

KVH INDUSTRIES INC \DE\  
Form DEF 14A  
April 09, 2015

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934  
(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

**KVH INDUSTRIES, INC.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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    - (1) Amount Previously Paid:
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    - (4) Date Filed:
-







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KVH Industries, Inc.  
50 Enterprise Center  
Middletown, RI 02842

April 9, 2015

Dear Fellow Stockholder:

We are pleased to invite you to attend the KVH 2015 Annual Meeting of Stockholders. The meeting will take place on Wednesday, May 27, 2015 at 11:00 a.m. local time in our world headquarter offices at 50 Enterprise Center, Middletown, Rhode Island.

Our strategy is driven by our commitment to finding solutions for our customers – whether it's broadband connectivity for a ship's crew, satellite TV for a family onboard a boat, or fiber optic gyros for cutting-edge autonomous applications. Over the last several years, through acquisitions and investment in our business, we have significantly expanded our product and service offerings to support our strategy and position KVH for continued growth. We are confident we have in place a highly capable management team as well as a capable group of directors who are well qualified to oversee the success of the business and to represent all stockholders. We believe that our current strategy will create significant long-term value for KVH stockholders.

In addition to this Proxy Statement, we encourage you to read our 2014 Annual Report for a more complete picture of our performance and how we are working to increase stockholder value.

Finally, we encourage you to vote – regardless of the size of your share holdings. Every vote is important, and your participation helps us do a better job of listening and acting on what matters to you as a stockholder. You can vote over the Internet, by telephone, or by mailing a completed proxy card as outlined in this document.

On behalf of all of us at KVH, we want to thank you for your continued support and ownership of KVH. I hope to see you at the annual meeting.

Sincerely,

**Martin A. Kits van Heyningen**  
*President, Chief Executive Officer and  
Chairman of the Board of Directors*

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## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

**Date and Time:** Wednesday, **May 27, 2015** at 11:00 a.m.

**Place:** The Offices of KVH Industries, Inc.  
World Headquarters  
50 Enterprise Center  
Middletown, Rhode Island

**Items of Business:** **Proposal 1:** To consider and vote upon the election of two Class I directors to a three-year term;

**Proposal 2:** To ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm; and

To transact such further business as may properly come before the annual meeting or any adjournment of the meeting.

**Record Date:** Our Board of Directors has fixed the close of business on Wednesday, April 1, 2015, as the record date for the determination of the stockholders entitled to receive notice of, and to vote at, the annual meeting and any adjournment of the meeting. Only stockholders of record on April 1, 2015 are entitled to receive notice of, and to vote at, the annual meeting or any adjournment of the meeting.

By Order of the Board of Directors,

**Felise Feingold**  
*Secretary*

April 15, 2015

### YOUR VOTE IS IMPORTANT

#### Mail

Please sign and return the enclosed proxy, whether or not you plan to attend

#### Telephone

Use the toll-free telephone number on your proxy card to vote

#### Internet

Visit the website noted on your proxy card to vote via the Internet.

#### In Person

Attend the meeting in person.

the annual meeting. by telephone.

**Important Notice Regarding the Availability of Proxy Materials  
for the Annual Meeting of Stockholders to be Held on May 27, 2015**

This proxy statement and our 2014 annual report to stockholders are available on the Internet at  
[www.kvh.com/annual](http://www.kvh.com/annual).

You can read, print, download and search these materials at that website.  
The website does not use "cookies" or other tracking devices to identify visitors.

You can obtain directions to be able to attend the meeting and vote in person at [www.kvh.com/annual](http://www.kvh.com/annual).

None of the information on our website or elsewhere on the Internet forms a part of this proxy statement or is  
incorporated by reference into this proxy statement.

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## PROXY SUMMARY

The proxy summary is an overview of information that you will find elsewhere in this proxy statement and our 2014 Annual Report. As this section is only a proxy summary, we encourage you to read the entire proxy statement for more information about these topics before you vote.

### ANNUAL MEETING OF STOCKHOLDERS

Wednesday, **May 27, 2015** at 11:00 a.m.

The Offices of KVH Industries, Inc.  
World Headquarters  
50 Enterprise Center  
Middletown, Rhode Island

### VOTING MATTERS

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### ELECTION OF DIRECTORS

The following table provides summary information about the two nominees for election to the Board as Class I Directors. Additional information for all Directors, including the nominees, may be found on pages 6, 8-9.

Mark S. Ain	71	1997	Yes	Compensation Committee (Chair) Audit Committee
Stanley K. Honey	60	1997	Yes	Nominating and Corporate Governance Committee (Chair) Audit Committee Nominating and Corporate Governance Committee

### GOVERNANCE HIGHLIGHTS

Our Board of Directors monitors best practices in governance and adopts measures it determines to be in the best interest of stockholders. Highlights of our governance practices include:

- ü Directors are elected by majority voting
- ü Recently rotated our independent registered public accounting firm
- ü A majority of independent directors
- ü

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- ü All of the members of our audit, compensation and nominating and corporate governance committees are independent
- ü Executive sessions of independent directors held at each regularly scheduled meeting
- ü Independent directors attended 100% of meetings of the Board and Board committees on which they served in 2014
- ü Stockholder vote to ratify independent registered public accounting firm
- ü Majority of director compensation is delivered in KVH common stock
- ü Strong pay-for-performance executive compensation policy
- ü No executive employment agreements or change in control agreements
- ü Independent compensation consultant hired by the compensation committee
- ü Annual board and committee self-assessments

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**PROXY SUMMARY**

**2014 BUSINESS HIGHLIGHTS**

2014 was a productive and successful year for KVH, both in terms of our revenue growth and in our progress to position the company for future growth.

In 2014, we continued to grow our mobile broadband business and added important new services that both contributed to revenue and helped to provide a solid differentiating advantage. Last year, we also added a portfolio of new products to our guidance and stabilization business. Highlights of our business performance in 2014 include:

- ii Acquired Videotel, a leading provider of maritime training solutions
- ii Expanded capacity in our mini-VSAT Broadband network in the Caribbean and South American regions
- ii Launched our IP-MobileCast content delivery service, with content ranging from entertainment to digital charts, detailed weather forecasts, and training materials
- ii Service revenues, including subscription-based service revenues, represented 53% of our total revenues
- ii Launched new TACNAV and FOG IMU products for a broader range of military and commercial applications
- ii Received three significant TACNAV orders, totaling more than \$28.0 million
- ii Launched a new family of TracVision satellite TV antennas
- ii Maintained leadership position as the world's No. 1 maritime VSAT provider as of March 2015, supported by an independent industry report that confirmed KVH had nearly twice the number of customers compared to our nearest competitor at that time

**2014 EXECUTIVE COMPENSATION**

The 2014 compensation program for our named executive officers was comprised of three elements – base salary, cash-based incentive compensation and an annual equity grant. We believe the compensation program for our named executive officers included key features that aligned the interests of our executives with KVH's business strategies and goals and stockholders' interests.

