

CPI International, Inc.

Charter for Compensation Committee

(adopted April 27, 2006)

ARTICLE I FORMATION

The Board of Directors (the "Board") of CPI International, Inc., a Delaware corporation (the "Corporation"), has established the Compensation Committee (the "Committee") pursuant to Section 141(c)(2) of the Delaware General Corporation Law and Article 4 of the Corporation's Amended and Restated Bylaws.

ARTICLE II PURPOSE

The purpose of the Committee is (i) to discharge the Board's responsibilities relating to compensation of the Corporation's executive officers; (ii) to oversee and advise the Board on the adoption of policies that govern the overall compensation programs of the Corporation's executive officers, including bonus and incentive plans, stock option plans and benefit plans; and (iii) to produce an annual report on executive officer compensation for inclusion in the Corporation's proxy statement.

ARTICLE III COMPOSITION

The Committee shall consist of at least two (2) directors, each of whom shall be determined by the Board to be "independent" in accordance with the rules of the Nasdaq National Market (except as may be allowed by those rules in exceptional circumstances, under the "controlled company exception" or applicable transition rules). In addition, no director may serve unless he or she (i) is a "non-employee director" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (ii) satisfies the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended; provided, however, that directors may serve on the Committee who do not meet the "non-employee director" and/or "outside director" requirements if the Board determines that the service of such directors is in the best interests of the Corporation. Subject to the foregoing, the exact number of members of the Committee shall be fixed and may be changed from time to time by resolution duly adopted by the Board.

The members of the Committee shall be appointed by the Board and shall continue to be members until their successors are elected and qualified as directors and appointed to the Committee or until their earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by the Board at any time.

The Board may appoint one member to serve as Chair of the Committee. The Chair shall set the agenda for the Committee's meetings, convene and chair the Committee's

regular and special meetings and act as the Committee's representative to the Board in communicating with the Board and management. If the Board fails to appoint a Chair of the Committee, the members of the Committee shall elect a Chair by majority vote of the full Committee to serve at the pleasure of the majority of the full Committee.

ARTICLE IV RESPONSIBILITIES

The principal responsibilities and functions of the Committee are set forth below. The Committee is authorized to carry out these responsibilities and other responsibilities assigned to it by the Board from time to time, and to take any action reasonably related to the mandate of this Charter. Subject to any restrictions set forth in the Corporation's Amended and Restated Certificate of Incorporation, as amended, modified or supplemented from time to time, the Corporation's Amended and Restated Bylaws, as amended, modified or supplemented from time to time (the "Bylaws"), and applicable law, the Committee shall have all power and authority necessary or appropriate to carry out its purposes and responsibilities.

A. Compensation Arrangements

1. Determine, or recommend to the Board for determination, the compensation structure on an annual basis for the chief executive officer and all other "officers" as the term is defined in Section 16 of the Securities Exchange Act of 1934, as amended, and Rule 16a-1(f) promulgated thereunder ("Executive Officers").
2. Monitor the compensation paid by other comparable companies to their executive officers, as well as the performance of the Corporation and its Executive Officers, evaluate the annual compensation packages of the Corporation's Executive Officers on the basis of these trends and determine whether adjustments to base salary, bonuses, fringe benefits or other compensation programs are appropriate.
3. Review the performance of the Chief Executive Officer and report to the Board with respect thereto as deemed appropriate by the Committee. If deemed appropriate by the Committee, determine the performance goals and objectives that shall serve as a benchmark for the performance-based compensation of Executive Officers. If applicable, evaluate the Executive Officers' performance against such performance goals and objectives, and determine the appropriate level of performance-based compensation that each Executive Officer should receive.
4. As may be requested by the Board or management determine the terms and conditions to be included in an Executive Officer's employment agreement.

5. As may be requested by the Board or management, determine the terms and conditions applicable in connection with the termination of employment of an Executive Officer (including severance).
6. Review and approve the establishment of, and any material amendments of, all stock option plans or other equity-based compensation plans. Recommend changes in such plans to the Board as deemed necessary, appropriate or advisable by the Committee.
7. Grant awards of shares, share options or other equity units pursuant to the Corporation's stock option plans or other equity-based compensation plans and/or delegate authority to management to make such grants as it deems appropriate (but not with respect to any grants to Executive Officers).
8. Review and make recommendations to the Board with respect to the compensation of non-management directors and directors' and officers' indemnity and insurance matters.

B. Reports

1. Prepare the report required by applicable rules and regulations of the Securities and Exchange Commission and other applicable regulatory bodies for inclusion in the Corporation's annual proxy statement.

C. Performance Assessment

1. Conduct a self-evaluation, at least annually, to determine if the Committee is functioning effectively. This self-evaluation shall assess the contribution of the Committee as a whole and will specifically review areas in which the Committee believes a better contribution could be made. Its purpose is to increase the effectiveness of the Committee, not to review individual Committee members.
2. At least annually, review this Charter and reassess its adequacy.

The foregoing functions and responsibilities are set forth with the understanding that the Committee may, to the extent permitted by applicable laws or regulations, diverge therefrom as appropriate given the circumstances.

The Committee shall have the resources and authority necessary to discharge its duties and responsibilities, including the sole authority to retain outside separate counsel or other experts or consultants, on such terms as it deems appropriate. The Committee is empowered to investigate any matter brought to its attention that is within the scope of or otherwise relevant to its responsibilities, with all requisite access to all books, records, facilities and personnel of the Corporation and with access to the Corporation's outside legal counsel and other advisors.

ARTICLE V PROCEDURES

The Committee shall have at least one (1) meeting per year. Additional meetings shall occur as the Committee or its Chair deems advisable. Notwithstanding the foregoing, the Committee shall have at least one (1) meeting per year in executive session without the presence of management and non-Committee member directors. The Chief Executive Officer shall not be present during the voting or deliberations relating to his compensation.

The Committee shall keep regular minutes of its meetings, and shall report its actions and recommendations to the next meeting of the Board or as the Board otherwise requests. Meetings and actions of the Committee shall be governed by, and held and taken in accordance with, the provisions of the Bylaws, with such changes in the context of the Bylaws as are necessary to substitute the Committee, the Chair of the Committee and its members for the Board, the Chairman of the Board and its members. Regular meetings of the Committee may be held at such time and such place as the Committee determines from time to time. The Committee shall meet separately, on at least an annual basis, with the chief executive officer and any other corporate officers as the Board and the Committee deem appropriate to discuss and review the performance criteria and compensation levels of the Executive Officers. In the absence of the Chair, a member designated by the Chair or designated by a majority of the members in attendance shall preside at a meeting.

The Committee may form, and delegate any of its responsibilities to, a subcommittee so long as such subcommittee consists of at least two members of the Committee. The requirements for action by a subcommittee shall, except as otherwise provided by act of the Committee, be the same as applicable to the Committee.

All non-management directors who are not members of the Committee may attend and observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. The Committee may, at its discretion and at the invitation of the Chair, include in its meetings members of the Company's management, representatives of the Company's outside advisors, any other personnel employed or retained by the Company or any other persons whose presence the Committee believes to be necessary or appropriate. Notwithstanding the foregoing, the Committee may also exclude from its meetings any persons it deems appropriate, including, but not limited to, any non-management director who is not a member of the Committee.