relative voting power or other rights of the holders of Polaris common stock. In the event of issuance, the preferred stock could be used as a method of discouraging, delaying or preventing a change in control of the combined company, which could have the effect of discouraging bids for the combined company and thereby potentially prevent stockholders from receiving the maximum value for their shares. Our board of directors is currently authorized to issue 1,000,000 shares of blank check preferred stock and if the pre-closing certificate amendment proposal is approved at the special meeting, there will be 10,000,000 shares of preferred stock available for designation.

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Risks Related to Our Securities

A substantial number of shares of Polaris common stock will be issued in the future as a result of the merger and will become eligible for future resale in the public market after the merger, which will result in substantial dilution and could have an adverse effect on the market price of those shares.

We expect that 71,863,548 shares of Polaris common stock, including the earn-out shares, and options exercisable for 2,602,309 shares of Polaris common stock, including the earn-out options, will be issued in connection with the merger at the closing. Upon consummation of the merger, there will be 90,613,548 shares of our common stock outstanding, assuming no election of conversion of shares by Polaris public stockholders, and warrants and options

outstanding to purchase an additional 22,102,309 shares of Polaris common stock. Immediately after giving effect to the merger and excluding the earn-out shares, the sponsor earn-out shares and shares issuable upon the exercise of outstanding warrants and options, HUGHES Telematics stockholders will, collectively, own approximately 45% of the outstanding Polaris common stock. Polaris existing stockholders would own approximately 55% of the outstanding Polaris common stock. Including the earn-out shares and sponsor earn-out shares held in escrow and assuming that none of the Polaris stockholders properly elect that Polaris convert their shares into cash, the stockholders of HUGHES Telematics and Apollo will hold approximately 79% and 67%, respectively, of Polaris voting power.

Three tranches comprised of an aggregate of 56,901,303 earn-out shares of Polaris common stock will be issued into escrow upon consummation of the merger and will be released to HUGHES Telematics stockholders if the trading price of Polaris common stock equals or exceeds \$20.00, \$24.50 and \$30.50 within certain measurement periods over the five-year period following the closing of the merger. Additionally, earn-out options exercisable for an aggregate of 2,060,499 shares of Polaris common stock, which will be divided into three tranches, will be issued to HUGHES Telematics optionholders upon consummation of the merger. The earn-out options in each tranche will not be exercisable by HUGHES Telematics optionholders until after the specified price targets of \$20.00, \$24.50 and \$30.50 have been met within certain measurement periods over the five-year period following the closing of the merger.

While the earn-out shares are held in escrow, HUGHES Telematics stockholders may vote the shares without restriction on any matters brought to a vote of Polaris stockholders. Assuming the price targets are achieved, HUGHES Telematics stockholders will, collectively, own approximately 79% of the outstanding Polaris common stock (assuming no exercise of the outstanding Polaris warrants and no Polaris stockholders elect to convert their shares for cash). Polaris existing stockholders would then own approximately 21% of the outstanding Polaris common stock.

The Polaris initial stockholders will place an aggregate of 1,250,000 shares of their Polaris common stock in escrow, to be released back to them if the price target for the first tranche of earn-out shares is achieved between the first and fifth anniversaries of closing. During such time as the sponsor earn-out shares are in escrow, the initial stockholders may vote the shares without restriction.

As of the date of this proxy statement, there were 18,750,000 shares of Polaris common stock issued and outstanding. As a result of the dilutive effect of the issuance of our stock in the merger, for purposes of illustration, a stockholder who owned 5.0% of the outstanding shares of Polaris common stock on , 2008, would own approximately 1.0% of the outstanding shares of Polaris common stock immediately following the closing of the merger (including all earn-out and indemnity shares issued into escrow), assuming no exercise of outstanding Polaris warrants and no issuance of additional shares because of a working capital shortfall or additional equity raised by HUGHES Telematics.

The shares issued to certain HUGHES Telematics stockholders will be restricted and cannot be sold publicly until the expiration of the restricted period under the shareholders agreement (generally continuing until two years from the closing of the merger), under Rule 144 promulgated under the Securities Act of 1933 (the Securities Act) (unless registered under the Securities Act pursuant to the shareholders agreement) and, in the case of the escrowed indemnity shares and escrowed earn-out shares, until the expiration of the applicable escrow period. The presence of these additional shares eligible for trading in the public market after the expiration of the restricted period, registration pursuant to the shareholders agreement or the expiration of the applicable escrow period could adversely affect the market price of Polaris common stock and warrants. Upon expiration of the restricted period, registration pursuant to the shareholders agreement or the expiration

of the applicable escrow period, sales of substantial numbers of shares of common stock in the public market could also adversely affect the market price of Polaris common stock and warrants.

Additionally, after completion of the merger through the issuance of shares of Polaris common stock to HUGHES Telematics stockholders, our public stockholders will incur immediate dilution in the net tangible book value of common stock held immediately prior to the merger.

The combined company may issue additional equity securities which may dilute your interest in the combined company.

In order to expand the combined company's business, the combined company may consider offering and issuing additional equity securities. Holders of the combined company's securities may experience a dilution in the net tangible book value per share held by them if this occurs. The number of shares that the combined company may issue for cash without stockholder approval will be limited by the rules of the exchange on which the combined company's securities are listed. However, there are generally exceptions which allow companies to issue a limited number of equity securities which would dilute your ownership.

The American Stock Exchange may delist our securities, which could limit investors' ability to make transactions in our securities and subject us to additional trading restrictions.

Our securities are listed on the American Stock Exchange. We intend to seek to have our securities approved for listing on either the NASDAQ Global Market or the NASDAQ Capital Market following consummation of the merger. We cannot assure you that our securities will continue to be listed on the American Stock Exchange, as we might not meet certain continued listing standards such as income from continuing operations, or that our securities will be approved for listing on either the NASDAQ Global Market or the NASDAQ Capital Market. Additionally, until such time as we voluntarily delist from the American Stock Exchange in connection with the merger with HUGHES Telematics, in connection with the merger, the American Stock Exchange may require us to file a new initial listing application and meet its initial listing requirements as opposed to its more lenient continued listing requirements. We cannot assure you that we will be able to meet those initial listing requirements at that time.

If we fail to have our securities listed on either the NASDAQ Global Market or the NASDAQ Capital Market, and the American Stock Exchange delists our securities from trading on its exchange, we could face significant consequences including:

- a limited availability for market quotations for our securities;
- reduced liquidity with respect to our securities;
- a determination that our common stock is a penny stock which will require brokers trading in our common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our common stock;
- limited amount of news and analyst coverage for our company; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

We may choose to redeem our outstanding warrants at a time that is disadvantageous to our warrant holders.

We may redeem the warrants issued as a part of our units at any time after the warrants become exercisable in whole and not in part, at a price of \$0.01 per warrant, upon a minimum of 30 days' prior written notice of redemption, if, and only if, the last sales price of our common stock equals or exceeds \$14.25 per share for any 20 trading days within a 30-trading day period ending three business days before we send the notice of redemption. Redemption of the

The combined company may issue additional equity securities which may dilute your interest in the combined company.

warrants could force the warrant holders (1) to exercise the warrants and pay the exercise price therefor at a time when it may be disadvantageous for the holders to do so, (2) to sell the warrants at the then current market price when they might otherwise wish to hold the warrants or (3) to accept the nominal redemption price which, at the time the warrants are called for redemption, is likely to be substantially less than the market value of the warrants.

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An active market for our common stock may not develop.

Our common stock is currently listed on the American Stock Exchange and trades under the symbol TKP. If the transaction is approved, we intend to apply for listing of our shares on either the NASDAQ Global Market or the NASDAQ Capital Market. However, we cannot assure you a regular trading market of our shares will develop on either the NASDAQ Global Market or the NASDAQ Capital Market or elsewhere or, if developed, that any market will be sustained. Accordingly, we cannot assure you of the likelihood that an active trading market for our shares will develop or be maintained, the liquidity of any trading market, your ability to sell your shares when desired, or at all, or the prices that you may obtain for your shares.

The value of our common stock and warrants may be adversely affected by market volatility.

Even if an active trading market develops, the market price of our shares and warrants may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our shares and warrants may fluctuate and cause significant price variations to occur. If the market prices of our shares and warrants decline significantly, you may be unable to resell your shares and warrants at or above your purchase price, if at all. We cannot assure you that the market price of our shares and warrants will not fluctuate or decline significantly in the future. Some of the factors that could negatively affect the price of our shares and warrants or result in fluctuations in the price or trading volume of our shares and warrants include:

- variations in our quarterly operating results or dividends;
- failure to meet analysts' earnings estimates or failure to meet, or the lowering of, our own earnings guidance;
- publication of research reports about us or the telematics industry or the failure of securities analysts to cover our shares after the merger with HUGHES Telematics;
- departures of HUGHES Telematics key personnel;
- adverse market reaction to any indebtedness we may incur or securities we may issue in the future;
- actions by stockholders;
- changes in market valuations of similar companies;
- speculation in the press or investment community;
- changes or proposed changes in laws or regulations or differing interpretations thereof affecting our business or enforcement of these laws and regulations, or announcements relating to these matters;
- adverse publicity about the telematics industry generally or individual scandals, specifically;
- fluctuations for reasons unrelated to the telematics business or our results of operations (for example, we believe some investors closely link the performance of automaker stocks with the stocks of telematics-related companies); and
- general market and economic conditions.

Our outstanding warrants may be exercised in the future, which would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders. This might have an adverse effect on the market price of our common stock.

We may choose to redeem our outstanding warrants at a time that is disadvantageous to our warrant holders.

