



KVH Receives Production Order for Guidance Component in U.S. Navy Mark 54 Torpedoes

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MIDDLETOWN, R.I.--(BUSINESS WIRE)--Oct. 7, 2003--KVH Industries (Nasdaq: KVHI) announced today that it recently received the first production order for its new fiber optic-based inertial measurement unit (IMU). The order was placed by Raytheon Integrated Defense Systems, which expects to use a variant of KVH's recently introduced TG-6000 IMU as part of the guidance system in the U.S. Navy's next-generation Mark 54 lightweight torpedoes. KVH's IMU, which uses the company's military-grade fiber optic gyros (FOGs), will offer a higher level of performance at a lower cost than the IMU technology currently integrated into existing torpedo technology. Delivery of the limited initial production volume of IMUs will begin in January 2004.

"The acceptance of our new IMU for initial production marks a milestone for KVH as we apply our fiber optic technology for use in high-performance integrated systems aboard smart munitions and other applications," said Martin Kits van Heyningen, KVH president and chief executive officer. "We expect that this first win for our IMU will open new opportunities for KVH as a qualified supplier for similar military programs in the precision guidance market."

KVH's TG-6000 IMU technology employs a three-axis configuration of KVH's patented digital signal processing (DSP) FOGs integrated with three accelerometers, which provides outstanding performance, higher reliability, lower maintenance, and easier system integration. The KVH IMU measures motion and acceleration precisely in three dimensions, critical for the navigation of a torpedo or smart bomb.

"The variant of our TG-6000 IMU selected by Raytheon for integration evaluation and initial production is the natural progression of our research and development efforts," explained Dan Conway, KVH vice president of business development. "We have developed a fully integrated, low cost, precision navigation unit with potential applications throughout the military and commercial marketplaces, including a variety of additional torpedo programs."

The Mark 54 lightweight torpedo is the next-generation Anti-Submarine Warfare (ASW) weapon. It is deployed from surface ships, helicopters, and fixed-wing aircraft to track, classify, and attack underwater targets. It is intended as the replacement for the U.S. Navy's existing Mark 46 torpedo. In use since 1969, approximately 23,000 Mark 46 torpedoes have been fielded. It is currently fielded by all U.S. Navy surface and air ASW platforms as well as being in the inventory of 25 foreign navies. Raytheon Integrated Defense Systems was recently awarded a sole source contract from the U.S. Navy for the MK54 lightweight torpedoes.

Based in Tewksbury, MA, Integrated Defense Systems is Raytheon's leader in mission systems integration. With a strong international and domestic customer base, including the U.S. Missile Defense Agency and the U.S. Armed Forces, Integrated Defense Systems provides integrated air and missile defense and naval and maritime warfighting solutions.

KVH Industries, Inc., designs and manufactures products that enable mobile communication, navigation, and precision pointing through the use of its proprietary mobile satellite antenna and fiber optic technologies. 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, with a fiber optic manufacturing facility in Tinley Park, Illinois, and a European sales, marketing, and support office in Hoersholm, Denmark.

This press release contains 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 suitable for customer applications; lack of reliable vendors, service providers, and outside products; uneven 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 2002 Form 10-K filed with the Securities and Exchange Commission on March 26, 2003. Copies are available through the company's Investor Relations department and web site, www.kvh.com. KVH assumes no obligation to update its forward-looking statements to reflect new information and developments.

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