



## **KVH Industries Completes \$5 Million Private Equity Placement; Financing to Fund Photonic Fiber and Mobile Broadband R&D Projects**

January 2, 2001

MIDDLETOWN, R.I.--(BUSINESS WIRE)--Jan. 2, 2001--KVH Industries (NASDAQ:KVHI) announced today the completion of a private placement of 800,000 common shares priced at \$6.25 per share. The State of Wisconsin Investment Board, a current KVH shareholder, purchased the entire placement, which will be used to fund the Company's current Photonic Fiber and Mobile Broadband R&D projects. KVH intends to register the shares through a filing of Form S-3 during the first quarter ending March 31, 2001. Needham & Company acted as placement agent for the financing.

"During the past year, KVH completed initial work on two exciting R&D projects that currently show great promise," said Martin Kits van Heyningen, President & CEO. "This transaction funds aggressive pursuit of both projects while our current business continues to generate increasing levels of cash flow. We're delighted that a long-time shareholder, The State of Wisconsin Investment Board, has furthered its commitment to our vision and that the transaction results in minimal dilution to all current shareholders."

The Mobile Broadband project being pursued by KVH seeks to develop solutions to allow automobiles to receive high-speed Internet service and satellite television while in motion. Leveraging its expertise as a leading provider of mobile communications systems, KVH is developing ultra-low profile antennas practical for these applications. These antennas would allow automobiles to receive services via satellite, and would take advantage of the growing market for mobile broadband, especially on minivans and sports utility vehicles.

The Photonic Fiber project is focused on developing a new class of products for high-speed optical networking applications. These products will combine the Company's proprietary D-fiber with newly developed electro-optic polymers. If successful, the resulting photonic fiber technology would offer significant improvements in speed and cost to the \$8.1 billion optical component market. Currently, fiber optic products from KVH are used to meet the growing demand for highly precise, cost-effective sensors in robotics, electrical current sensors, and other OEM applications.

KVH Industries, Inc., is a leading international provider of innovative mobile, high-bandwidth satellite communications systems and navigation products. Its award-winning products address a variety of markets worldwide, including mobile broadband satellite communications, tactical navigation, and fiber optics. The company has headquarters in Middletown, RI, (USA) with offices in Illinois, Florida, and Denmark.

This press release may contain certain forward-looking statements that involve risks and uncertainties. The actual results realized by the Company could differ materially from the statements made herein. Factors that might cause such differences include, but are not limited to: failure to develop and market fiber optic products; lack of reliable vendors, service providers and outside products; continued poor military sales cycles; unforeseen changes in competing technologies and products; worldwide economic variances; and poor or delayed research and development results. Additional factors are discussed in the company's Annual Report on Form 10K filed with the Securities and Exchange Commission on March 27, 2000 and in the company's Form 10Q filed with the Securities and Exchange Commission on October 19, 2000. Copies are available through the company's Investor Relations Department or web site.

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