Outstanding redeemable warrants to purchase an aggregate of 19,500,000 shares of common stock (including 4,500,000 warrants beneficially owned by our initial stockholders that will be released from escrow 45 days after the completion of our initial business combination) will become exercisable after the later of the consummation of our initial business combination or January 11, 2009. These warrants would only be exercised if the \$7.00 per share exercise price is below the market price of our common stock. On _____, the closing sale price of a share of Polaris common stock was \$ _____. To the extent they are exercised, additional shares of our common stock will be issued, which will result in dilution to our stockholders and increase the number of shares eligible for resale in the public market.

Assuming the exercise of all of the outstanding warrants, including those beneficially owned by our initial stockholders, there would be _____

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51,962,245 shares outstanding, including the 14,962,245 shares of common stock provided to the HUGHES Telematics stockholders at the closing of the merger but not including earn-out shares issued into escrow, which would significantly increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could adversely affect the market price of our shares.

An effective registration statement may not be in place when an investor desires to exercise warrants, thus precluding such investor from being able to exercise his, her or its warrants and causing such warrants to be practically worthless.

No warrant will be exercisable and we will not be obligated to issue shares of common stock unless at the time a holder seeks to exercise such warrant, we have a registration statement under the Securities Act relating to the common stock issuable upon exercise of the warrant and a current prospectus relating to that common stock and the common stock has been registered or qualified or deemed to be exempt under the securities laws of the state of residence of the holder of the warrants. Under the terms of the warrant agreement, we have agreed to use our best efforts to meet these conditions and to maintain a current prospectus relating to the common stock issuable upon exercise of the warrants until the expiration of the warrants. However, we cannot assure you that we will be able to do so, and if we do not maintain a current prospectus related to the common stock issuable upon exercise of the warrants, holders will be unable to exercise their warrants and we will not be required to settle any such warrant exercise, whether by net cash settlement or otherwise. If the prospectus relating to the common stock issuable upon the exercise of the warrants is not current or if the common stock is not qualified or exempt from qualification in the jurisdictions in which the holders of the warrants reside, the warrants may have no value, the market for the warrants may be limited and the warrants may expire worthless. Notwithstanding the foregoing, the insider warrants purchased by our initial stockholders simultaneously with the consummation of our initial public offering may be exercisable for unregistered shares of common stock even if the prospectus relating to the common stock issuable upon exercise of the warrants is not current.

Failure to complete the merger could negatively impact the market price of Polaris common stock and may make it more difficult for Polaris to attract another acquisition candidate, resulting, ultimately, in the disbursement of the trust proceeds, causing investors to experience a loss on their investment.

If the merger is not completed for any reason, Polaris may be subject to a number of material risks, including:

Our outstanding warrants may be exercised in the future, which would increase the number of shares eligible for future

the market price of Polaris common stock may substantially decline to the extent that the current market price of its common stock reflects a market assumption that the merger will be consummated; costs related to the merger, such as legal and accounting fees and certain costs related to the fairness opinion, must be paid even if the merger is not completed; and

charges will be made against earnings for transaction-related expenses, which could be higher than expected. Such decreased market price and added costs and charges of the failed merger, together with the history of failure in consummating a business combination, may make it more difficult for Polaris to attract another target business, resulting, ultimately, in the disbursement of the trust proceeds, causing investors to experience a loss on their investment.

If third parties bring claims against us, the proceeds held in trust may be reduced and the per share liquidation price received by you will be less than \$10.00 per share.

Our placing of funds in trust may not protect those funds from third-party claims against us. Although we seek to have all vendors, prospective target businesses or other entities that we engage execute agreements with us waiving any right, title, interest or claim of any kind in or to any monies held in the trust account, there is no guarantee that all vendors, prospective target businesses or other entities that we engage will execute such agreements, or if executed, that this will prevent potential contracted parties from making claims against the trust account or that a court would not conclude that such agreements are not legally enforceable.

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Nor is there any guarantee that such entities will agree to waive any claims they may have in the future as a result of, or arising out of, any negotiations, contracts or agreements with us and will not seek recourse against the trust account for any reason. If we liquidate before the completion of a business combination and distribute the proceeds held in trust to our public stockholders, Marc V. Byron, our chairman of the board and chief executive officer, and Lowell D. Kraff, our president, have agreed that they will be personally liable to ensure that the proceeds in the trust account are not reduced by the claims of target businesses or claims of vendors or other entities that are owed money by us for services rendered or contracted for or products sold to us. However, the agreement entered into by Messrs. Byron and

Kraff specifically provides for two exceptions to this indemnity: there will be no liability (1) as to any claimed amounts owed to a third party who executed a waiver (even if such waiver is subsequently found to be invalid and unenforceable) or (2) as to any claims under our indemnity of the underwriters of our initial public offering against certain liabilities, including liabilities under the Securities Act. Furthermore, there could be claims from parties other than vendors or target businesses that would not be covered by the indemnity from Messrs. Byron and Kraff, such as stockholders and other claimants who are not parties in contract with us who file a claim for damages against us. We cannot assure you that Messrs. Byron and Kraff will be able to satisfy those obligations if they are required to do so and if they refused to satisfy their obligations, our board of directors would have a fiduciary obligation, and we would be required, to bring a claim against them to enforce our indemnification rights. Accordingly, the proceeds held in trust may be subject to claims which would take priority over the claims of our public stockholders and, as a result, the per-share liquidation price could be less than \$10.00 due to claims of such creditors.

Additionally, if we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, the funds held in our trust account will be subject to applicable bankruptcy law, and may be included in our bankruptcy estate and subject to claims of third parties with priority over the claims of our public stockholders. To the extent bankruptcy claims deplete the trust account, we cannot assure you that we will be able to return to our public stockholders the liquidation amounts due them.

Failure to complete the merger could negatively impact the market price of Polaris common stock and may make it r

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FORWARD-LOOKING STATEMENTS

This proxy statement includes forward-looking statements within the meaning of Section 21E of the Exchange Act. Our forward-looking statements include, but are not limited to, statements regarding our expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words anticipate, believe, continue, could, estimate, expect, intend, may, might, potential, predict, project, should, will, would and similar expressions may identify forward-looking statements. The absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained in this proxy statement are based on our current expectations and beliefs concerning future developments and their potential effects on us and speak only as of the date of such statement.

There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading Risk Factors and the following:

- the change in control of Polaris once the merger is consummated;
- Polaris' expectations regarding consummation and timing of the merger and related transactions, including the satisfaction of closing conditions to the merger;
- Polaris' and HUGHES Telematics' expectations regarding HUGHES Telematics' growth potential;
- the delisting of Polaris' securities from the American Stock Exchange or an inability to have Polaris' securities listed on either the NASDAQ Global Market or the NASDAQ Capital Market or another exchange following the consummation of the merger;
- Polaris' and HUGHES Telematics' expectations and intentions regarding the use of the proceeds in Polaris' trust account;
- the financial performance of HUGHES Telematics;
- slower than expected development of the telematics industry or any event that causes telematics to be less attractive to consumers;
- the loss of strategic relationships with Chrysler or Mercedes-Benz;
- an inability to enter into strategic relationships with additional automakers, thereby limiting HUGHES Telematics' growth potential;
- the introduction and proliferation of competitive products;
- changes in technology;
- an inability to achieve sustained profitability;
- failure to implement HUGHES Telematics' short- or long-term growth strategies;
- the cost of retaining and recruiting HUGHES Telematics' key personnel or the loss of such key personnel;
- risks associated with the expansion of HUGHES Telematics' business in size and geography;
- operational risk;
- geopolitical events and regulatory changes;
- changing interpretations of generally accepted accounting principles (GAAP);
- general economic conditions;
- a downturn in the automotive industry;

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litigation and regulatory enforcement risks, including the diversion of management time and attention and the additional costs and demands on HUGHES Telematics resources;

costs related to the proposed merger;

failure to obtain the required approvals of Polaris stockholders; and

risks that the closing of the transaction is substantially delayed or that the transaction does not close.

Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable law.

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THE SPECIAL MEETING

The Special Meeting

Polaris is furnishing this proxy statement to you as part of the solicitation of proxies by the Polaris board of directors for use at the special meeting in connection with the merger proposal, the pre-closing certificate amendment proposal, post-closing certificate amendment proposal and the adjournment proposal.

Date, Time and Place

The special meeting will be held at _____, New York City time, on _____, 2008, at _____, to vote on each of the merger proposal, the pre-closing certificate amendment proposal, post-closing certificate amendment proposal and, if necessary, the adjournment proposal.

Purpose of the Special Meeting

At the special meeting, the holders of Polaris common stock are being asked to approve:

The merger proposal a proposal to approve the merger of HUGHES Telematics with and into Polaris, with Polaris continuing as the surviving corporation in the merger, pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of November 10, 2008, by and among Polaris, HUGHES Telematics and Apollo and the transactions contemplated thereby;

The pre-closing certificate amendment proposal a proposal to amend Polaris amended and restated certificate of incorporation to (A) change Polaris name from Polaris Acquisition Corp. to _____ (B) increase the number of Polaris authorized shares of common stock from 55,000,000 to 155,000,000 and authorized shares of preferred stock from 1,000,000 to 10,000,000, (C) remove the entirety of Article Fifth and (D) amend certain other ministerial provisions of the certificate of incorporation;

The post-closing certificate amendment proposal a proposal, effective after consummation of the merger, to (A) remove provisions of Article Third relating to the dissolution and liquidation of Polaris in the event that a business combination is not consummated prior to January 11, 2010, (B) replace (1) the entirety of Article Sixth with a provision providing that Polaris is to have perpetual existence and (2) the entirety of Article Seventh with a provision providing that Polaris reserves the right to amend, alter, change or repeal any provision in Polaris amended and

restated certificate of incorporation in the manner now or hereafter prescribed therein and by the laws of the State of Delaware, all of which relate to the operation of Polaris as a blank check company prior to the consummation of a business combination and (C) amend certain other ministerial provisions of the certificate of incorporation; and The adjournment proposal a proposal to authorize the adjournment of the special meeting to a later date or dates, if necessary, to permit further solicitation and vote of proxies in the event there are insufficient votes at the time of the special meeting to approve the merger proposal, the pre-closing certificate amendment proposal or the post-closing certificate amendment proposal.

