



March 5, 2014

CPI International Announces Consent Solicitation to Amend Indenture Governing 8.00% Senior Notes Due 2018

PALO ALTO, Calif. - March 5, 2014 - CPI International, Inc. ("CPI") is commencing a consent solicitation (the "Consent Solicitation") to amend the indenture (the "Indenture") governing its 8.00% Senior Notes due 2018 (the "Notes"), on the terms and subject to the conditions set forth in CPI's Consent Solicitation Statement (the "Consent Solicitation Statement").

CPI is soliciting consents for proposed amendments to the Indenture that would (1) increase the aggregate amount of indebtedness under CPI's credit facilities that constitutes "Permitted Indebtedness" for the purpose of the Limitations on Additional Indebtedness covenant from \$230 million to \$365 million and (2) modify the Restricted Payments covenant in order to allow CPI to pay a one-time dividend of up to \$175 million to CPI International Holding Corp. (the "Special Dividend"), the parent of CPI. In consideration for these covenant changes:

- CPI will make a cash payment of \$25.00 per \$1,000 (the "Consent Payment") in aggregate principal amount of Notes as to which the holder of such Notes has validly delivered a duly executed consent prior to the Expiration Time (as defined below) and who has not revoked the consent in accordance with the procedure described in the Consent Solicitation Statement;
- The interest rate on the Notes will be increased from 8.00% to 8.75% per annum; and
- The premium for any optional redemption of the Notes will be increased to (i) for redemptions prior to February 15, 2016, the make-whole premium, (ii) for redemptions from February 15, 2016 to February 14, 2017, 4% and (iii) for redemptions thereafter, 1%. Under the current optional redemption provisions of the Indenture, the premium is the make-whole premium prior to February 15, 2015, 4% from February 15, 2015 to February 14, 2016, 2% from February 15, 2016 to February 14, 2017 and 0% thereafter.

The covenant changes and the increases to the interest rate and optional redemption prices described above are referred to collectively as the "Proposed Amendments." The Proposed Amendments will be set forth in a supplemental indenture and are described in more detail in the Consent Solicitation Statement.

Consents from holders of not less than a majority of the aggregate principal amount of Notes outstanding (excluding any Notes owned by CPI or its Affiliates, as defined in the Indenture) (the "Requisite Consents") are required for the Proposed Amendments. As of the date hereof, there are \$215 million aggregate principal amount of Notes outstanding. Holders of Notes of record as of 5:00 p.m., New York City time, on January 31, 2014 (the "Record Date") will be eligible to participate in the Consent Solicitation. Consents may be revoked pursuant to procedures described in the Consent Solicitation Statement until CPI has received the Requisite Consents. The Consent Solicitation will expire at 5:00 p.m., New York City time, on March 11, 2014, unless extended (such date and time, as they may be extended, the "Expiration Time").

The Proposed Amendments will not become operative until payment of the Consent Payment. CPI will not pay the Consent Payment until the satisfaction or waiver of a number of conditions described in the Consent Solicitation Statement, including the closing of new senior secured credit facilities comprising of a revolving credit facility of not less than \$30 million and a term loan facility of not less than \$310 million. Proceeds of the new credit facilities would be used to fund the Special Dividend and the refinancing of CPI's existing senior secured credit facilities. There can be no assurance that CPI will be able to obtain the senior secured credit facilities.

UBS Investment Bank is acting as the consent solicitation agent and Global Bondholder Services Corporation is acting as the information agent and tabulation agent. Requests for documentation should be directed to Global Bondholder Services Corporation at 866-470-3900 (U.S. toll-free) or 212-430-3774 (for banks and brokerage firms). Questions regarding the consent solicitation should be directed to UBS Investment Bank, acting as consent solicitation agent, at 888-719-4210 (U.S. toll-free) or 203-719-4210 (collect).

This announcement is not an offer to purchase, a solicitation of an offer to purchase or a solicitation of consents with respect to any Notes. The Consent Solicitation is being made solely by the Consent Solicitation Statement, which sets forth the complete terms and conditions of the Consent Solicitation.

About CPI International, Inc.

CPI International, Inc., headquartered in Palo Alto, California, is the parent company of Communications & Power Industries LLC and Communications & Power Industries Canada Inc., which together are a leading provider of microwave, radio frequency,

power and control solutions for critical defense, communications, medical, scientific and other applications. Communications & Power Industries LLC and Communications & Power Industries Canada Inc. develop, manufacture and distribute products used to generate, amplify, transmit and receive high-power/high-frequency microwave and radio frequency signals and/or provide power and control for various applications. End-use applications of these systems include the transmission of radar signals for navigation and location; transmission of deception signals for electronic countermeasures; transmission and amplification of voice, data and video signals for broadcasting, Internet and other types of commercial and military communications; providing power and control for medical diagnostic imaging; and generating microwave energy for radiation therapy in the treatment of cancer and for various industrial and scientific applications.

Certain statements included above constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements provide our current expectations, beliefs or forecasts of future events. Forward-looking statements are subject to known and unknown risks and uncertainties, which could cause actual events or results to differ materially from the results projected, expected or implied by these forward-looking statements. These factors include, but are not limited to, competition in our end markets; our significant amount of debt; changes or reductions in the U.S. defense budget; currency fluctuations; goodwill impairment considerations; customer cancellations of sales contracts; U.S. Government contracts; export restrictions and other laws and regulations; international laws; changes in technology; the impact of unexpected costs; the impact of a general slowdown in the global economy; the impact of environmental or zoning laws and regulations; and inability to obtain raw materials and components. These and other risks are described in more detail in CPI International Holding Corp.'s periodic filings with the Securities and Exchange Commission. As a result of these uncertainties, you should not place undue reliance on these forward-looking statements. All future written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us.

We are under no duty to update any of the forward-looking statements after the date of this press release to conform such statements to actual results or to changes in our expectations. The information in this press release is not a complete description of our business or the risks and uncertainties associated with the Consent Solicitation. Please refer to CPI International Holding Corp.'s Annual Report on Form 10-K for the fiscal year ended September 27, 2013 for more detailed information regarding these risks, uncertainties and assumptions.

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