



KVH Awarded \$1 Million in Development Contracts by L-3 Communications

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KVH to Use its Breakthrough DSP Fiber Optic Gyros in New, Low-cost Inertial Measurement Units for Defense Applications

MIDDLETOWN, R.I., Jul 10, 2002 /PRNewswire-FirstCall via COMTEX/ -- KVH Industries (Nasdaq: KVHI) announced today that it has been awarded development contracts valued at roughly \$1 million by New York-based L-3 Communications Corporation (NYSE: LLL). Under the terms of the contract, KVH will use its new digital signal processing (DSP)-based fiber optic gyros (FOGs) to create a low-cost, high-performance Inertial Measurement Unit (IMU) for defense-related applications.

"Accurate IMUs are a vital component in a variety of military applications, including drone and unmanned aerial vehicle navigation as well as missile and smart munitions guidance," explained Martin Kits van Heyningen, KVH president and chief executive officer. "These systems have played a key role in the United States' counter-terrorism operations and have been highlighted as critical new systems in the Pentagon's new defense budget. By miniaturizing our DSP-based FOGs, we are making significant progress in our development of a 3-axis package for precision IMUs that will meet both the operational and budgetary needs of these emerging defense applications."

The foundation of the proposed IMU is KVH's new DSP-based fiber optic gyro, the initial model of which accepts data input as fast as 500 degrees per second. Future DSP systems could have input rates of 1,000 degrees per second or more with no reduction in accuracy or stability. The KVH DSP gyros combine the company's proprietary polarization-maintaining optical fiber and fiber components with integrated digital signal processing. The result is a low-cost, tactical grade rate gyro with outstanding bias stability, low noise, high bandwidth, and accuracy approaching 0.05 percent. The proposed IMU will use DSP gyros and accelerometers to accurately measure both angular rate and linear acceleration in three dimensions and provide this data to onboard systems to control precise navigation.

"The development of 3-axis, precision IMUs is the latest step in our strategic effort to address the opportunities presented by the precision fiber optic gyro marketplace," continued Kits van Heyningen. "The introduction of our DSP-based gyros equipped KVH with a rate gyro family capable of meeting the tactical-grade accuracy needs of the most demanding military and commercial applications. I expect that this breakthrough technology will become the foundation for all future KVH gyro-based products."

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 fully operational, 23,000-square foot optical fiber and component manufacturing facility in Tinley Park, Illinois, and a European sales, marketing, and support office in Hoersholm, Denmark.

Except for historical facts, the statements in this press release are forward-looking statements that involve risks and uncertainties. For example, the statements regarding the company's product development goals are forward-looking statements. Forward-looking statements are merely our current predictions of future events. The statements are inherently uncertain, and actual results realized by the company could differ materially from the statements made herein. Important factors that might cause such differences include: failure to develop and market fiber optic products; unforeseen changes in competing technologies and products; poor or delayed research and development results, and uneven military sales cycles. Additional factors that could affect future events are discussed in the company's 2001 Form 10-K filed with the Securities and Exchange Commission on March 20, 2002. Copies are available through the company's Investor Relations department and web site, www.kvh.com. We assume no obligation to update our forward-looking statements to reflect new information and developments.

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