Recommendation of the Polaris Board of Directors

The Polaris board of directors:

has unanimously determined that the merger proposal, the pre-closing certificate amendment proposal, post-closing certificate amendment proposal and the adjournment proposal are in the best interests of Polaris and its stockholders; has unanimously approved the merger proposal, the pre-closing certificate amendment proposal, post-closing certificate amendment proposal and the adjournment proposal; and unanimously recommends that the holders of Polaris common stock vote FOR the merger proposal, the pre-closing certificate amendment proposal, the post-closing certificate amendment proposal and, if necessary, the adjournment proposal.

In considering the recommendation of Polaris board of directors to vote FOR the merger proposal, you should be aware that members of Polaris board of directors may have interests different from or in

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addition to your interests as a stockholder. See the section entitled The Merger Proposal Interests of Polaris Directors and Officers in the Merger.

Record Date; Who Is Entitled to Vote

The record date for the special meeting is , 2008. Record holders of Polaris common stock at the close of business on the record date are entitled to vote or have their votes cast at the special meeting. On the record date, there were 18,750,000 outstanding shares of Polaris common stock.

Each share of Polaris common stock is entitled to one vote per share at the special meeting. The holders of Polaris common stock acquired in its initial public offering or afterwards (other than the initial stockholders as described below) are free to vote such shares in their discretion.

Polaris initial stockholders have agreed to vote all of their shares of Polaris common stock acquired prior to the initial public offering in accordance with the vote of the majority in interest of all other Polaris stockholders on the merger proposal. In addition, the initial stockholders have agreed to vote any shares of Polaris common stock acquired by them in the initial public offering or in the aftermarket in favor of the merger proposal. Polaris issued and outstanding warrants do not have voting rights and record holders of Polaris warrants will not be entitled to vote at the special meeting with respect to the warrants they hold.

Voting Your Shares

Each share of Polaris common stock that you own in your name as of the record date entitles you to one vote. Your proxy card shows the number of shares of Polaris common stock that you own.

There are two ways to vote your shares of Polaris common stock at the special meeting:

you can vote by signing and returning the enclosed proxy card. If you vote by proxy card, your proxy, whose name is listed on the proxy card, will vote your shares as you instruct on the proxy card. If you sign and return the proxy card, but do not give instructions on how to vote your shares, your shares will be voted, as recommended by the Polaris board, FOR the approval of the merger proposal, each of the pre-closing certificate amendment proposal, the post-closing certificate amendment proposal and, if necessary, the adjournment proposal; or you can attend the special meeting and vote in person. Polaris will give you a ballot when you arrive. However, if your shares are held in the name of your broker, bank or another nominee, you must get a proxy from the broker, bank or other nominee. That is the only way Polaris can be sure that the broker, bank or nominee has not already voted your shares.

Who Can Answer Your Questions About Voting Your Shares

If you have any questions about how to vote or direct a vote in respect of your Polaris common stock, you may call Innisfree M&A Incorporated, our proxy solicitor, toll-free at (888) 750-5834 (banks and brokers call collect at (212) 750-5833), or Jerry Stone, Vice President of Polaris, at (201) 242-3500.

No Additional Matters May Be Presented at the Special Meeting

This special meeting has been called only to consider the approval of the merger proposal, the pre-closing certificate amendment proposal, the post-closing certificate amendment and, if necessary, the adjournment proposal. Under Polaris by-laws, no other matters may be considered at the special meeting if they are not included in the notice of the meeting.

Revoking Your Proxy

If you give a proxy, you may revoke it at any time before it is exercised by doing any one of the following:

- you may submit another proxy card with a later date;
- you may notify Jerry Stone, our Vice President, in writing before the special meeting that you have revoked your proxy; or
- you may attend the special meeting, revoke your proxy and vote in person.

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Quorum

The presence, in person or by proxy, of a majority of all the outstanding shares of Polaris common stock constitutes a quorum at the special meeting.

Vote Required

The approval of the merger of HUGHES Telematics with and into Polaris, with Polaris continuing as the surviving corporation, will require the affirmative vote of a majority of the shares of Polaris common stock (a) voted by the public stockholders present at the special meeting in person or by proxy and entitled to vote thereon and (b) outstanding as of the record date, provided that the holders of less than 30% of the shares of Polaris common stock that were issued in its initial public offering vote against the merger proposal and properly elect to convert their shares

into a pro rata portion of the funds held in Polaris trust account. The affirmative vote of a majority of the shares of Polaris common stock voted by the public stockholders present at the special meeting in person or by proxy and entitled to vote thereon is a requirement of our certificate of incorporation. The affirmative vote of a majority of the shares of Polaris common stock outstanding as of the record date is a requirement of the DGCL.

If following the date of this proxy statement, Polaris determines that the merger proposal may not receive sufficient votes at the special meeting for the merger to be consummated, Polaris, HUGHES Telematics and the initial stockholders and/or their affiliates may enter into negotiations or one or more transactions with existing stockholders or other third parties that would be designed to incentivize stockholders who have indicated, or are believed to have indicated, an intention to vote against the merger proposal to either vote in favor of, or to sell their shares to one or more parties who would vote in favor of, the merger proposal. There can be no certainty that any such transactions would in fact be sought to be negotiated or, if negotiations are commenced, would be consummated. If any such transactions are consummated, Polaris, Polaris executive officers and directors, the initial stockholders and any other applicable parties will promptly disclose such transactions by means of a supplement to this proxy statement and/or the filing of a Current Report on Form 8-K with the SEC and any other required filings.

Assuming the merger proposal is approved by Polaris stockholders, the affirmative vote of a majority of the shares of Polaris common stock outstanding as of the record date and entitled to vote thereon is required to approve the pre-closing certificate amendment proposal and the post-closing certificate amendment proposal.

The approval of the adjournment proposal will require the affirmative vote of a majority of the shares of Polaris common stock represented in person or by proxy and entitled to vote thereon at the special meeting.

Abstentions and Broker Non-Votes

If you abstain from voting, it will have the same effect as a vote AGAINST the merger proposal; the pre-closing certificate amendment proposal and the post-closing certificate amendment proposal, but will have no effect on the adjournment proposal.

A failure to vote by not returning a signed proxy card will have no impact upon the approval of the adjournment proposal, but, as the merger proposal, pre-closing certificate amendment proposal and the post-closing certificate amendment proposal require the affirmative vote of a majority of Polaris common stock, a failure to vote will have the effect of a vote AGAINST these three proposals. Failure to vote will not have the effect of electing to convert your shares for a pro rata portion of the funds held in the trust account.

If your broker holds your shares in its name and you do not give the broker voting instructions, under the applicable stock exchange rules, your broker may not vote your shares on the merger proposal, the pre-closing certificate amendment proposal or the post-closing certificate amendment proposal. If you do not give your broker voting instructions and the broker does not vote your shares, this is referred to as a broker non-vote. Abstentions and broker non-votes are counted for purposes of determining the presence of a quorum. Broker non-votes will have the same effect as votes AGAINST the merger proposal, the pre-closing certificate amendment proposal and the post-closing certificate amendment proposal, but will not be counted towards the

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vote total for the adjournment proposal. However, a broker non-vote that has the effect of voting against the merger proposal will not have the effect of electing to convert your shares for a pro rata portion of the funds held in the trust account.

Conversion Rights

Any Polaris public stockholder who votes against the merger proposal may, at the same time, elect that Polaris convert such stockholder's shares for a pro rata portion of the funds held in the trust account, inclusive of interest thereon and net of taxes payable, calculated as of two business days prior to the consummation of the merger. If you seek to exercise this conversion right you must submit your vote against approval of the merger proposal and check the box on the proxy card indicating that you wish to exercise your conversion right. In addition, by 5:00 p.m., New York City time, on _____, 2008, the business day prior to the special meeting, your bank or broker must electronically transfer your shares to the DTC account of Continental Stock Transfer & Trust Company, our stock transfer agent, and provide Continental Stock Transfer & Trust Company with the necessary stock powers, written instructions that you want to convert your shares and a written certificate addressed to Continental Stock Transfer & Trust Company stating that you were the owner of such shares as of the record date, you have owned such shares since the record date and you will continue to own such shares through the closing of the merger. If your bank or broker does not provide each of these documents to Continental Stock Transfer & Trust Company, 17 Battery Place, New York, New York 10004, attn: Mark Zimkind, tel. (212) 845-3287, fax (212) 616-7616 by 5:00 p.m., New York City time, on _____, 2008, the business day prior to the special meeting, your shares will not be converted. There is a nominal cost associated with this delivery process and the act of certificating the shares or electronically delivering them through the DTC's system. The transfer agent will typically charge the tendering broker \$45, and the broker may or may not pass this cost on to you.