**What We Do**

- ii Offer competitive compensation that attracts and retains executive talent
- ii Align the interests of our named executive officers with those of our stockholders and reward the creation of long-term value for KVH stockholders through equity grants

**What We Don't Do**

- û No long-term employment agreements
- û No guaranteed severance programs
- û No tax gross-ups
- û No guaranteed salary increases

ü

Emphasize variable performance-based compensation over fixed compensation

û No guaranteed bonuses

û No cash-based incentive compensation programs that are not tied to performance

ü

Align payout of annual incentives to drivers of stockholder value, such as revenue and adjusted EBITDA

û No repricing of stock options

û No discounted stock options

ü

Balance the importance of achieving long-term strategic priorities and critical short-term goals linked to long-term objectives

ü

Align individual performance goals with our business strategy

ü

Cap incentive payments

ü

Benchmark compensation against that of peers of similar size and business complexity

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**PROXY SUMMARY**

Compensation mix for our named executive officers during 2014 reflects these objectives, as shown in the chart. The percentages shown represent percentages of total target compensation, not total actual compensation, and as a result do not match the percentages calculable from actual compensation reflected in the Summary Compensation Table on page 20. Fixed pay represents the sum of salary, holiday bonus and perquisites; variable pay represents equity awards and non-equity incentive plan compensation.

Incentive compensation for 2014 was based on the compensation committee's assessment of the degree of achievement of corporate and business unit performance goals for 2014, as well as individual performance in that year.

Although KVH had strong revenue growth year over year, neither the corporate performance goals nor the business unit performance goals set by the compensation committee for revenue and adjusted EBITDA were met for 2014 and, accordingly, no bonuses were paid with respect to the portion of each named executive officer's incentive compensation target attributable to corporate or business unit performance. Accordingly, the failure to receive either the corporate or business unit portion of the bonus resulted in the reduction of the CEO's cash-based incentive compensation actually received to 20% from the targeted 90% of base salary and, with respect to the remaining named executive officers, a reduction of the cash-based incentive compensation actually received to a range of 9% to 12% from the targeted range of 40% to 50%.

**Actual Annual Incentive Versus Target  
(Percentage of Base Salary)**

**Actual Annual Incentive Versus Target  
(Percentage of Base Salary)**

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## QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING OF STOCKHOLDERS AND VOTING

### **What is the purpose of the annual meeting?**

At the annual meeting, we will submit the following proposals to our stockholders:

**Proposal 1** To elect two Class I directors to a three-year term.

**Proposal 2** To ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm.

Our Board of Directors does not intend to present to the annual meeting any business other than the proposals described in this proxy statement. Our Board of Directors was not aware, a reasonable time before mailing this proxy statement to stockholders, of any other business that may be properly presented for action at the annual meeting. If any other business should come before the annual meeting, the persons present will have discretionary authority to vote the shares they own or represent by proxy in accordance with their judgment, to the extent authorized by applicable regulations.

### **When is the record date?**

Our Board of Directors has fixed the close of business on Wednesday, April 1, 2015, as the record date for the annual meeting. Only stockholders of record as of the close of business on that date are entitled to receive notice of the annual meeting, and to vote at, the annual meeting. At the close of business on the record date, there were 16,070,952 shares of our common stock outstanding. Each share of common stock outstanding on the record date will be entitled to cast one vote.

### **What are the methods of voting?**

The shares represented by your properly signed proxy card will be voted in accordance with your directions. If you do not specify a choice with respect to a proposal for which our Board of Directors has made a recommendation, the shares covered by your signed proxy card will be voted as recommended in this proxy statement. We encourage you to vote on all matters to be considered.

By signing and returning the proxy card in the enclosed envelope, you are enabling the individual named on the proxy card (known as a "proxy") to vote your shares at the meeting in the manner you indicate. We encourage you to sign and return the proxy card even if you plan to attend the meeting. In this way, your shares will be voted even if you are unable to attend the meeting. If you received more than one proxy card, it is an indication that your shares are held in multiple accounts. Please sign and return all proxy cards to ensure that all of your shares are voted.

To vote by telephone, please follow the instructions included on your proxy card. If you vote by telephone, you do not need to complete and mail your proxy card.

To vote on the Internet, please follow the instructions included on your proxy card. If you vote on the Internet, you do not need to complete and mail your proxy card.

If you plan to attend the meeting and vote in person, we will provide you with a ballot at the meeting. If your shares are registered directly in your name, you are considered the stockholder of record and you have the right to vote in person at the meeting. If your shares are held in the name of your broker or other nominee, you are considered the beneficial owner of the shares held in street name. If you wish to vote shares held in street name at the meeting, you will need to bring with you to the meeting a legal proxy from your broker or other nominee authorizing you to vote your shares.



**What constitutes a quorum?**

Our by-laws provide that a quorum consists of a majority of the shares of common stock outstanding and entitled to vote at the annual meeting. Shares of common stock represented by a properly signed and returned proxy will be treated as present at the annual meeting for purposes of determining the existence of a quorum at the annual meeting. Abstentions and broker "non-votes" are counted as present or represented for purposes of determining the existence of a quorum at the annual meeting. A "non-vote" occurs when a broker or nominee holding shares for a beneficial owner returns a proxy but does not vote on a proposal because the broker or nominee does not have discretionary voting power and has not received instructions from the beneficial owner.

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**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING OF STOCKHOLDERS AND VOTING**

**What vote is required for approval?**

A majority of the votes properly cast at the annual meeting will be necessary to elect each Class I director to a three-year term (proposal one), to approve the proposal to ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm (proposal two) and to approve any other matter to be acted upon at the annual meeting. For more information on majority voting, please see "Board of Directors and Committees of the Board Corporate Governance Majority Voting."

**What are abstentions and broker non-votes, and what effect do they have?**

Abstentions and broker "non-votes" will not be included in calculating the number of votes cast on any proposal. As a result, abstentions and broker "non-votes" will not have any effect on the outcome of the vote on any proposal.

