KVH Awarded $3.2 Million Order for Fiber Optic Gyro-based Inertial Measurement Units

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KVH TG-6000 Inertial Measurement Unit Selected by Raytheon for U.S. Navy MK54 Torpedo

With Options, Contract has Potential Value of $15.8 Million Over Four Years

MIDDLETOWN, R.I.--(BUSINESS WIRE)--Sept. 14, 2005--In a major milestone for the company, KVH Industries, Inc., (Nasdaq: KVHI) today announced that it has received a $3.2 million production order for its fiber optic gyro (FOG)-based TG-6000 precision inertial measurement unit (IMU). The order was placed by Raytheon Integrated Defense Systems (NYSE: RTN), which selected the TG-6000 IMU following extensive engineering and performance testing during 2004 and 2005. The TG-6000 will serve as a key component within the guidance system of the U.S. Navy's next-generation MK54 lightweight torpedoes. Delivery of the TG-6000 IMUs ordered during this initial contract will begin later in 2005 and continue through 2007. If three follow-on options are exercised, the total order is potentially valued at more than $15.8 million between 2005 and 2009.

"The TG-6000 IMU is the most technically advanced guidance product that KVH has ever created and to have it selected for use in the MK54 torpedo is extraordinarily gratifying," remarked Martin Kits van Heyningen, KVH's president and chief executive officer. "Raytheon's selection of the TG-6000 IMU after a series of grueling qualification tests is a major validation of our strategic decision to apply our fiber optic technology for use in high-performance, integrated systems for smart munitions and other applications. This opportunity could also yield additional sales in the future to foreign navies. With the TG-6000 IMU, we are now able to offer a fully integrated precision navigation unit with potential applications throughout the military and commercial marketplaces."

The KVH TG-6000 IMU measures rate and acceleration precisely in three dimensions, critical for the navigation of a torpedo or other smart munitions. The IMU employs a three-axis configuration of KVH's FOGs, which offer an all-fiber design and patented Digital Signal Processing (DSP) for high reliability, superior accuracy and performance, and exceptional vibration, shock, and acceleration survivability. In addition to the FOGs, the TG-6000 includes three accelerometers. Together, the integrated IMU provides outstanding performance, high reliability, low maintenance, and easy system integration ideal for use in a wide range of applications, including manned vehicle navigation and guidance systems for autonomous aerial and underwater vehicles. The TG-6000 is also an outstanding sensor suite for the most demanding stabilization and pointing applications.

The MK54 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 MK46 torpedo, which has been in use since 1969 and is currently fielded by all U.S. Navy surface and air ASW platforms as well as being in the inventory of 25 foreign navies. In 2004, Raytheon Integrated Defense Systems was awarded a sole source contract from the U.S. Navy for the MK54 torpedo.

Note to editors - High-resolution photos of the KVH TG-6000 IMU and a representative torpedo are available at http://www.kvh.com/mediasupport.

For complete details on KVH's complete line of fiber optic gyro products, please visit http://www.fiberopticgyro.com.

About Raytheon Integrated Defense Systems

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.

About KVH Industries, Inc.

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, fluctuations in military procurement schedules, changes in

modernization plans for military equipment, and changing operational priorities as well as those factors discussed in KVH's most recent quarterly report on Form 10-Q filed with the SEC on August 9, 2005. KVH assumes no obligation to update its forward-looking statements to reflect new information or developments.

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