If you properly exercise your conversion rights and the merger is consummated, Polaris will convert your shares of common stock for a pro rata portion of the funds held in the trust account in which a substantial portion of the net proceeds of its initial public offering are held, calculated as of two business days prior to the consummation of the merger. Based on the amount of cash held in the trust account as of _____, 2008, without taking into account any interest accrued after such date, you will be entitled to elect to have Polaris convert each share of Polaris common stock that you hold for approximately \$ _____ per share. If the holders of 30%, or 4,500,000, or more shares of Polaris common stock issued in our initial public offering vote against the merger proposal and properly elect to have Polaris convert their shares into a pro rata portion of the funds held in the trust account, Polaris will not be able to consummate the merger, regardless of whether a majority of the shares of Polaris common stock (a) voted by the public stockholders present and entitled to vote at the special meeting in person or by proxy and (b) outstanding as of the record date, vote in favor of the merger proposal. If the merger is not consummated, Polaris will continue to search for a business combination and no shares will be converted. However, Polaris will be liquidated if it does not consummate a business combination by January 11, 2010. In any liquidation, the net proceeds of our initial public offering held in the trust account, plus any interest earned thereon, will be distributed on a pro rata basis to the holders of Polaris common stock who purchased their shares in Polaris' initial public offering or thereafter.

Prior to exercising conversion rights, you should verify the market price of Polaris common stock as you may receive higher proceeds from the sale of your common stock in the public market than from exercising your conversion rights.

Shares of Polaris common stock are quoted on the American Stock Exchange under the symbol TKP. We cannot assure Polaris stockholders that they will be able to sell their shares of Polaris common stock in the open market, even if the market price per share is higher than the conversion price stated above, as there may not be sufficient liquidity in Polaris' securities when its stockholders wish to sell their shares.

Appraisal Rights

Polaris stockholders do not have appraisal rights in connection with the merger under the DGCL.

Solicitation Costs

Polaris is soliciting proxies on behalf of the Polaris board of directors. This solicitation is being made by mail but also may be made by telephone or in person. Polaris and its officers and directors may also solicit proxies in person, by telephone or by other electronic means, and in the event of such solicitations, the

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information provided will be consistent with this proxy statement and enclosed proxy card. These persons will not be paid for soliciting proxies. Polaris will ask banks, brokers and other institutions, nominees and fiduciaries to forward its proxy statement materials to their principals and to obtain their authority to execute proxies and voting instructions. Polaris will reimburse them for their reasonable expenses. Polaris has engaged Innisfree M&A Incorporated to solicit proxies for this special meeting. Polaris is paying approximately \$ for solicitation services, which amount includes a \$ fixed solicitation fee and a per call fee estimated in the aggregate to be equal to \$.

Stock Ownership

Polaris initial stockholders, including all its directors, and their respective affiliates, who purchased or received shares of common stock prior to its initial public offering and as of the record date, beneficially own an aggregate of 20% of the outstanding shares of Polaris common stock. All of such stockholders have agreed (1) to vote their shares of common stock acquired prior to our initial public offering in accordance with the vote of the majority-in-interest of all other Polaris stockholders on the merger proposal and (2) to vote any shares of common stock purchased in the initial public offering or in the aftermarket FOR the merger proposal. All of the initial stockholders have agreed to place all of their shares purchased prior to Polaris initial public offering in escrow until one year after the consummation of a business combination and all of their insider warrants in escrow until 45 days after the consummation of a business combination. In addition, at closing the initial stockholders will place an aggregate of 1,250,000 shares of their Polaris common stock in escrow to be released back to them if the price target for the first tranche of earn-out shares is achieved between the first and fifth anniversaries of closing.

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THE MERGER PROPOSAL

Background of the Merger

The terms of the merger agreement are the result of negotiations between the representatives of Polaris and HUGHES Telematics. The following is a brief description of the background of these negotiations, the merger and related transactions.

Polaris was incorporated in Delaware on June 18, 2007, as a blank check company formed for the purpose of acquiring through a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business. On January 17, 2008, Polaris consummated the initial public offering of 15,000,000 of its units.

Each unit consists of one share of common stock and one warrant to purchase one share of common stock at an exercise price of \$7.00 per share. The units were sold at an offering price of \$10.00 per unit, generating gross proceeds

of \$150.0 million.

In addition, Polaris sponsors purchased 4,500,000 warrants to purchase common stock in a private placement completed simultaneously with the closing of the initial public offering for total consideration of \$4.5 million. Upon consummation of the Polaris initial public offering, \$150.0 million, including deferred underwriting discounts and commissions of approximately \$6.8 million, were deposited in trust and, in accordance with Polaris amended and restated certificate of incorporation, will be released either upon the consummation of a business combination or upon the liquidation of Polaris. The net proceeds from the sale of the Polaris units and sponsors warrants were approximately \$143.4 million, excluding offering expenses.

Prior to the consummation of its initial public offering, neither Polaris, nor anyone on its behalf, contacted any prospective target business or had any substantive discussions, formal or otherwise, with respect to such a transaction with Polaris.

Subsequent to the consummation of the initial public offering on January 17, 2008, Polaris commenced consideration of potential target companies with the objective of consummating a business combination with an operating business.

During the period from the closing of its initial public offering to June 13, 2008, Polaris:

compiled a database of over 45 potential acquisition targets provided by its officers, directors, sponsors and industry contacts;

contacted approximately 26 investment banks and other service providers to inquire whether they might be aware of available acquisition opportunities;

participated in in-person or telephonic discussions with representatives of approximately 10 potential acquisition targets;

entered into non-disclosure agreements with five potential acquisition targets, or their representatives; and conducted diligence with respect to five potential acquisition targets.

Polaris selected the five potential acquisition targets with which it entered into non-disclosure agreements based upon their size, potential for growth, management teams, competitive landscape of the industry in which they operated, potential mainstream consumer enthusiasm and ability to leverage the extensive marketing experience Polaris team possesses in order to enhance shareholder value. None of the discussions with potential acquisition targets, other than HUGHES Telematics, resulted in a letter of intent or a definitive agreement regarding a potential business combination. Discussions with some of these potential acquisition targets were abandoned when Polaris management determined that they were not appropriate targets given the nature of their products or the need for large amounts of additional capital following a transaction with Polaris. Other such discussions were not pursued after Polaris signed a letter of intent with HUGHES Telematics, since it had become clear that the significant growth potential and limited downside associated with the proposed merger with HUGHES Telematics offered superior value to Polaris stockholders.

Lowell D. Kraff, Polaris President, and Apollo, an affiliate of HUGHES Telematics, have had periodic business contacts and discussions dating from prior to the creation of Polaris. Through these discussions,

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Apollo learned of the creation of Polaris and, subsequent to the formation of Polaris, Mr. Kraff learned of HUGHES Telematics. In a telephone call from Apollo to Mr. Kraff on February 17, 2008, it was suggested to Mr. Kraff that HUGHES Telematics could be an attractive acquisition target given its products, growth prospects and capital needs.

The first direct contact between HUGHES Telematics and Polaris occurred on or about February 21, 2008 when a representative of HUGHES Telematics contacted Mr. Kraff to discuss a potential transaction with Polaris, noting the

compatibility of the business objectives between the two companies. After discussing the possibility of a transaction, representatives of HUGHES Telematics and Polaris entered into a non-disclosure agreement on February 25, 2008.

On February 25, 2008 and periodically thereafter, HUGHES Telematics provided confidential information to representatives of Polaris to facilitate Polaris due diligence. Mr. Kraff met in person with a representative of Apollo on February 27, 2008, and they were joined by telephone by Jeff Leddy, the CEO of HUGHES Telematics, to further discuss the opportunity. On March 13, 2008, representatives of Polaris traveled to the offices of HUGHES Telematics in Atlanta to engage in discussions and learn more about the business of HUGHES Telematics. At that meeting, parties began to discuss a potential valuation of the HUGHES Telematics business.

On March 14, 2008, the board members and executives of Polaris held discussions with representatives of Lazard at the offices of Lazard in New York, to compare potential acquisition opportunities and discuss acquisition strategies. At that meeting, the executive officers of Polaris described the HUGHES Telematics opportunity to representatives of Lazard. The representatives discussed potential transaction structures and potential valuations, and began considering the formulation of a letter of intent. Polaris began to review financial scenarios that included cash flows based solely on HUGHES Telematics contracts with Mercedes-Benz and Chrysler, as well as cash flows that included potential contracts with other automakers. In determining a valuation for HUGHES Telematics, Polaris used a discounted cash flow methodology over a range of discount rates appropriate for HUGHES Telematics growth and risk characteristics.

Seeking to allow its public stockholders to share in the growth potential of a target business, Polaris management contemplated a deal structure in which Polaris would issue shares of its common stock to HUGHES Telematics stockholders. Polaris and HUGHES Telematics engaged in several negotiations over the number of shares of Polaris common stock to be issued to HUGHES Telematics stockholders based on Polaris valuation of HUGHES Telematics.

The structure which was decided upon, with a large earn-out component, bridged differences of opinion on the valuation of HUGHES Telematics held by Polaris and HUGHES Telematics, and assured Polaris management that there would be a strong alignment of interests between HUGHES Telematics management and Polaris stockholders following the closing. The share price targets in the earn-out were chosen to reflect a 25% internal rate of return, which would balance the necessary incentive for HUGHES Telematics shareholders against the desired return of public investors and what the parties considered achievable in the earn-out period.

On March 28, 2008, Mr. Byron and Mr. Stone met with representatives of HUGHES Telematics at the Polaris offices in New Jersey to discuss the technology used in HUGHES Telematics products and services.

In late March 2008, Polaris engaged Wachtell, Lipton, Rosen & Katz (Wachtell, Lipton) to act as legal counsel for a potential transaction.