**Who will count the votes?**

Our transfer agent, Computershare Trust Company, N.A., will separately tabulate the votes on each matter presented to the stockholders at the annual meeting.

**Who is soliciting my vote? Are they paid solicitors?**

We are soliciting proxies on behalf of our Board of Directors. No compensation will be paid by any person in connection with our solicitation of proxies. We will reimburse brokers, banks and other nominees for the out-of-pocket expenses and other reasonable clerical expenses they incur in obtaining instructions from beneficial owners of our common stock. In addition to our solicitation by mail, our directors, officers and employees may make special solicitations of proxies personally or by telephone, facsimile, courier or e-mail. We expect that the expense of any special solicitation will be nominal. We will pay all expenses incurred in connection with this solicitation.

**How can a proxy be revoked?**

You may revoke your proxy at any time before it is voted at the meeting. In order to revoke your proxy, you must either:

- ii sign and return another proxy card with a later date;
- ii provide written notice of the revocation of your proxy to our secretary;
- ii if you voted by Internet or telephone, by following the instructions for revocation provided by Internet or telephone; or
- ii attend the meeting and vote in person.

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## PROPOSAL 1 ELECTION OF DIRECTORS

**Proposal 1 concerns the election of two Class I directors for three-year terms.**

Our Board of Directors currently consists of six directors and is divided into three classes. We refer to these classes as Class I, Class II and Class III. The term of one class of directors expires each year at the annual meeting of stockholders. Each director also continues to serve as a director until his or her successor is duly elected and

qualified. This year, the term of the Class I directors is expiring.

Our Nominating and Corporate Governance Committee has nominated Mark S. Ain and Stanley K. Honey to serve as Class I directors for a three-year term. Our stockholders last elected Messrs. Ain and Honey at our annual meeting of stockholders in May 2012, and their current terms will expire at the 2015 annual meeting.

### Director Nominees

#### Term Ending 2015

#### **Mark S. Ain**

**Age: 71**

**Director**

***Committee Membership:***

Ø Compensation Committee  
Chairman

Ø Audit Committee Member

Ø Nominating and Corporate  
Governance Committee  
Chairman

#### **Stanley K. Honey**

**Age: 60**

**Director**

***Committee Membership:***

Ø Audit Committee Member

Ø Nominating and Corporate  
Governance Committee  
Member

Mark S. Ain has served as one of our directors since 1997, the Chairman of our Compensation Committee since 1997, a member of our Audit Committee since 2000 and a member of our Nominating and Corporate Governance Committee since February 2004. He serves on the Board of Directors of Kronos Incorporated, which he founded in 1977 and served as CEO until 2005. Mr. Ain also serves on the Board of Directors of Xcerra Corporation and various other private companies and charitable organizations. He received a B.S. from the Massachusetts Institute of Technology and an M.B.A. from the University of Rochester. Our Nominating and Corporate Governance Committee determined that Mr. Ain should serve as a director because of his 18 years of experience as a member of our Board of Directors combined with his executive and management experience serving as founder, chief executive officer and Chairman of the Board of Directors of Kronos Incorporated as well as his experience as a member of the Board of Directors of Xcerra Corporation and various private companies.

Stanley K. Honey has served as one of our directors since 1997 and a member of our Nominating and Corporate Governance Committee since February 2004. Mr. Honey was a member of the Audit Committee from 1997 to 2003 and was reappointed in February 2011. Mr. Honey served as the Director of Technology for the America's Cup Event Authority from April 2011 through December 2013, and as a consultant thereafter. From January 2004 through January 2005, Mr. Honey served as the chief scientist of Sportvision Systems, LLC, which he co-founded in November 1997. He served as president and chief technology officer of Sportvision Systems, LLC, from 2000 to January 2004 and as its executive vice president and chief technology officer from 1998 to 2000. From 1993 to 1997, Mr. Honey served as executive vice president of technology for the New Technology Group of News Corporation. From 1989 to 1993, Mr. Honey served as president and chief executive officer of ETAK, Inc., a wholly owned subsidiary of News Corporation. Mr. Honey founded ETAK in 1983 and served as its executive vice president of engineering until News Corporation acquired it in 1989. Mr. Honey received a B.S.

from Yale University and an M.S. from Stanford University. Our Nominating and Corporate Governance Committee determined that Mr. Honey should serve as a director because of his 18 years of experience as a member of our Board of Directors as well as his executive and management experience serving in numerous senior level executive positions, his experience as co-founder of Sportvision Systems, LLC and founder of ETAK and his extensive knowledge of our marine customer base and the industry.

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**PROPOSAL 1 ELECTION OF DIRECTORS**

Proxies will not be voted at the 2015 annual meeting for more than two candidates.

Messrs. Ain and Honey have agreed to serve if elected, and we have no reason to believe that they will be unable to serve. If either of them is unable or declines to serve as a director at the time of the annual meeting, proxies will be voted for another nominee that our Board of Directors will designate at that time.

A majority of the votes properly cast at the annual meeting will be necessary to elect each Class I director to a

three-year term. In accordance with our director resignation policy, each of Messrs. Ain and Honey has submitted his resignation in advance of the annual meeting, and each resignation will only become effective if (a) the candidate fails to receive a majority of the votes properly cast on his re-election and (b) our Board accepts his resignation. For more information about majority voting and our director resignation policy, please see "Board of Directors and Committees of the Board Corporate Governance Majority Voting."

**Our Board of Directors recommends that you vote **FOR** the election of Messrs. Mark S. Ain and Stanley K. Honey as our Class I directors.**

**PROPOSAL 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**Proposal 2 concerns the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm.**

In accordance with its charter, the Audit Committee has selected the firm of Grant Thornton LLP, an independent registered public accounting firm, to be our independent auditor for the year ending December 31, 2015 and, with the endorsement of the Board of Directors, recommends to stockholders that they ratify such appointment. Grant Thornton LLP has served in this capacity since June 6,

2014. We expect that representatives of Grant Thornton LLP will be present at the annual meeting. They will have an opportunity to make a statement if they wish to do so and, if present, will be available to respond to appropriate questions.

A majority of the votes properly cast at the annual meeting will be necessary to ratify the selection by the Audit Committee of our Board of Directors of Grant Thornton LLP as our independent registered public accounting firm for the year ending December 31, 2015.

