



## **KVH Receives Engineering Contract to Fund Continued Research into Photonic Fiber**

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### ***Research Grant One of Three New Engineering Contracts Totaling \$1 Million Awarded to KVH by U.S. Defense Customers***

MIDDLETOWN, R.I.--(BUSINESS WIRE)--Sept. 24, 2004-- Three current U.S. defense customers have awarded KVH Industries, Inc., (Nasdaq: KVHI) new engineering contracts valued in total at more than \$1 million. The largest of the three is a Phase II Small Business Innovative Research (SBIR) grant for roughly \$730,000 to fund continued research into KVH's ActiveFiber(TM) technology. In addition to the SBIR grant, the company also received two follow-on engineering contracts for enhancements to KVH's existing TACNAV(R) M100 GMENS military vehicle navigation system and the company's fiber optic gyro (FOG)-based inertial measurement unit technology. Revenue from these contracts will be recognized during the fourth quarter of 2004 and throughout the course of 2005.

"This new engineering funding will enable KVH to expand and refine the capabilities of our proven navigation and guidance solutions as well as pursue new technologies that could support future product development efforts," commented Dan Conway, KVH's vice president of business development.

KVH's proposed ActiveFiber technology uses the company's patented D-shaped fiber and electro-optic polymers to create components inside the fiber itself, thereby making the fiber an active element within an optical system. In July 2003, the company announced that it had demonstrated in a laboratory what it believed was the world's first in-fiber optical modulator. If successfully commercialized, this rugged optical modulator could potentially be used as a component within fiber optic gyros that must withstand significant shock and vibration, such as those used within artillery shells.

KVH TACNAV navigation systems have been used most recently during ongoing U.S. military operations in Iraq and Afghanistan. While TACNAV complements the Global Positioning System (GPS), it operates independently of GPS thanks to the use of KVH's digital compass and fiber optic gyro (FOG) technology as well as proprietary software algorithms. As a result, TACNAV continues to provide navigation, position, and heading data to the digital battlefield system, even if GPS is blocked, jammed, or is otherwise unavailable. TACNAV systems have been sold for use aboard U.S. Army, Marine Corps, and Navy vehicles as well as to many allied countries, including Canada, Sweden, Britain, Germany, Spain, Australia, New Zealand, Saudi Arabia, Taiwan, Malaysia, and Italy. KVH FOGs are used in diverse applications including inertial measurement units for torpedoes, precision tactical navigation systems for military vehicles, and image stabilization and synchronization for shoulder- or tripod-mounted weapon simulators.

Complete details regarding KVH's defense navigation and guidance products are available at <http://www.kvh.com/Military>.

Note to editors: high-resolution images of KVH defense navigation and guidance systems are available for download and editorial use at <http://www.kvh.com/press>.

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-certified company, KVH has headquarters in Middletown, Rhode Island, with a fiber optic and military navigation product manufacturing facility in Tinley Park, Illinois, and a European sales, marketing, and support office in Kokkedal, Denmark.

This release may contain certain forward-looking statements that involve risks and uncertainties. Forward-looking statements include, for example, the functionality, characteristics, quality and performance of KVH's products and technology; anticipated innovation and product development; and customer preferences, requirements and expectations. The actual results could differ. Factors that may cause such differences include, among others, those discussed in KVH's most recent Form 10-Q filed with the SEC. KVH assumes no obligation to update its forward-looking statements to reflect new information or developments.

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