Between March 27, 2008 and April 1, 2008, representatives of Polaris and HUGHES Telematics engaged in numerous discussions relating to a letter of intent to be signed by the parties.

In April 2008, Polaris management entered into non-disclosure agreements with certain Polaris stockholders and engaged them in preliminary discussions regarding their potential involvement in a transaction with HUGHES Telematics. These stockholders agreed in the non-disclosure agreements not to use any material non-public information to trade in securities of Polaris.

On April 2, 2008, HUGHES Telematics and Polaris signed a non-binding letter of intent setting forth the principal terms of the proposed merger which included an exclusivity provision pursuant to which HUGHES Telematics agreed not to solicit third parties for alternative transactions until May 1, 2008.

On April 3, 2008, HUGHES Telematics made available to Polaris and its representatives additional confidential information of HUGHES Telematics. Over the course of the next several weeks, financial and

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legal representatives of Polaris accessed the confidential information both through copies provided by HUGHES Telematics and by accessing such information at the offices of Skadden, Arps, Slate, Meagher & Flom LLP (Skadden, Arps), HUGHES Telematics legal counsel.

On April 10, 2008, representatives of Polaris, including its financial and legal advisors, participated in management presentations at the offices of HUGHES Telematics in Atlanta. At that meeting, the HUGHES Telematics management described and conducted demonstrations of the HUGHES Telematics products.

On April 16, 2008, Polaris engaged an auditing firm to conduct accounting due diligence on HUGHES Telematics. The reports of the auditing firm were delivered on May 7, 2008.

On April 17, 2008, Polaris engaged a technology consulting firm to conduct diligence on the technological aspects of the HUGHES Telematics business. The report of the consulting firm was delivered on April 29, 2008.

On April 25, 2008, HUGHES Telematics retained Pali Capital to provide advice in connection with the pending merger negotiations and proxy process.

On April 25, 2008, Polaris provided a draft merger agreement to HUGHES Telematics and Skadden, Arps.

After April 25, 2008, representatives of Polaris and HUGHES Telematics, as well their respective counsels, periodically negotiated the terms of the merger agreement. The parties discussed key issues including those relating to the scope of the parties respective representations and warranties, the terms of the indemnity provisions, the treatment of options exercisable for HUGHES Telematics common stock and the scope of the interim operating covenants applicable to the parties.

On May 1, 2008, HUGHES Telematics and Polaris agreed to extend the term of the exclusivity provision in the letter of intent to May 15, 2008. Further extensions of the exclusivity provision were subsequently agreed to on May 12, May 29 and June 10, 2008.

On May 2, 2008, Polaris and its counsel provided first drafts of several exhibits to the merger agreement, including a draft of the amended and restated certificate of incorporation for Polaris to be effective upon the consummation of the merger and a first draft of the shareholders agreement term sheet.

Following May 2, 2008, representatives of Polaris and HUGHES Telematics, as well as their respective counsels, periodically negotiated the terms of the exhibits to the merger agreement.

On May 29, 2008, Polaris engaged Duff & Phelps to advise Polaris and render an opinion as to whether the consideration to be paid by Polaris in the merger would be fair to the holders of Polaris common stock from a financial point of view and whether the fair market value of HUGHES Telematics would be at least 80% of the balance of Polaris trust account (excluding deferred underwriting fees and commissions and taxes payable). Duff & Phelps did not participate in any negotiations regarding the determination of the amount of such consideration nor did they assist in structuring the transaction.

On June 6, 2008, the executive team of Polaris provided Polaris board of directors with an update with respect to the potential transaction with HUGHES Telematics.

On June 6, 2008, senior management of HUGHES Telematics met internally to discuss the transaction and to brief the non-Apollo stockholders of HUGHES Telematics.

Between June 6 and June 13, 2008, the representatives of HUGHES Telematics and Polaris continued to negotiate terms of the transaction, particularly with respect to the additional debt and equity permitted to be issued by HUGHES Telematics prior to the closing of the merger and a net working capital adjustment at the closing with respect to Polaris.

On June 11, 2008, at a meeting of Polaris board of directors, Polaris management reviewed the principal terms of the proposed transaction with HUGHES Telematics and the status of the negotiations regarding the merger agreement and related documentation. Representatives of Wachtell, Lipton provided Polaris board of directors with a detailed description of the merger agreement and its terms. In addition, Duff & Phelps provided an update with respect to the fairness analysis and the 80% analysis. Lazard provided Polaris board

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of directors with a presentation summarizing the transaction background and key financial terms. Polaris board of directors authorized management to continue to engage in discussions with HUGHES Telematics regarding a potential merger.

On June 11 and June 12, 2008, representatives of Polaris and HUGHES Telematics continued to negotiate the terms of the merger agreement and related documents.

In the afternoon of June 13, 2008, Polaris board of directors held a telephonic meeting during which the board reviewed the principal business and legal terms of the proposed transaction. Wachtell, Lipton provided an update on the changes to the merger agreement since the prior board meeting. Duff & Phelps presented their financial analysis of the proposed transaction and responded to questions from directors. Duff & Phelps then provided their oral opinions that the fair market value of HUGHES Telematics was equal to at least 80% of the balance of Polaris trust account (excluding deferred underwriting discounts and commissions and taxes payable) and that the consideration to be paid pursuant to the merger agreement was fair, from a financial point of view, to the holders of Polaris common stock.

Lazard also provided a brief overview of key financial terms. The Polaris board then unanimously approved the merger, the merger agreement and the related transactions.

In the late afternoon of June 13, 2008, the Agreement and Plan of Merger (the original merger agreement) was executed by the parties thereto. Prior to the opening of the financial markets on June 16, 2008, Polaris and HUGHES Telematics issued a press release announcing the original transaction.

Polaris and its advisors maintained regular contact with HUGHES Telematics after execution of the original merger agreement. As permitted under the original merger agreement, the management of HUGHES Telematics sought to find debt or equity investors for HUGHES Telematics to fund its ongoing operations. The disturbances in the credit and financial markets made the raising of such debt or equity difficult. On or about October 22, 2008, Mr. Leddy of HUGHES Telematics, placed a telephone call to Mr. Kraff of Polaris, suggesting that the parties amend the terms of the transaction so as to improve the likelihood of approval of the merger by Polaris stockholders. Mr. Leddy suggested that the initial consideration provided at closing to HUGHES Telematics stockholders be reduced from 45,000,000 shares of Polaris common stock to 15,000,000 shares, and that the difference of 30,000,000 shares be applied to the earn-out. Mr. Leddy also proposed that the initial stockholders of Polaris place a portion of their shares of Polaris common stock into an escrow, to be released in accordance with the earn-out.

Between November 2 and November 10, 2008, representatives of Polaris and HUGHES Telematics negotiated the terms of the amended and restated merger agreement, particularly with respect to the length of the lock-up periods on the earn-out shares received by HUGHES Telematics stockholders and the initial Polaris stockholders, and the length of the time periods during which the share price targets could be achieved to cause a release of the earn-out shares.

On November 5, 2008, during a telephonic meeting of the Polaris board of directors, Polaris management reviewed the principal terms of the proposed amended and restated merger agreement and related documentation, and the status of negotiations. After discussing whether to request an additional fairness opinion from Duff & Phelps, the Board authorized management to engage Duff & Phelps to provide a revised fairness opinion. The Polaris board of directors also authorized Polaris management to continue negotiations with HUGHES Telematics regarding the amended and restated merger agreement and related documentation.

On November 10, 2008, the board of directors of Polaris held a telephonic meeting during which the board reviewed the proposed amended and restated merger agreement (and related documentation) in detail. Wachtell, Lipton provided a review of the changes to the agreement since the original merger agreement. Duff & Phelps presented their financial analysis of the amended transaction and responded to questions from directors. Duff & Phelps then provided their oral opinions that the fair market value of HUGHES Telematics was equal to at least 80% of the balance of the Polaris trust account (excluding deferred underwriting discounts and commissions and taxes payable) and that the consideration to be paid pursuant to the amended and restated merger agreement was fair, from a financial point of view, to the holders of Polaris common stock. The Polaris board then unanimously approved the merger, the amended and restated merger agreement and the related transactions.

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In the late evening of November 10, 2008, the amended and restated merger agreement was executed by the parties thereto. On November 11, 2008, prior to the opening of the stock market Polaris and HUGHES Telematics issued a press release announcing the amended transaction.

Polaris Reasons for the Merger and Recommendation of the Polaris Board

Polaris has been in search of a business combination partner since its initial public offering occurred in January 2008.

Polaris board of directors believes that HUGHES Telematics presents a unique opportunity for Polaris because of, among other factors, its strategic position, growth potential and an impressive, experienced management team. As a result, Polaris believes that the merger with HUGHES Telematics will provide Polaris stockholders with an opportunity to participate in a company at an early stage of its growth and development.

In arriving at its determination to approve the merger and its terms, Polaris board of directors relied on an analysis and/or review of a number of factors, including, but not limited to:

information with respect to the financial condition, results of operations and business of HUGHES Telematics, on both a historical and prospective basis;

significant projected revenues derived from vehicles covered under the agreements with automakers;

HUGHES Telematics attractive valuation, given its future prospects and those of the industry;

the HUGHES Telematics management team's quality and strength, and proven track record of success;

HUGHES Telematics leading technological expertise and partnership with HUGHES Communications, Inc., under which HUGHES Communications, Inc. is supporting HUGHES Telematics design and development of its telematics solution and operations center;

the earn-out and lock-up features of the transaction, which provide substantial incentives to the management and stockholders of HUGHES Telematics to realize future value for all stockholders after the closing of the merger;

the participation of Apollo as a control stockholder, given its record of success in creating value for its investors; and the fairness opinion provided by Duff & Phelps, which is more fully described below under The Merger

Proposal Duff & Phelps Opinion.