**Our Board of Directors unanimously recommends that you vote **FOR** the proposed ratification of the appointment by our Audit Committee of Grant Thornton LLP as our independent registered public accounting firm.**

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## **DIRECTORS AND EXECUTIVE OFFICERS**

Our executive officers are appointed by, and serve at the discretion of, our Board of Directors. Robert W.B. Kits van Heyningen is the brother of Martin A. Kits van Heyningen. Kathleen Keating, our senior director of creative and customer experience, is the wife of Martin A. Kits van Heyningen. Paula Conway, who served as our program manager until November 2013 and as an engineering program management consultant until June 2014, is the wife of Daniel R. Conway.

Information regarding our Class I directors, whose terms expire at the 2015 annual meeting, is presented above under the heading "Proposal 1 Election of Directors." Our other directors and executive officers are as follows:

### **Directors serving a term expiring at the 2016 annual meeting (Class II directors):**

#### **Martin A. Kits van Heyningen**

**Age: 56**

#### **President, Chief Executive Officer and Chairman of the Board of Directors**

Martin A. Kits van Heyningen, one of our founders, has served as our president and a director since 1982, chief executive officer since 1990, and as our Chairman of the Board of Directors since 2007. From 1980 to 1982, Mr. Kits van Heyningen was employed by the New England Consulting Group, a marketing consulting firm, as a marketing consultant. Mr. Kits van Heyningen received a B.A., cum laude, from Yale University and has been issued six patents. Our Nominating and Corporate Governance Committee determined that Mr. Kits van Heyningen should serve as a director because of his more than 30 years of industry experience as well as his executive leadership and management experience as our founder, president, chief executive officer and Chairman of the Board of Directors.

**Charles R. Trimble**

**Age: 73**

**Director**

***Committee Membership:***

Ø Audit Committee Member

Ø Compensation Committee Member

Ø Nominating and Corporate Governance Committee Member

Charles R. Trimble has served as one of our directors since 1999, a member of our Audit Committee since 2001, a member of our Compensation Committee since 2000 and a member of our Nominating and Corporate Governance Committee since February 2004. From 1981 to 1998, he served as the president and chief executive officer of Trimble Navigation Limited, a GPS company that he founded in 1978. Previously, he served as the manager of integrated circuit research and development at Hewlett-Packard's Santa Clara Division. Mr. Trimble is an elected member of the National Academy of Engineering, and he was Chairman of the United States GPS Industry Council from 1996 to 2013. In addition, Mr. Trimble is a member of the California Institute of Technology (Caltech) Board of Trustees. He received a B.S. in engineering physics, with honors, and an M.S. in electrical engineering from the California Institute of Technology. Our Nominating and Corporate Governance Committee determined that Mr. Trimble should serve as a director because of his 16 years of experience as a member of our Board of Directors combined with his executive leadership and management experience as co-founder, president and chief executive officer of Trimble Navigation Limited as well as his experience as an elected member of the National Academy of Engineering, Chairman of the United States GPS Industry Council and a member of the California Institute of Technology Board of Trustees.

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**DIRECTORS AND EXECUTIVE OFFICERS**

**Directors serving a term expiring at the 2017 annual meeting (Class III directors):**

**Robert W.B. Kits van Heyningen**

**Age: 58**

**Vice President, Research and Development and Director**

Robert W.B. Kits van Heyningen, one of our founders, has served as one of our directors since 1982 and as our vice president of research and development since April 1998. From September 2008 to June 2009, he also served as an Adjunct Professor at the University of Rhode Island School of Engineering. From 1982 to April 1998, he served as our vice president of engineering. From 1979 to 1982, Mr. Kits van Heyningen was an associate engineer at the Submarine Signal Division of Raytheon Company and from 1977 to 1984, he served as a consultant to various companies and universities. Mr. Kits van Heyningen received a B.S. in physics from McGill University with a minor in computer science. Our Nominating and Corporate Governance Committee determined that Mr. Kits van Heyningen should serve as a director because of his more than 30 years of industry experience, combined with his extensive background in engineering, as well as his 33 years of experience as a member of our Board of Directors.



**Bruce J. Ryan**

**Age: 71**

**Director**

***Committee Membership:***

Ø Audit Committee Chairman

Ø Compensation Committee Member

Ø Nominating and Corporate Governance Committee Member

Bruce J. Ryan has served as one of our directors, the Chairman of our Audit Committee, and a member of our Compensation Committee since July 2003. He has also been a member of our Nominating and Corporate Governance Committee since February 2004. Mr. Ryan is currently involved in private consulting. From February 1998 to November 2002, he served as executive vice president and chief financial officer of Global Knowledge Network, a provider of information technology and computer software training programs and certifications. From 1994 to 1998, he served as the executive vice president and chief financial officer of Amdahl Corporation, a provider of information technology solutions. Mr. Ryan previously had a 25-year career at Digital Equipment Corporation, where he served in various executive positions, including senior vice president of the financial services, government and professional services business group. He currently serves on the Board of Directors of two private companies and served as a director of UTStarcom, Inc. from April 2008 to December 2010. He received a B.S. in business administration from Boston College and an M.B.A. from Suffolk University. Our Nominating and Corporate Governance Committee determined that Mr. Ryan should serve as a director because of his more than 11 years of experience as a member of our Board of Directors combined with his experience as a member of the Board of Directors for numerous private and public companies, his familiarity with accounting matters, as well as his executive and management experience serving as executive vice president and chief financial officer of Global Knowledge Network and Amdahl Corporation, both providers of information technology, and his 25 years of experience at Digital Equipment Corporation.

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**DIRECTORS AND EXECUTIVE OFFICERS**

**Our executive officers who are not also directors are listed below:**

**Peter A. Rendall**

**Age: 49**

**Chief Financial Officer**

Peter A. Rendall has served as our chief financial officer since October 2012. Before joining us, from July 2011 to June 2012, Mr. Rendall served as consulting chief financial officer for JobSmart Partners, a company that provided IT consulting and contract services for software development teams. Prior to that, from June 2003 to April 2011, he served as chief executive officer of Top Layer Networks, Inc., an information technology security company, where he served as chief financial officer from March 2003 to June 2003. From October 1999 to March 2003, he served as chief financial officer of Elcom International, Inc., a NASDAQ-listed international information technology products and services business. From April 1999 to September 1999, Mr. Rendall was Vice President of Finance of Elcom Services Group, Inc. From July 1996 to March 1999, Mr. Rendall served as Vice President of Finance and Operations of Logica North America, Inc., a subsidiary of Logica, plc, a U.K. publicly held international software integration services company. Mr. Rendall began his career at PricewaterhouseCoopers LLP in London in August 1987, before transferring to its Boston office in June 1995 as a senior manager, a position he held until July 1996. Mr. Rendall holds a B.S. in biochemistry from the University of London and has been a member of the Institute of Chartered Accountants in England and Wales since 1991.

