KVH Receives $1.5M Fiber Optic Gyro Order for Use on U.S. Army Remote Gun Turrets

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KVH DSP-3000 FOGs Selected by Recon/Optical, Inc.; Providing Stabilization for New Common Remotely Operated Weapon Stations

MIDDLETOWN, R.I.--(BUSINESS WIRE)--May 16, 2005-- KVH Industries, Inc., (Nasdaq: KVHI) announced today that it has received a $1.5 million order from Recon/Optical, Inc., for KVH's high-performance DSP-3000 fiber optic gyro (FOG) systems, which are being used in the U.S. Army's new Common Remotely Operated Weapon Stations (CROWS). The CROWS system, already in use in Iraq, allows turret gunners to operate, aim, and fire the turret weapon from inside the safety of their HUMVEEs or other vehicles, taking the gunners out of turret positions where they are exposed to hostile fire. Two KVH DSP-3000 FOGs are installed in each CROWS system, providing precise stabilization and weapon recoil control and ensuring that the weapon maintains its aim on the target. This order represents year one of a five-year contract.

"The KVH DSP-3000 FOGs are at the heart of our stabilization system design," said Steve Sarles, Recon/Optical's engineering director for CROWS. "The accuracy of the CROWS stabilization system enables the gunner to place 'can't miss' rounds on target, greatly multiplying force effectiveness while minimizing collateral damage in urban warfare environments."

The CROWS system is designed and manufactured by Illinois-based Recon/Optical, Inc. (ROI), teamed with Electro Optic Systems Pty Ltd, and in conjunction with U.S. Army PEO Soldier/Project Manager Soldier Weapons. CROWS units are fielded on a number of vehicles, including the M1114 up-armored HMMWV for the military police, the M1116 up-armored HMMWV for the Air Force, and the M1117 Armored Security Vehicle for the military police.

"During a recent reconnaissance mission in Iraq, MPs using CROWS went out ahead of a convoy to gather intelligence and select a position," Lt. Col. Kevin P. Stoddard, product manager for Crew Served Weapons, explained in the January 2005 issue of RDECOM Magazine, a publication of the U.S. Army Research, Development, and Engineering Command. According to Lt. Col. Stoddard, after assessing the route, the CROWS team chose a position from which they spotted an insurgent preparing to attack the convoy. "The MPs used the system's high-powered sensors to identify the insurgent and engage him with small-arms fire," Stoddard said.

Equipped with a daytime video camera featuring dual-action stabilization for rough rides, a night-time sensor, a laser rangefinder, ballistic computer, state-of-the-art display, and control panel, the system enables the soldier to scan the terrain, find and lock onto the target, and fire the weapon, all from within the safety of the vehicle.

In an April 4, 2005 article for Defense News, Maj. Frank Lozano, fielding officer for CROWS in Iraq, commented on the advantage offered by CROWS: "It's huge. This is such a technological leap from what we had...a soldier in the turret, eyeballing it and shooting and adjusting off where his rounds land."

"The CROWS system has already proven itself to be vital to our military's defense efforts in Iraq, and we are extremely proud that our fiber optic gyro products will be playing a major role in helping to protect our soldiers," said Martin Kits van Heyningen, president and chief executive officer of KVH Industries. "The CROWS system demonstrates the robustness of KVH's fiber optic products as our FOGs provide the reliability and accuracy necessary for such a demanding application. We are looking forward to working with Recon/Optical and serving the United States military over the next five years and potentially beyond."

With their all-fiber design and patented Digital Signal Processing (DSP) technology, KVH's FOGs offer high reliability, superior accuracy and performance, and exceptional vibration, shock, and acceleration survivability at an affordable cost. KVH precision FOG products, such as the DSP-3000, DSP-4000, and TG-6000 Inertial Measurement Unit (IMU) are used in diverse commercial and defense-related applications requiring a high level of accuracy. For complete details regarding KVH's precision fiber optic gyro products, please visit http://www.fiberopticgyro.com.

Note to editors - High-resolution photos of the CROWS system and KVH's FOG products are available at http://www.kvh.com/mediasupport.

Recon/Optical, Inc. (http://www.reconoptical.com), based in Barrington, Illinois, is a global leader in the design, development, integration and production of stabilized, remotely controlled weapon systems; advanced digital reconnaissance cameras and systems for the visible and infrared spectra; multi-spectral optics and windows; stabilized chemical detection scanners; and sighting systems. ROI currently has 42 active patents, and supports its products in over 30 countries.

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 press release may contain certain forward-looking statements that involve risks and uncertainties. For example, the statements regarding the company's financial goals for 2005 and beyond are forward-looking statements. 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: lack of reliable vendors, service providers, and

outside products; uneven military sales cycles and changes in procurement priorities; the ability of the government and its contractors to cancel orders at their convenience; unforeseen changes in competing technologies and products; and worldwide economic variances. Additional factors are discussed in the company's most recent Form 10-Q, filed with the SEC. 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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