Polaris board of directors believes that each of the above factors supported its determination and recommendation to approve the merger. In addition, Polaris board of directors reviewed a number of additional factors in evaluating the merger with HUGHES Telematics, including, but not limited to, the following:

the U.S. and global telematics market, both current and projected;
the growth and success of General Motors OnStar product;
the terms and conditions of the merger agreement and related transaction documents;
the results of Polaris legal, technology, accounting and other due diligence review of HUGHES Telematics; and
the marketing and customer retention expertise that Polaris management would bring to the combined company, which can be leveraged to drive incremental revenues.

Polaris board of directors also considered the following potentially negative factors, among others, including the Risk Factors, in its deliberations concerning the merger:

the competitive nature of the telematics industry in general;

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the risks of investing in an early-stage company in a developing industry, where the major product offering is still in a development stage, the company has a need for substantial capital before turning to profitability, and the company has experienced significant losses to date and expects to do so for the near future;

the possibility that the benefits anticipated from the merger might not be achieved or might not occur as rapidly or to the extent currently anticipated;

the risk of potential intellectual property claims against HUGHES Telematics which could reduce its competitive position and potentially expose the combined company to liability;

the risk the contracted automakers may not install the HUGHES Telematics product on as many vehicles as those automakers have projected, whether due to decreased vehicle production or other reasons;

the fact that certain officers and directors of Polaris may have interests in the merger that are different from, or are in addition to, the interests of Polaris stockholders generally, including the matters described under The Merger Proposal Interests of Polaris Directors and Officers in the Merger below;

the pro forma effect of the issuance of 71,863,548 shares of Polaris common stock pursuant to the merger on Polaris earnings per share, which would reduce Polaris earnings per share for the nine months ended September 30, 2008 from net income (loss) of \$ and (\$) per share-basic (\$ and \$() per share-diluted), respectively, to a net loss of \$ and \$ per share (maximum approval) and \$ and \$ per share (minimum approval) basic and diluted, respectively, on a pro forma adjusted basis;

the limits on indemnification in the merger agreement, which restrict the remedies available to Polaris in the event of a breach by HUGHES Telematics.

For a discussion of the existing risk factors and their possible effect on the success of the merger, see the section entitled Risk Factors.

After consideration of the positive and potentially negative factors described above, the board of directors of Polaris was of the view that the structural aspects of the transaction (whereby the incentives of the HUGHES Telematics management were aligned with those of Polaris stockholders), the attractive growth prospects of HUGHES Telematics and the telematics industry in general, and the quality of the HUGHES Telematics management team, among other positive factors, were sufficiently compelling to render the proposed transaction in the best interests of all Polaris stockholders. After considering the prospects of the U.S. automotive industry and the dependence of the business of HUGHES Telematics on certain U.S. automotive manufacturers, the board of directors did not feel that cyclical issues in such industry outweighed the value proposition of the long-term, exclusive OEM agreements. In the view of Polaris board of directors, the potentially countervailing factors did not, individually or in the aggregate, outweigh the advantages of the merger, and the board therefore entered into the original merger agreement.

After the signing of the original merger agreement, events in the financial markets and increased turbulence in the automotive industry encouraged the Polaris board of directors to negotiate and accept the amended transaction terms as more attractive to Polaris stockholders. Deferral of a greater proportion of the merger consideration to the earn-out was seen as increasing the incentives for management and stockholders of HUGHES Telematics to realize value for all stockholders after closing. The revised fairness opinion provided by Duff & Phelps confirmed that the amended terms were fair to the Polaris stockholders. In the view of the Polaris board of directors, the amended transaction terms provided a greater value for Polaris stockholders.

HUGHES Telematics Reasons for the Merger

In order to fund its business, HUGHES Telematics explored a variety of financing alternatives, including an initial public offering and a private placement of equity securities, and determined that a merger with Polaris provided the best structure for accessing the desired amount of capital on acceptable terms. Due to the volatility in the capital markets, an initial public offering was believed to have greater uncertainty regarding

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both valuation and likelihood of closing. Additionally, the earn-out component of the merger consideration enabled the existing HUGHES Telematics stockholders to receive additional value upon the achievement of specified share price targets and aligned the long-term interests of the HUGHES Telematics stockholders and Polaris stockholders. Further, the outstanding Polaris warrants provide an additional potential source of capital in the future and, as a public company, the combined entity is expected to both have greater flexibility in entering into future transactions and accessing the capital markets to the extent desired. HUGHES Telematics also believed that, by becoming a public company, it would be in a more favorable position to pursue a private placement prior to the closing of the merger with Polaris.

Interests of Polaris Directors and Officers in the Merger

In considering the recommendation of the board of directors of Polaris to vote FOR the merger proposal, you should be aware that all of the members of the Polaris board have agreements or arrangements that provide them with interests in the merger that differ from, or are in addition to, those of Polaris stockholders generally. In particular, you should be aware of the following:

If the merger is not approved and Polaris fails to consummate an alternative transaction within the time allotted pursuant to its certificate of incorporation and Polaris is therefore required to liquidate, the shares of common stock purchased by Polaris initial stockholders prior to Polaris initial public offering, and any warrants held by the initial stockholders, will be worthless because Polaris initial stockholders are not entitled to receive any of the net proceeds of Polaris initial public offering that may be distributed upon liquidation of Polaris. Polaris initial stockholders beneficially own a total of 3,750,000 shares of Polaris common stock that have a market value of \$ based on Polaris share price of \$ as of , 2008. Polaris sponsors also beneficially own warrants to purchase 4,500,000 shares of Polaris common stock that have a market value of \$ based on Polaris warrant price of \$ as of , 2008. However, as Polaris initial stockholders are contractually prohibited from selling their shares of Polaris common stock prior to one year after the closing of the merger, during which time the value of the shares may increase or decrease, it is impossible to determine what the financial impact of the merger will be on Polaris initial stockholders. It is currently anticipated that Marc V. Byron, who is currently a director of Polaris, will continue as a director of Polaris after the merger.

Prior to Polaris initial public offering, Marc V. Byron, Polaris Chairman and Chief Executive Officer, and Lowell D.

Kraff, Polaris President and a director, agreed under certain circumstances to become personally liable to ensure that the proceeds in Polaris trust account are not reduced by the claims of any target business, vendors, or other entities owed money by Polaris as a result of services rendered or contracted for or products sold to Polaris. These obligations will cease to be in effect if Polaris consummates a business combination. All vendors and other entities that we have engaged as of , 2008 have waived any right, title, interest or claim of any kind in or to any monies held in the trust account.

Granite Creek Partners, L.L.C., an entity affiliated with Brian B. Boorstein, one of our directors, purchased from HUGHES Telematics on July 8, 2008, for aggregate consideration of \$5.0 million, senior secured term indebtedness issued under HUGHES Telematics credit facility with a principal amount of \$5.0 million and a warrant to purchase 6,611 shares of HUGHES Telematics common stock at an exercise price of \$0.01 per share. As of July 8, 2008, HUGHES Telematics had outstanding senior secured indebtedness under the credit facility with an aggregate principal balance of \$55.0 million.

Trivergance Business Resources (TBR), an affiliate of our initial stockholders, entered into a Services Agreement & Statement of Work with HUGHES Telematics on September 26, 2008. Pursuant to this agreement, TBR began providing a marketing assessment and other research for HUGHES Telematics to aid in creating a world-class marketing and retention platform. HUGHES Telematics agreed to pay TBR a fee of \$150,000 (toward which HUGHES Telematics has paid a \$75,000 deposit to date), reasonable and customary travel expenses and certain other expenses incurred in connection with the engagement.

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The table below shows the amount that the common stock (including sponsor earn-out shares) and the warrants beneficially owned by the directors and officers of Polaris (and entities affiliated with Polaris officers and directors) as of , 2008 would be worth upon consummation of the merger and the unrealized profit from such securities based on an assumed market price of the common stock and the warrants of Polaris of \$ and \$, respectively.

	Common Stock		Value	Unrealized Profit	Warrants		Value	Unrealized Profit
	Beneficially Owned	Amount Paid			Beneficially Owned	Amount Paid		
Marc. V. Byron	999,078	\$6,661			900,000	\$900,000		
Lowell D. Kraff	999,078	\$6,661			900,000	\$900,000		
David L. Moore	238,531	\$1,590			360,000	\$360,000		
David F. Palmer	174,758	\$1,165			0	\$0		
Jerry Stone	174,758	\$1,165			0	\$0		
Brian B. Boorstein	61,565	\$410			108,000	\$108,000		
Stuart I. Oran	43,565	\$290			54,000	\$54,000		
Total	2,691,333	\$17,942			2,322,000	\$2,322,000		

Duff & Phelps Opinion

We engaged Duff & Phelps to render an opinion to our board of directors as to (1) the fairness, from a financial point of view, to the holders of our common stock, of the consideration to be paid by us in the merger, and (2) whether HUGHES Telematics has a fair market value equal to at least 80% of our net assets (excluding deferred underwriting discounts and commissions and taxes payable). We engaged Duff & Phelps to render an opinion on the terms of the original merger agreement, which opinion they delivered on June 13, 2008. We subsequently engaged Duff & Phelps to render an opinion on the same matters but with respect to the amended and restated merger agreement the summary below refers to the opinion of Duff & Phelps rendered with respect to the terms of the amended and restated merger agreement. We selected Duff & Phelps because Duff & Phelps is a leading independent financial advisory firm, offering a broad range of valuation, investment banking services and consulting services, including fairness and

solvency opinions, mergers and acquisitions advisory, mergers and acquisitions due diligence services, financial reporting and tax valuation, fixed asset and real estate consulting, ESOP and ERISA advisory services, legal business solutions, and dispute consulting. Duff & Phelps is regularly engaged in the valuation of businesses and securities and the preparation of fairness opinions in connection with mergers, acquisitions and other strategic transactions.