**Robert J. Balog**

**Age: 51**

**Senior Vice President, Engineering**

Robert J. Balog has served as our senior vice president of engineering since October 2008. Previously, he served as our vice president of engineering, satellite products from February 2005 to October 2008. From June 2003 to January 2005, Mr. Balog served as president of his own engineering contract services company, Automation Services, Inc., a contract product development and services group specializing in a wide range of automation solutions. From June 2001 to May 2003, Mr. Balog served as vice president of engineering at ADE Corporation. From 1989 to April 2001, Mr. Balog held a number of positions at Speedline Technologies, Inc., a supplier of capital equipment to the electronics assembly industry, including general manager and vice president of research and development. He has served on the Board of Directors of the Surface Mount Equipment Manufacturers Association, serving as Chairman and numerous other positions. Mr. Balog is the recipient of 11 U.S. patents. Mr. Balog holds a B.S. in Computer Science from Purdue University.

**Brent C. Bruun**

**Age: 49**

**Executive Vice President, Mobile Broadband**

Brent C. Bruun has served as our executive vice president of mobile broadband since November 2012. From January 2011 to November 2012, he served as our senior vice president of global sales and business development. He served as our vice president of global sales and business development from July 2008 to December 2010. From January 2008 until joining KVH, Mr. Bruun worked as a private consultant. From January 2007 until January 2008, Mr. Bruun served as senior vice president of strategic initiatives for SES AMERICOM, a satellite operator providing services via its fleet of 16 geosynchronous satellites covering North America. In this position, he concentrated on global mobile broadband opportunities with particular emphasis on the maritime and aeronautical markets. Other positions held at SES AMERICOM included president of Americom's Managed Solutions Division from July 2004 until December 2006 and senior vice president of business development from July 2002 until June 2004. Previously, Mr. Bruun held positions at KPMG LLP and General Electric. Mr. Bruun holds a B.S. in accounting from Alfred University and is a certified public accountant.

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**Daniel R. Conway**

**Age: 61**

**Executive Vice President, Guidance and Stabilization**

Daniel R. Conway has served as our executive vice president of guidance and stabilization since November 2012. From January 2003 to November 2012, he served as our vice president of business development for military and industrial products. From March 2000 to December 2002, Mr. Conway was the vice president of sales and marketing at BENTHOS Inc., an oceanographic technology company with customers in the marine, oil and gas, government and scientific markets. From 1980 to January 2000, he served in a variety of positions at Anteon (formerly Analysis & Technology), including vice president for new business development and acquisition integration from 1997 to January 2000 and vice president of operations for the Newport, Rhode Island operation from 1991 to 1997. Mr. Conway served for five years as a member of the U.S. Navy nuclear submarine force and was a Commander in the U.S. Naval Reserve (Naval Intelligence) for more than 10 years. He is a graduate of the U.S. Naval Academy with post-graduate studies in nuclear engineering, and he received an M.B.A. from the University of Rhode Island.

**James S. Dodez**

**Age: 56**

**Senior Vice President, Marketing and Strategic Planning**

James S. Dodez has served as our senior vice president of marketing and strategic planning since March 2013. From March 2007 to February 2013, he served as our vice president of marketing and strategic planning. From October 1998 to March 2007, he served as our vice president of marketing. He served as our vice president of marketing and reseller sales from 1995 to October 1998, and from 1986 to 1995, he served as our marketing director. Before joining us, Mr. Dodez was the marketing director at MagrattenWooley, Inc., an advertising agency, where he managed KVH's account from 1985 to 1986. Mr. Dodez received a B.S. in business with an emphasis in marketing from Miami University.

**Felise B. Feingold**

**Age: 45**

**Vice President, General Counsel and Secretary**

Felise B. Feingold has served as our vice president and general counsel since August 2007. Before joining us, from January 2004 until July 2007, she held the position of vice president and general counsel for The Jean Coutu Group (PJC) USA, Inc., which operated the Brooks/Eckerd pharmacy chain, comprising more than 1,800 stores. Her other experience includes six years, from September 1998 to December 2004, as an attorney with the international law firm of McDermott, Will & Emery. Ms. Feingold holds a B.A. in government from Cornell University, a J.D. from Hofstra University School of Law, and an M.B.A. from Boston University Graduate School of Management.

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## COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

### Compensation Discussion and Analysis

#### Overview of Executive Compensation Program

Our executive compensation program is overseen and administered by the Compensation Committee of our Board of Directors, which is comprised entirely of independent directors as determined in accordance with various NASDAQ Stock Market, United States Securities and Exchange Commission, or SEC, and Internal Revenue Code rules. None of its members is a current or former employee of ours. It is the goal of the Compensation Committee to create policies and practices that provide total compensation for executive officers that is fair, reasonable and competitive. The Compensation Committee operates under a written charter adopted by our Board.

All principal elements of compensation paid to our executive officers are subject to approval by the Compensation Committee. Specifically, our Board has delegated authority to the Compensation Committee to determine and approve (1) our compensation philosophy, including evaluating risk management and incentives that create risk, (2) annual base salaries, cash-based incentive compensation and equity-based compensation applicable to our executive officers, and (3) equity-based compensation applicable to non-executive employees.

There are no material differences in the compensation policies, objectives or program elements and administration with respect to our named executive officers, except that the compensation for our President, Chief Executive Officer, and Chairman of the Board of Directors (CEO) is determined exclusively by the Compensation Committee, while the compensation of our other named executive officers is determined by the Compensation Committee based on similar criteria, but also takes into account the recommendations of our CEO.

#### Executive Compensation Philosophy and Objectives

Our executive compensation program is designed to attract, retain and motivate highly qualified executives and align their interests with the interests of our stockholders. The ultimate goal of our executive compensation program is to increase stockholder value by providing executives with appropriate incentives to achieve our business goals. In recent years, our executive compensation program has had three principal elements: annual base salary, annual

cash-based incentive compensation, and longer-term equity-based compensation.

Our executive compensation objectives are to:

offer fair and competitive compensation that attracts and retains superior executive talent;

directly and substantially link rewards to measurable corporate performance;

align the interests of executive officers with those of stockholders by providing executive officers with an equity stake in our company;

optimize the cost to us and value to executives; and

promote long-term career commitments that support a long-standing internal culture of loyalty and dedication to our interests.

The three principal elements of our executive compensation program seek to provide the following rewards:

Base salaries provide fixed compensation to reward individual value that an executive officer brings to us through experience and past and expected future contributions to our success, while factoring in our specific needs and comparable responsibilities at similar organizations.

