



## **CPI International and Communications & Power Industries Announce Tender Offer and Consent Solicitation for Floating Rate Senior Notes and 8% Senior Subordinated Notes**

PALO ALTO, Calif., Jan. 13, 2011 /PRNewswire/ -- Communications & Power Industries, Inc. ("CPI"), a subsidiary of CPI International, Inc. ("CPII" and, together with CPI, the "Issuers"), is commencing a cash tender offer (the "8% Notes Offer") for all of its outstanding \$117 million aggregate principal amount of 8% Senior Subordinated Notes due 2012 (the "8% Notes"), and CPII is commencing a cash tender offer (the "Floating Rate Senior Notes Offer" and, together with the 8% Notes Offer, the "Offer") for all of its outstanding \$12 million aggregate principal amount of Floating Rate Senior Notes due 2015 (the "Floating Rate Notes" and, together with the 8% Notes, the "Notes"), on the terms and subject to the conditions set forth in the Issuers' Offer to Purchase and Consent Solicitation Statement (the "Offer to Purchase"). CPII's common stock trades on the Nasdaq Global Select Market under the symbol "CPII."

(Logo: <http://photos.prnewswire.com/prnh/20060426/CPILOGO>)

The Issuers are also soliciting consents for proposed amendments to the indentures under which the Notes were issued that, among other things, would eliminate most of the restrictive covenants and certain events of default contained in the indentures and waive any and all defaults resulting from the consummation of the merger and financing arrangements described below.

The proposed amendments to the indentures will be set forth in supplemental indentures and are described in more detail in the Offer to Purchase. A supplemental indenture will not be executed unless and until the applicable Issuer has received consents from holders of a majority of outstanding principal amount of the applicable series of Notes (excluding any Notes owned by the Issuers or any of their Affiliates, as defined in the indentures), and the amendments will not become operative unless and until the applicable Issuer has accepted these Notes for purchase pursuant to the Offer to Purchase. Holders who tender their Notes will be deemed to consent to the proposed amendments for that series of Notes, and holders who consent will be required to tender their Notes.

Consummation of the Offer is subject to the satisfaction or waiver of a number of conditions, including consummation of the proposed merger between CPII and Catalyst Acquisition, Inc., execution of the supplemental indentures and satisfactory financing arrangements in at least an amount that will be sufficient to purchase the Notes tendered in the Offer or redeemed thereafter, pay for the delivered consents, repay all outstanding bank debt of CPI, pay the consideration to the CPII stockholders in connection with the merger and pay all costs and expenses associated with the foregoing transactions.

The Offer will expire at 12:00 midnight, New York City time, on February 10, 2011, unless extended (such date and time, as they may be extended, the "Expiration Time") or terminated by the Issuers. The consent solicitations will expire at 5:00 p.m., New York City time, on January 27, 2011, unless extended (such date and time, as they may be extended, the "Consent Expiration").

The total consideration for each \$1,000 principal amount of 8% Notes or Floating Rate Senior Notes tendered and accepted for payment pursuant to the 8% Notes Offer or Floating Rate Senior Notes Offer, respectively, is \$1,003.50, plus accrued and unpaid interest up to, but not including, the date of payment for such Notes. A portion of the total consideration for both the Floating Rate Notes and the 8% Notes is a consent payment in the amount of \$30 per \$1,000 principal amount of Notes for delivering consents to the proposed amendments to the indenture prior to the Consent Expiration. For each series of Notes, the applicable Issuer will pay the total consideration for such Notes on a business day it selects following both the Consent Expiration and the satisfaction or waiver of the conditions to closing of the respective Offer.

Holders that tender their 8% Notes or Floating Rate Notes after the Consent Expiration but prior to the Expiration Time will be eligible to receive only the purchase price of \$973.50 per \$1,000 principal amount of 8% Notes or Floating Rate Notes (as applicable), plus accrued and unpaid interest. If such Notes are accepted for purchase, the applicable Issuer will pay the purchase price promptly after the Expiration Time.

Notes tendered and related consents may be withdrawn prior to the later of (x) 5:00 p.m., New York City time, on January 27, 2011 and (y) the date on which consents sufficient to effectuate the proposed amendments for that series of Notes have been received (and not revoked) (the "Withdrawal Time"), unless extended, except in limited circumstances where withdrawal rights are required by law. A Holder may not validly revoke a consent unless such Holder validly withdraws its previously tendered Notes. Any Notes tendered on or before the Withdrawal Time that are not validly withdrawn before the Withdrawal Time may not be withdrawn thereafter, and any Notes tendered after the Withdrawal Time may not be withdrawn, unless in either case the Issuers are otherwise required by applicable law to permit the withdrawal. A valid withdrawal of tendered Notes on or before the Withdrawal Time shall be deemed a valid revocation of the related consent.

UBS Investment Bank is acting as the dealer manager, D.F. King & Co., Inc. is acting as the information agent, and The Bank of New York Mellon Trust Company, N.A. is acting as the tender agent and paying agent for the Offer. Requests for documentation should be directed to D.F. King & Co., Inc. at (800) 488-8035 (toll free) or (212) 269-5550 (for banks and brokerage firms). Questions regarding the tender offer and consent solicitation should be directed to UBS Investment Bank, acting as dealer manager and consent solicitation agent, at (888) 719-4210 (U.S. toll-free) or (203) 719-4210 (collect), attention: Liability Management Group.

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 Offer is being made solely by the Offer to Purchase, which sets forth the complete terms and conditions of the tender offer and consent solicitation.

#### **About CPI International, Inc. and Communications & Power Industries, Inc.**

CPI International, Inc. (Nasdaq: CPII), headquartered in Palo Alto, California, is the parent company of Communications & Power Industries, Inc., a provider of microwave, radio frequency, power and control solutions for critical defense, communications, medical, scientific and other applications. Communications & Power Industries, Inc. develops, manufactures and distributes 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.

*This press release contains forward-looking statements, within the meaning of securities laws, that relate to future events or our future financial performance. In some cases, readers can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue," the negative of such terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Forward-looking statements are subject to known and unknown risks and uncertainties, which could cause actual results to differ materially from the results projected, expected or implied by the forward-looking statements. These risk factors include, without limitation, risks associated with: the amount of Notes tendered and the satisfaction of the conditions of the Offer and the consent solicitation; our ability to consummate the merger; competition in our end markets; our significant amount of debt and our ability to refinance our debt; changes or reductions in the United States 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 laws and regulations; and inability to obtain raw materials and components.*

*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 Offer and the consent solicitation. Please refer to CPI International's Annual Report on Form 10-K for the fiscal year ended October 1, 2010 for more detailed information regarding these risks, uncertainties and assumptions.*

SOURCE CPI International, Inc.

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