Although Duff & Phelps had, in the past, provided advisory services to HUGHES Telematics and Apollo Management, L.P. (an affiliate of HUGHES Telematics) from time-to-time, our board of directors determined that these prior engagements were not material and received confirmation from Duff & Phelps that these prior engagements would not affect its ability to fulfill its obligations of impartiality and objectivity in rendering this fairness opinion.

On November 10, 2008, Duff & Phelps rendered its oral opinion to the our board of directors, which was subsequently confirmed in a written opinion, that, subject to the limitations, exceptions, assumptions and qualifications set forth therein, as of November 10, 2008, (1) the consideration to be paid by us pursuant to the merger agreement was fair, from a financial point of view, to the holders of Polaris common stock, and (2) HUGHES Telematics has a fair market value equal to at least 80% of our net assets (excluding deferred underwriting discounts and commissions and taxes payable).

The full text of the written opinion of Duff & Phelps, which sets forth, among other things, assumptions made, procedures followed, matters considered and qualifications and exceptions, and limitations of the review undertaken in rendering the opinion, is attached as Annex C to this proxy statement. Stockholders are urged to read the opinion carefully and in its entirety.

The Duff & Phelps opinion is directed to our board of directors and addresses only (1) the fairness, from a financial point of view, to the holders of Polaris common stock, of the consideration to be paid by us in the merger, and (2) whether HUGHES Telematics has a fair market value equal to at least 80% of our net assets (excluding deferred underwriting discounts and commissions and taxes payable). The Duff & Phelps opinion is not a recommendation as to how the board of directors, any stockholder or any other person or entity should

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vote or act with respect to any matters relating to the merger. Further, the Duff & Phelps opinion does not in any manner address our underlying business decision to engage in the merger or the relative merits of the merger as compared to any alternative business transaction or strategy. The decision as to whether to approve the merger or any related transaction may depend on an assessment of factors unrelated to the financial analysis on which the Duff & Phelps opinion is based.

Aggregate merger consideration consists of (1) approximately 15,000,000 shares of our common stock with an estimated value of \$13.71 to \$15.53 per share, based on Duff & Phelps valuation analysis of our common stock after giving effect to the merger, and (2) approximately 59,000,000 earn-out shares which will be deposited into escrow and issued to HUGHES Telematics stockholders in the event that certain Polaris common stock price targets are met under a deferred consideration arrangement, which Duff & Phelps estimated to be worth between approximately \$277.0 million to \$436.0 million. Duff & Phelps estimates of the value per share of our common stock and the value of the earn-out shares were determined using Monte-Carlo simulation analysis as described below in the section entitled The Merger Proposal Duff & Phelps Opinion Monte Carlo Simulation Analysis. Duff & Phelps noted that the aggregate merger consideration implied a total equity value of HUGHES Telematics of approximately \$480.0 million to \$670.0 million.

The following is a summary of the material analyses performed by Duff & Phelps in connection with rendering its opinion. Duff & Phelps noted that the basis and methodology for the opinion have been designed specifically for this

purpose and may not translate to any other purposes. While this summary describes the analyses and factors that Duff & Phelps deemed material in its presentation and opinion to our board of directors, it does not purport to be a comprehensive description of all analyses and factors considered by Duff & Phelps. The Duff & Phelps opinion is based on the comprehensive consideration of the various analyses performed. This summary is qualified in its entirety by reference to the full text of the Duff & Phelps opinion.

In arriving at its opinion, Duff & Phelps did not attribute any particular weight to any particular analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Several analytical methodologies were employed by Duff & Phelps in its analyses, and no one single method of analysis should be regarded as critical to the overall conclusion reached by it. Each analytical technique has inherent strengths and weaknesses, and the nature of the available information may further affect the value of particular techniques. Accordingly, Duff & Phelps believes that its analyses must be considered as a whole and that selecting portions of its analyses and of the factors considered by it, without considering all analyses and factors in their entirety, could create a misleading or incomplete view of the evaluation process underlying its opinion. The conclusion reached by Duff & Phelps, therefore, is based on the application of its own experience and judgment to all analyses and factors considered by it, taken as a whole.

In connection with preparing its opinion, Duff & Phelps made such reviews, analyses and inquiries as it deemed necessary and appropriate under the circumstances, including, but not limited to, the following:

a review of the following documents:

certain publicly available financial statements and other business and financial information of our company;
certain internal financial statements and other financial and operating data concerning HUGHES Telematics, which HUGHES Telematics and we have respectively identified as being the most current financial statements available;

certain financial projections prepared by our management and the HUGHES Telematics management; and
a draft of the merger agreement dated November 10, 2008;

a discussion of the operations, financial conditions, future prospects and projected operations and performance of HUGHES Telematics and regarding the merger with our management;

a review of the historical trading price and trading volume of our common stock and the publicly-traded securities of certain other companies that Duff & Phelps deemed relevant;

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a comparison of the financial performance of HUGHES Telematics with that of certain other publicly-traded companies that Duff & Phelps deemed relevant;

a comparison of certain financial terms of the merger to financial terms, to the extent publicly available, of certain business combination transactions that Duff & Phelps deemed relevant; and

an undertaking of such other analyses and consideration of such other factors as Duff & Phelps deemed appropriate.

In its review and analysis, and in arriving at its opinion, Duff & Phelps, with our consent:

relied upon the accuracy, completeness, and fair presentation of all information, data, advice, opinions and representations obtained from public sources or provided to it from private sources, including our management, and did not independently verify such information;

assumed that any estimates, evaluations, forecasts and projections furnished to Duff & Phelps were reasonably prepared and based upon the best currently available information and good faith judgment of the person furnishing the same, and that such forecasts and projections are achievable as presented;

assumed that the final versions of all documents reviewed by Duff & Phelps in draft form conform in all material respects to the drafts reviewed;

assumed that information supplied to Duff & Phelps and representations and warranties made in the merger agreement are substantially accurate;

assumed that all of the conditions required to implement the merger will be satisfied and that the merger will be completed in accordance with the merger agreement without any amendments thereto or any waivers of any terms or conditions thereof;

relied upon the fact that our board of directors and HUGHES Telematics were advised by counsel as to all legal matters with respect to the merger, including whether all procedures required by law to be taken in connection with the merger have been duly, validly and timely taken;

assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on us or the contemplated benefits expected to be derived in the merger; and

assumed that the merger will be treated as a tax-free transaction for United States federal income tax purposes.

In its analysis and in connection with the preparation of its opinion, Duff & Phelps made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of any party involved in the merger. To the extent that any of the foregoing assumptions or any of the facts on which the Duff & Phelps opinion is based proves to be untrue in any material respect, Duff & Phelps has advised our board of directors that the Duff & Phelps opinion cannot and should not be relied upon.

Duff & Phelps did not make any independent evaluation, forecasts, projections, appraisal or physical inspection of our solvency or of any specific assets or liabilities (contingent or otherwise) or the achievability of any of the forecasts or projections with which it was furnished. Duff & Phelps opinion should not be construed as a valuation opinion, a credit rating, a solvency opinion, an analysis of our credit worthiness, tax advice or accounting advice. Duff & Phelps was not requested to, and did not, (a) initiate any discussions with, or solicit any indications of interest from, third parties with respect to the merger, the assets, businesses or operations of our company or any alternatives to the merger, (b) negotiate the terms of the merger, and therefore, Duff & Phelps has assumed that such terms are the most beneficial terms, from our perspective, that could, under the circumstances, be negotiated among the parties to the merger agreement and the transaction, or (c) advise our board of directors or any other party with respect to alternatives to the merger. In addition, Duff & Phelps is not expressing any opinion as to the market price or value of our common stock after

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announcement of the merger. Duff & Phelps has not made, and assumes no responsibility to make, any representation, or render any opinion, as to any legal matter.

Duff & Phelps prepared its opinion as of November 10, 2008. The opinion was necessarily based upon market, economic, financial, and other conditions as they existed and could be evaluated as of such date, and Duff & Phelps disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting its opinion coming or brought to the attention of Duff & Phelps after the date of the Duff & Phelps opinion or otherwise to update, revise, or reaffirm its opinion. Notwithstanding and without limiting the foregoing, in the event that there is any change in any fact or matter affecting Duff & Phelps opinion after such date and prior to the completion of the merger, Duff & Phelps reserves the right to change, modify or withdraw its opinion.

Summary of Financial Analyses by Duff & Phelps

As part of its analysis to determine whether the merger consideration to be paid by us pursuant to the merger agreement was fair, from a financial point of view, to our common stockholders, Duff & Phelps took into consideration whether the merger consideration to be paid by us was not greater than the fair market value of all of HUGHES Telematics common stock by estimating the fair market value of HUGHES Telematics.

The following is a summary of the material financial analyses used by Duff & Phelps in connection with providing its opinion to our board of directors. The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses used by Duff & Phelps, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Rather, the analyses listed in the tables and described below must be considered as a whole; considering any portion of such analyses and of the factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Duff & Phelps' opinion.