Annual cash-based incentive compensation is designed to reward the achievement of our annual business and financial goals set at the beginning of each year, as well as individual performance, determined on a discretionary basis. This incentive program generally awards compensation based on the degree to which our actual financial results meet the financial goals of our internal business plan and on the individual performance of each executive.

Equity grants are designed to reward the achievement of long-term growth in our stock price. In 2014, the Board elected to grant shares of restricted stock as the preferable form of equity compensation for our named executive officers to align with the trends among our peer group. Restricted stock awards were granted with no payment of cash consideration. The restricted stock awards vest in four equal annual installments, the first of which vested on March 12, 2015, the first anniversary of the grant date.

For a company of our size, we believe that the use of these executive compensation elements strengthens our ability to attract and retain highly qualified executives. We believe

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**COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS**

this combination of programs provides an appropriate mix of fixed and variable pay, balances short-term operational performance with long-term stockholder value, and encourages executive recruitment and retention.

Our equity incentive program is a key retention tool and our vehicle for offering long-term incentives. Equity incentives with four-year vesting periods are granted annually to executive officers to attract, motivate and retain these executives. We grant equity incentives to executive officers to encourage executive officers to work with a long-term view in the interest of stockholders and to reward the achievement of long-term growth in our stock price. We believe that granting equity incentives is the best method of motivating the executive officers to perform in a manner that is consistent with the long-term interests of our stockholders.

We do not use certain executive pay practices that stockholder advocates consider to be problematic. For example, we do not provide extensive perquisites to our named executive officers, we do not have long-term employment agreements, we do not have guaranteed severance programs, and we do not provide any tax gross-ups. We have no guaranteed salary increases, no guaranteed bonuses and no cash-based incentive compensation programs that are not tied to our performance.

The Compensation Committee also noted that, at our 2013 annual meeting of stockholders, the stockholders approved the compensation of our named executive officers for 2012 by a favorable vote of approximately 94% of the votes cast. Partially as a result of this overwhelmingly positive stockholder feedback, our Compensation Committee has continued to employ compensation packages having a similar basic structure to the compensation package used in 2012.

**Compensation Decision-making Process**

Our executives are compensated principally through a combination of base salary, cash-based incentive compensation paid in the first quarter of the following year and an annual equity grant. In addition, we may also grant an initial equity award to new executive officers when they commence employment. From time to time, we may offer a signing or retention bonus to attract a new executive officer.

The base salary and equity award for each executive, together with the overall cash-based incentive compensation plan for all executives, are generally established within the first quarter of each fiscal year at meetings of the Compensation Committee held for this purpose. These meetings generally follow one or more informal presentations or discussions of our financial performance, including achievement of performance targets, for the prior fiscal year. In deciding the

compensation to be awarded to the executive officers other than the CEO for the current year and cash-based incentive compensation earned during the prior fiscal year, the Compensation Committee typically receives recommendations from the CEO. The CEO and the members of the Compensation Committee discuss the CEO's recommendations. In deciding the compensation to be awarded to the CEO for the current year and the cash-based incentive compensation earned by the CEO during the prior year, the Compensation Committee typically receives a written self-assessment from the CEO and recommendations from the Chairman of the Compensation Committee. The members of the Compensation Committee then discuss the Chairman's recommendations. The CEO is not present at the time of these deliberations. The Compensation Committee may accept or adjust any recommendations and makes all final compensation decisions.

Our cash-based incentive compensation program comprises corporate performance goals and, for sales executives, business unit performance goals, as well as a discretionary element of individual performance for all executives. Under this program, our Compensation Committee approved two formulas for 2014: one formula for named executive officers responsible for sales and one formula for all other named executive officers. For named executive officers responsible for sales, 25% of each executive's target incentive compensation was based on the degree of achievement of our corporate performance goals for 2014, 50% was based on the degree of achievement of applicable business unit performance goals for 2014, and 25% was based on individual performance, as determined by the Compensation Committee in its discretion. For all other named executive officers, 75% of each executive's target incentive compensation was based on the degree of achievement of our corporate performance goals for 2014 and 25% was based on individual performance, as determined by the Compensation Committee in its discretion. The corporate performance portion of the cash-based incentive compensation program is generally based on a formula approved by the Compensation Committee at the start of each year, but the Compensation Committee has the discretion to award incentive compensation that differs from the formula-based amounts.

**Compensation Consultant**

Since 2005, the Compensation Committee has engaged Radford as its independent compensation consultant. The Compensation Committee has engaged Radford to advise on matters related to our executive compensation program and to assist in creating an effective and competitive executive compensation program. A comprehensive Radford study was provided in January 2013, and the





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**COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS**

Compensation Committee used this study as a guide in determining compensation with respect to 2014. Neither Radford nor any of its affiliates provided any services to us in 2014 other than Radford's services to the Compensation Committee.

In view of the relatively modest changes in compensation practices in prior years and the general consistency of our compensation programs from year to year, the Compensation Committee chose to rely principally on the information and advice provided by Radford in 2013 rather than engage Radford to provide slightly more updated information. In 2013, Radford assisted the Compensation Committee by providing comparative market data on compensation practices and programs based on an analysis of executive compensation survey data. Radford also provided guidance on industry best practices. In 2013, Radford advised the Compensation Committee in (1) determining base salaries for executives, (2) determining the targets for total cash-based incentive compensation as a percentage of base salary, and (3) designing and determining individual equity grants for the long-term incentive plan for executives.

Radford's recommendations in the 2013 Radford study with respect to base salary, cash-based incentive compensation and equity-based compensation were taken into consideration by the Compensation Committee, along with Radford's 2013 guidance on market median salary increases, when setting base salaries and making changes to the cash-based incentive compensation and equity-based compensation components of the executive compensation program in 2014.

