



KVH Industries Announces Successful Completion of Financing Effort; \$4 Million Investment Brings Private Placement Total to \$19.5 Million

May 31, 2001

MIDDLETOWN, R.I.--(BUSINESS WIRE)--May 31, 2001--KVH Industries (Nasdaq:KVHI) announced today the successful completion of its private equity financing with the sale of 615,384 common shares priced at \$6.50 per share to an institutional investor on Friday, May 25, 2001. This sale, valued at \$4 million, had been previously approved by KVH's Board of Directors and shareholders at the company's annual meeting and brings the total equity raised by the company since December 2000 to \$19.5 million. Needham & Company acted as placement agent for the financing. Proceeds of the placement will be used to finance the company's Photonic Fiber and Mobile Broadband R&D projects. KVH intends to register the shares by filing a Form S-3 during the second quarter ending June 30, 2001.

"Providing the resources for effective research and development is critical if we are to bring the Mobile Broadband and Photonic Fiber projects to market successfully. Late last year, we set a goal of raising 15 to 20 million dollars to support our new product development efforts, and I am pleased that we achieved our goal at favorable terms in a challenging market," said Martin Kits van Heyningen, president and CEO. "This funding provides the resources to aggressively pursue our new product initiatives."

The Photonic Fiber project is focused on developing KVH's ActiveFiber(TM) technology, which will be used to create 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 would offer significant improvements in speed and cost for 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.

The Mobile Broadband project being pursued by KVH seeks to develop solutions to allow automobiles to receive satellite television and high-speed Internet 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 video entertainment, especially in minivans and sports utility vehicles.

KVH Industries, Inc., is a leading provider of innovative high-bandwidth communications products. Using proprietary fiber optic and satellite antenna technology, the company is developing next-generation systems with greater precision, durability, and versatility for communications, navigation, and industrial applications. An ISO 9001-registered company, KVH has headquarters in Middletown, Rhode Island, a fiber optic manufacturing facility in Tinley Park, Illinois, and a European sales, marketing, and support office in Hoersholm, 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 mobile broadband and fiber optic products; unforeseen changes in competing technologies and products; 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 February 8, 2001, and Quarterly Report on Form 10Q filed on April 25, 2001. Copies are available through the company's Investor Relations Department and web site, www.kvh.com.

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