Discounted Cash Flow Analysis

A discounted cash flow analysis is a traditional valuation methodology used to derive a valuation of an asset by calculating the present value of estimated future cash flows of the asset. Present value refers to the current value of future cash flows or amounts and is obtained by discounting those future cash flows or amounts by a discount rate that takes into account macro-economic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors. According to Duff & Phelps, a discounted cash flow analysis is the most relevant approach to valuing an early stage company with operations that are not currently generating positive earnings.

Duff & Phelps performed a discounted cash flow analysis by adding (1) the present value of projected free cash flows for HUGHES Telematics for the fiscal years 2008 through 2016 to (2) the present value of the terminal value for HUGHES Telematics as of 2016. Free cash flow is defined as cash that is available to either reinvest or to distribute to securityholders and terminal value refers to the value of all future cash flows from an asset at a particular point in time. The projected free cash flows that Duff & Phelps used in its analysis were based on financial projections and estimates prepared by the management of HUGHES Telematics.

The financial projections provided by HUGHES Telematics were prepared by, and are the responsibility of, HUGHES Telematics' management. The management of HUGHES Telematics believes that the financial projections were prepared on a reasonable basis, reflecting reasonable estimates and judgments. HUGHES Telematics does not, as a matter of course, publicly disclose forward-looking information as to future revenues or other financial information. Projections of this type are based on estimates and assumptions that are inherently subject to significant economic, industry and competitive uncertainties and contingencies, all of which are difficult to predict and many of which are beyond the control of HUGHES Telematics. Further, since the projections cover more than eight years, uncertainties and contingencies are more likely to significantly affect actual results because such information by its nature becomes less reliable with each successive year. Accordingly, there can be no assurance that the projected results would be realized or that actual results would not be significantly lower than projected. In addition, these projections were prepared

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solely for internal use and not for publication or with a view of complying with the published guidelines of the SEC regarding projections or with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. PricewaterhouseCoopers LLP has neither examined, compiled nor performed any procedures with respect to such financial projections and, accordingly, does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report included elsewhere in this proxy statement relates to HUGHES Telematics' historical financial information. It does not extend to the projected financial information and should not be read to do so.

The projections set forth below are included in this proxy statement only because they were derived from financial projections furnished by HUGHES Telematics to our management and Duff & Phelps in connection with the analysis

required for the fairness opinion.

In preparing its discounted cash flow analysis, Duff & Phelps calculated a terminal value for HUGHES Telematics by applying a multiple of 7.5x to projected 2016 earnings before interest, taxes, depreciation and amortization (EBITDA). Duff & Phelps believes that the level of such a multiple is supported by trading multiples of publicly-traded companies that Duff & Phelps selected for purposes of its analysis. In selecting the 2016 EBITDA multiple, Duff & Phelps considered HUGHES Telematics historical and projected revenue and EBITDA growth through 2016, as well as HUGHES Telematics lower capital expenditure requirements, relative to the selected public companies which are discussed below. Duff & Phelps discounted the projected free cash flows and the terminal value for HUGHES Telematics using discount rates ranging from 22.5% to 27.5%, which are commensurate with early-stage, high-growth companies. This range of discount rates was selected in light of observed long-term venture capital returns, such as the net investor returns after management fees and carried interest, tabulated by the National Venture Capital Association, which for all venture funds over the past 20 years was 16.9%. Duff & Phelps noted that net investor returns are lower than the gross returns earned by venture capital funds on their investment in venture stage companies. Additionally, venture capitalist surveys and related publications cite the costs of capital for IPO stage companies to range from 25% to 35%.

Duff & Phelps used the following projections for HUGHES Telematics revenues and EBITDA for the fiscal years ending December 31, 2008 to 2016 in its discounted cash flow analysis. EBITDA is not a presentation made in accordance with generally accepted accounting principles in the United States of America. Duff & Phelps used EBITDA because Duff & Phelps believes EBITDA is a measure that is generally accepted by the financial community in the valuation of securities. In compiling the projections, HUGHES Telematics management considered, among other factors, (i) the estimated number of telematics control units to be installed on Chrysler and Mercedes-Benz vehicles based on contractual agreements and projected vehicle production volumes, (ii) estimated subscriber adoption and retention rates, (iii) subscription and other revenue and (iv) estimates of the costs of hardware, costs of service provision, research and development expense and other selling, general and administrative expenses. Specifically, HUGHES Telematics management assumed the following:

in calendar years 2009 through 2016, telematics control units to be factory-installed on an aggregate of approximately less than 0.1 million, 0.7 million, 1.7 million, 2.3 million, 2.6 million, 2.6 million, 2.6 million and 2.6 million Chrysler and Mercedes-Benz vehicles;

basic safety and security services are offered at no cost to the end-use consumer for the first year of vehicle ownership;

subscription rate for safety and security services following the first year of 40% to 60% which is consistent with reported subscription rates by OnStar and TeleAid;

subscription churn rate for safety and security services following each year of paid service of 20% which is typical of consumer subscription services;

annual subscription fees for safety and security services charged following the first year which are consistent with fees charged today by OnStar and TeleAid;

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projected revenues in calendar year 2016 of approximately \$720 million from safety and security services; approximately \$600 million from navigation, diagnostics, convenience and infotainment services as well as services provided to the automakers and dealers; \$110 million from fleet services provided to vehicles with factory-installed telematics control units; and approximately \$300 million from the sale of telematics control units; and continued growth in Networkcar s revenue and EBITDA which are projected to be approximately \$220 million and \$80 million, respectively, in calendar year 2016.

(\$ in Millions)	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenue	\$ 31	\$ 61	\$ 196	\$ 415	\$ 702	\$ 1,027	\$ 1,377	\$ 1,695	\$ 1,981
EBITDA	\$(38)	\$(35)	\$(18)	\$ 2	\$ 105	\$ 176	\$ 280	\$ 383	\$ 464

The discounted cash flow analyses indicated a range of enterprise values for HUGHES Telematics of \$740.0 million to \$1,000.0 million and a range of equity values for HUGHES Telematics of \$723.0 million to \$983.0 million.

Selected Public Companies Analysis

Duff & Phelps compared certain financial information and valuation ratios of HUGHES Telematics to corresponding data and ratios from the following six publicly-traded companies: Cablevision Systems Corp.; Comcast Corp.; DIRECTV Group, Inc.; DISH Network Corp.; Sirius XM Radio, Inc., and Time Warner Cable Inc. These public companies were selected based on similarities between their subscription-based revenue models and HUGHES Telematics revenue model, which is also subscriber-based. HUGHES Telematics and the selected companies services business models all share a focus on subscriber acquisition and retention. Duff & Phelps used publicly-available historical financial data and Wall Street research estimates as reported by Reuters. This analysis produced multiples of selected valuation data which Duff & Phelps utilized as part of its analysis to estimate the terminal value of HUGHES Telematics in year 2016.

Duff & Phelps analyzed the latest twelve months (LTM) and projected EBITDA for each of the publicly-traded companies. Duff & Phelps then analyzed the peer group s current trading multiples of enterprise value (EV) to their respective LTM and projected EBITDA figures. Duff & Phelps also analyzed the three-year average trading multiples of LTM EBITDA for these publicly-traded companies. As a result of the current economic downturn, valuation multiples of the selected public companies have declined from their recent three-year average trading levels. Duff & Phelps recognized that current trading multiples should be analyzed in the context of average historical trading multiples for purposes of selecting the terminal multiple applied to year 2016 financial performance because the current depressed economic environment is not necessarily indicative of the climate expected in year 2016. The table below reflects the observed trading multiples and historical and projected financial performance of the peer group in aggregate.

	EV/LTM EBITDA	3-Yr. Avg.	EBITDA Growth		EBITDA Margin	
		EV/LTM EBITDA ⁽¹⁾	LTM	2009E	LTM	2009E
High	7.1x	10.9x	40.4 %	15.4 %	40.2 %	38.6 %
Low	3.5x	8.2x	14.0 %	5.5 %	(25.4)%	7.7 %
Mean	5.2x	9.4x	23.1 %	8.3 %	23.1 %	28.1 %
Median	5.0x	9.6x	19.8 %	6.6 %	29.9 %	29.4 %

Source of underlying data: Bloomberg, Capital IQ, Reuters, SEC filings

(1) Calculated as the average EV/LTM EBITDA multiple across each of the previous 12 fiscal quarters. In addition to the analysis of the selected publicly-traded companies, Duff & Phelps also identified and analyzed the following nine publicly-traded companies: Cogeco Inc.; F-Secure Oyj; Healthstream Inc.; Mobilezone Holding AG; Morningstar Inc.; RCN Corp.; RP Data Ltd.; Red Hat Inc.; and TeleCommunication Systems Inc. These companies were selected based on similarities to HUGHES Telematics Inc. with respect to: the industries in which they operate, consisting of the information technology and telecommunication industries; the earnings growth profile which is projected for HUGHES Telematics through the three years

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ending in 2016; and/or the presence of a subscription-based revenue model. An analysis of current EV / LTM EBITDA trading multiples of these high-growth public companies further supports Duff & Phelps selection of a 7.5x terminal multiple of projected 2016 EBITDA. The table below reflects the observed trading multiples and historical and projected financial performance of the aggregate high-growth peer group.

	EV/LTM EBITDA	LTM EBITDA Margin	Revenue Growth		EBITDA Growth	
			LTM	3-yr CAGR	LTM	3-yr CAGR
High	16.6x	44.5 %	47.3 %	42.8 %	135.5 %	58.0 %
Low	5.8x	12.1 %	3.5 %	8.9 %	13.1 %	20.8 %
Mean	8.3x					