**Peer Group, Survey Data and Compensation Targets**

With the assistance of Radford, the Compensation Committee compared our executive officers' compensation to that of a peer group of companies in 2013. The Compensation Committee did not update the peer group analysis in 2014. For 2013, the peer group consisted of 21 public high technology companies which were selected by Radford in 2012 and approved by the Compensation Committee based on their respective businesses, revenues, market capitalization and the number of employees. In addition to the peer group, in 2013 Radford reviewed data from the Radford Global Technology Survey, which includes approximately 127 high technology companies with revenues of less than \$200 million with the median revenue for the group being approximately \$107 million as well as the Radford Global Sales Survey, which included approximately 104 companies. The peer group, the Radford Global Technology Survey and the Radford Global Sales Survey data had effective dates of December 2012, November 2012, and November 2012, respectively, and were blended equally, where possible, and then the cash

compensation data was increased by a 3.0% annual factor based on the results of Radford's Q4 2012 Trends Report specifically targeting high technology companies to update the previous cash compensation data results to a common effective date of February 1, 2013. The 21 companies included in our peer group were as follows:

AeroVironment                      Mercury Computer Systems

Anadigics                              Meru Networks

Anaren                                  Numerex

Astronics                              PC Tel

CalAmp                                 Sonus Networks

Communications Systems      Sycamore Networks

Dialogic      Symmetricom

Digi      Telular

DSP Group      Westell Technologies

Glocomm Systems      Zhone Technologies

Intevac

**Compensation Benchmarking Relative to Market**

In 2014, the Compensation Committee decided to rely on information provided in 2013 for purposes of compensation benchmarking relative to market. In 2013, Radford provided the Compensation Committee with a comparison of the compensation of our executives to the compensation of executives with similar titles and level of experience at the companies included in the aforementioned peer group. The assessment did not consider executive tenure, skill or performance. The Radford data reviewed by the Compensation Committee included market data taken from the aforementioned peer group and the survey data, which was combined and weighted equally and then gathered at the 25<sup>th</sup>, 50<sup>th</sup>, and 75<sup>th</sup> percentiles for (1) base salaries, (2) bonus, (3) total cash compensation (base salary plus bonus), (4) long-term incentives (number of shares of stock options granted and long-term incentive value of equity-based compensation), (5) stock option equivalents as a percentage of total outstanding shares of the company, and (6) total direct compensation (total cash compensation and long-term incentives).

Historically, the Compensation Committee has generally targeted approximately the median base salary level (50<sup>th</sup> percentile) of the base salaries of executives in the survey data used by the Compensation Committee as the basis for comparison for that year. Adjustments to median base salary levels were made in 2013 based on comparisons to the survey data, market median salary increases and evaluation of other factors, such as executive tenure, skill and performance relative to expectations for average performance for comparable executives, which are not reflected in the survey data. These factors reflected the value each individual brought to

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**COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS**

us through experience, education and training, our specific needs, and the individual's past and expected future contributions to our success. In 2013, base salaries for our named executive officers were at or below the 50<sup>th</sup> percentile of the survey data for their respective positions.

The Compensation Committee believes that benchmarking and aligning base salaries is especially critical to a competitive compensation program. Other elements of our compensation are affected by changes in base salary. For example, our annual cash-based incentive compensation is targeted and paid out as a percentage of base salary. In 2014, the Compensation Committee concluded that the benchmarks used in 2013 remained relevant for decisions regarding 2014 compensation.

Our compensation program allows executives to participate in an annual cash-based incentive compensation program. Historically, the payouts for our executives for achieving the expected level of corporate performance for the year (as a percentage of base salary) have been targeted to pay out at approximately the median (50<sup>th</sup> percentile) of payouts for executives in the most recent survey data used by the Compensation Committee as the basis for comparison for that year. As a percentage of base salary, targets for cash-based incentive compensation to the named executive officers for 2013 were five percentage points below the percentage of base salary at the 50<sup>th</sup> percentile of the Radford survey data, with the exception of two sales executives whose targets were positioned 25 percentage points below the percentage of base salary at the 50<sup>th</sup> percentile of the survey data. In 2014, the named executive officers' targets for cash-based incentive compensation, as a percentage of base salary, remained the same as in 2013.

Our compensation program allows executives to receive equity incentive awards under our equity incentive plans. Our primary goal is to create long-term value for stockholders, and accordingly the Compensation Committee believes that equity incentive awards provide an additional incentive to executive officers to work to maximize stockholder value. Typically in prior years, all named executive officers other than the CEO and CFO received the same quantity of equity awards, as their roles and responsibilities were valued at an equivalent level. The Compensation Committee believed that granting equity incentives in this manner was the best method of motivating our executive team to perform in a manner consistent with the long-term interests of our stockholders. In 2014, the Compensation Committee determined that the CFO should receive the same equity award as the other members of the executive team. The CEO typically receives a larger equity award because he has greater responsibility for achieving our long-term goals and improving stockholder value. In 2013, the fair value of the equity

awards granted to the named executive officers ranged from approximately 42% below to 16% above the 50<sup>th</sup> percentile of the survey data considered that year. For 2014, the Compensation Committee decided to grant substantially the same equity incentive awards as in 2013.

Because of the similarity of our compensation programs in 2013 and 2014, the Compensation Committee did not separately consider target total direct compensation levels for 2014 relative to any industry benchmark other than the benchmarks considered in 2013. In 2013, target total direct compensation for our named executive officers, including our CEO, fell below the 50<sup>th</sup> percentile of the Radford survey data considered that year.

*Base Salary*

The Compensation Committee defines base salary as the annualized regular cash compensation of an employee, excluding cash bonus awards, corporate contributions to employee benefit plans, and other compensation not designated as salary. As described above, base salaries are set for our named executive officers at a meeting of our Compensation Committee which is held for that purpose in the first quarter of the year.

In establishing base salaries for our named executive officers for 2014, the Compensation Committee decided to increase base salaries by 3% for all named executive officers, with the exception of Peter A. Rendall. The 3% increase represented the Compensation Committee's estimate of the median increase in base salaries that would be made in the high technology market in 2014 based on the guidance from the Radford survey data in 2013. Consistent with the 2013 Radford survey data, Mr. Rendall received an increase of 5% in order to align his base salary more closely with the median for his position because his base salary was first established in October 2012 when he was appointed CFO, and that base salary was increased by only 1% at the time of the annual salary adjustment in early 2013. These adjustments were effective January 1, 2014.

**Annual Cash-based Incentive Compensation**

Our management incentive plan is designed to reward our executives for the achievement of annual goals, principally, achievement of corporate financial goals, and, secondarily, achievement of individual goals. It is our philosophy that the executives be rewarded for their performance as a team. We believe this is important to align our executive officers' interests with strong corporate performance and to promote cooperation among them. The executives also are rewarded for achieving individual goals set at the beginning of each year.



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*Formula for Cash-based Incentive Compensation*

In March 2014, the Compensation Committee adopted the management incentive plan for 2014. The management incentive plan for 2014 was adopted based on our historical financial performance, planned strategic initiatives and the existing economic environment. Annual cash-based incentive compensation opportunities as a percentage of base salary were targeted at 90% of base salary for the CEO and 50% of base salary for the other named executive officers, with the exception of one individual that was targeted at 45% of base salary and one individual that was targeted at 40% of base salary. The Compensation Committee approved two formulas for calculating the cash-based incentive compensation with respect to the named executive officers, one formula for the executive responsible for sales and one formula for all other executives. The incentive compensation formula for the sales executive for 2014 was based 25% on corporate performance goals, 50% on applicable business unit performance goals and 25% on individual performance. The portion of the bonus based on corporate performance was measured by the achievement of the corporate performance for (i) revenue and (ii) earnings before interest, taxes, depreciation, amortization, equity-based compensation expense and payments under the management incentive plan, or adjusted EBITDA. The threshold for payment of the portion of the bonus for corporate performance for the sales executive was our achievement of 100% of the corporate revenue target and 85% of the adjusted EBITDA target, and at this level of achievement, 50% of the target bonus for corporate performance would have been earned. If we did not meet either of these thresholds, the payment for the corporate performance portion of the bonus would have been zero. The bonus payment for corporate performance would have been 100% for the sales executive if we had achieved 100% of our targets for both revenue and adjusted EBITDA. The maximum bonus payment for corporate performance would have been awarded if we had exceeded the targets for revenue and adjusted EBITDA by 15% and 25%, respectively, in which case the payment would have been 233% of the target bonus for corporate performance. The portion of the bonus plan based on achieving business unit performance goals used the same formula described above for corporate performance as applicable to the sales executive's individual business unit performance. The Compensation Committee selected revenue and adjusted EBITDA as performance measures because it believed that revenue and adjusted EBITDA are strong operating measurements of how well or poorly we performed from a financial standpoint in 2014. The portion of the bonus based on individual performance for such executives was based solely on the discretion of the Compensation Committee.

The Compensation Committee approved a formula for determining the bonus of all other named executive officers based 75% on corporate performance goals and 25% on

individual performance. The portion of the bonus plan based on achieving corporate performance goals used the same formula described above for the sales executives. The portion of the bonus based on individual performance for such executives was based solely on the discretion of the Compensation Committee.

*Incentive Compensation Awarded*

The Compensation Committee awarded incentive compensation for 2014 based on its assessment of the degree of achievement of corporate and business unit performance goals for 2014, as well as individual performance in that year.

**The Compensation Committee determined that neither the corporate performance goals nor the business unit performance goals for revenue or adjusted EBITDA were met. Accordingly, the Compensation Committee determined not to award any bonuses with respect to the portion of each named executive officer's incentive compensation target attributable to corporate or business unit performance.**

Individual performance bonuses were awarded based on the Compensation Committee's consideration of qualitative factors (such as the executive's contribution to corporate results and attainment of business unit goals); contribution towards strategic initiatives; and other priorities. Bonuses awarded for individual performance for the named executive officers ranged from 90% to 96% of individual performance targets. Accordingly, cash-based incentive compensation actually awarded to the named executive officers for 2014 performance ranged from approximately 23% to 24% of their respective incentive compensation targets.

In determining the individual performance bonus for each named executive officer, the Compensation Committee considers individual achievements throughout the year. The following summarizes some of the individual achievements of our named executive officers considered by the Compensation Committee in determining the amounts awarded for individual performance for 2014:

**Martin Kits van Heyningen, President, Chief Executive Officer and Chairman of the Board**

Ø Acquired Videotel Marine Asia Limited and Super Dragon Limited (together referred to as Videotel) in July 2014.

Ø Successfully introduced the new IP-MobileCast content delivery service for the mini-VSAT Broadband network.

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- Ø Successfully introduced new product lines for mini-VSAT Broadband, satellite TV, TACNAV and FOG.
- Ø Maintained our leadership position as the No. 1 maritime VSAT provider.
- Ø Reached milestones for recurring subscription-based service revenues and maritime VSAT antenna shipments.

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**Peter A. Rendall, Chief Financial Officer**

- Ø Led the successful acquisition and related financing of Videotel, which was acquired in July 2014.
- Ø Implemented new billing and accounting platforms to facilitate improved financial reporting, controls and decision processes.
- Ø Developed finance and human resource team to support a larger, more complex business.
- Ø Implemented tax planning strategies.

**Brent C. Bruun, Executive Vice President, Mobile Broadband**

- Ø Completed an organizational restructuring of the EMEA region to include the hiring of critical sales leadership talent.
- Ø Generated significant wins across the mobile broadband product line.
- Ø Oversaw the successful completion of major satellite capacity increases for the mini-VSAT Broadband network in the Caribbean and South America regions.
- Ø Successfully expanded entertainment and operations content offerings for KVH's IP-MobileCast service.
- Ø Instituted an inside sales organization focused on up-selling services.

**Robert J. Balog, Senior Vice President, Engineering**

- Ø Managed a variety of research and development and new product development efforts, including the new TracVision satellite TV antenna products, TACNAV 3D, TACNAV II+, 1725 IMU, 1750 IMU, 1775 IMU and IP-MobileCast.
- Ø Continued to strengthen new product development and engineering processes, including the implementation of an automated and integrated test methodology.
- Ø Continued to manage engineering department budget spending and scheduling commitments for mobile broadband and guidance and stabilization product and services roadmap.

**James S. Dodez, Senior Vice President, Marketing and Strategic Planning**

- Ø Developed the marketing and branding strategy for the new TracVision satellite TV antenna products and IP-MobileCast.
- Ø Developed the branding strategy for Headland Media Limited (now known as KVH Media Group Ltd.) and Videotel services unifying their respective content offerings and positions as an integral part of the IP-MobileCast solution.
- Ø Created broader awareness of KVH's maritime VSAT leadership position in the commercial and leisure maritime markets.
- Ø Supported marketing efforts across different sales groups within KVH.

**Equity Incentive Program**

For 2014, the Compensation Committee decided to grant our named executive officers substantially the same equity incentive awards as in 2013, except that the award to our CFO was increased to the same level as the awards to all other named executive officers other than the CEO. The Compensation Committee determined that the benchmarks used for equity incentive awards in 2013 remained relevant for decisions regarding awards in 2014. The equity grant to our CEO in 2013 was based upon the Radford survey data for grants to other chief executive officers, the CEO's prior performance, the value of equity awards previously granted and unvested and the importance of retaining the CEO's services. These factors, as well as the CEO's achievements that were considered by the Compensation Committee in determining his 2013 base salary, were taken into consideration when determining the number of shares