

CPI International, Inc.
Corporate Governance Guidelines
(as of April 27, 2006)

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the "**Board**"), CPI International, Inc., a Delaware corporation (the "**Company**"), pursuant to the recommendations of the Nominating and Governance Committee to assist the Board in the exercise of its responsibilities. These Corporate Governance Guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision making both at the Board and management level, with a view to enhancing long-term stockholder value. The Board intends that these guidelines serve as a flexible framework within which the Board may conduct its business, not as a set of binding legal obligations.

These Corporate Governance Guidelines are not intended to change or interpret any Federal or state law or regulation, including the General Corporation Law of the State of Delaware, or the Amended and Restated Certificate of Incorporation or Amended and Restated Bylaws of the Company (as those documents may be modified, amended or supplemented from time to time). These Corporate Governance Guidelines are subject to modification from time to time by the Board pursuant to recommendations of the Nominating and Governance Committee.

THE BOARD

Role of Directors

The business and affairs of the Company shall be managed by or under the direction of the Board. A director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director sits, and to review prior to meetings material distributed in advance for such meetings. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify, in advance of the applicable meeting, the Chief Executive Officer and the Secretary, in the case of a Board meeting, and the Chairman of the applicable committee or the Secretary, in the case of a committee meeting.

The Board's Goals

The Board's goals are generally to build long-term value for the Company's stockholders and to assure the vitality of the Company for its customers, employees and the other individuals and organizations that depend on the Company.

To achieve these goals the Board is expected to monitor both the performance of the Company (in relation to its financial objectives, major goals, strategies and competitors) and the performance of the Chief Executive Officer, and offer him or her constructive advice and feedback. The Board is also responsible for oversight of the Company's program to prevent and detect violations of law, regulation and Company policies and procedures. The Board will select and evaluate the Chief Executive Officer, and will, as requested, provide input to

the Chief Executive Officer with respect to the selection and evaluation of the Company's principal senior executives.

Selection of the Chairman of the Board

The Board does not require the separation of the offices of the Chairman of the Board and the Chief Executive Officer. The Board shall be free to choose its Chairman in any way that it deems best for the Company at any given point in time.

Size of the Board

The Company's Amended and Restated Bylaws provide that the number of directors shall be between three and fifteen, with the exact number of directors to be set by resolution of the Board from time to time. The Board shall periodically review the size of the Board, which may be increased or decreased if determined to be appropriate by the Board.

Selection of New Directors

The Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Nominating and Governance Committee is responsible for identifying, screening and recommending candidates to the Board for Board membership.

Board Membership Criteria

Nominees for director shall be selected on the basis of, among other things, knowledge, experience, skills, expertise, integrity, diversity, ability to make independent analytical inquiries, and understanding of the Company's business environment, all in the context of an assessment of the perceived needs of the Board at that time. Nominees should also be willing to devote adequate time and effort to Board responsibilities. Exceptional candidates who do not meet all of these criteria may still be considered.

The Nominating and Governance Committee shall be responsible for assessing the appropriate balance of criteria required of Board members.

Other Public Company Directorships

The Nominating and Governance Committee, in making its recommendations, shall consider the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee is a member. Directors are also expected to limit the number of other boards on which they serve in order to devote adequate time and effort to their Board responsibilities. Additionally, the Nominating and Governance Committee shall evaluate whether any member of the Audit Committee should be limited from sitting upon one or more other audit committees, taking into account the Company's needs at such time and the qualifications and demands upon the time of such person. The Board shall thereupon determine whether such service impairs such member's ability to effectively serve on the Audit Committee.

Independence of the Board

The Board shall consist of a majority of directors who, in the business judgment of the Board, qualify as independent directors ("**Independent Directors**") under the listing standards of the National Association of Securities Dealers' Nasdaq Stock Market ("**Nasdaq**"), except as may be allowed by those standards under the "controlled company" exception or the applicable transition rules thereunder.

Directors Who Change Their Present Job Responsibility

The Board does not believe that directors who retire or change the position they held when they became a member of the Board should necessarily leave the Board. Promptly following such event, the director must notify the Nominating and Governance Committee, which shall review the continued appropriateness of the affected director remaining on the Board under the circumstances. The affected director is expected to act in accordance with the Nominating and Governance Committee's recommendation following such review.

Retirement Age

The Board does not believe that a fixed retirement age for directors is appropriate.

Director Tenure

The Board does not feel that it should establish term limits. However, in connection with evaluating recommendations for nomination for re-election, the Nominating and Governance Committee shall consider the issue of continuing director tenure and take steps as may be appropriate to ensure that the Board maintains openness to new ideas.

Board Compensation

A director who is also an officer or employee of the Company shall not receive additional compensation for such service as a director.

The Company believes that compensation for non-employee directors should be competitive and should encourage increased ownership of the Company's stock through the payment of all or a portion of director compensation in Company stock, options to purchase Company stock or similar compensation.

The Compensation Committee will periodically review the level and form of, and, if it deems appropriate, recommend to the Board changes in, Board compensation. From time to time, the Compensation Committee may seek out or entertain reports from the staff of the Company on the status of Board compensation in relation to similarly situated companies.

Director Stock Ownership

The Board believes that, in order to align the interests of the directors and stockholders of the Company, directors should have a financial stake in the Company. In furtherance of this policy, the Board believes that each director should own, at a minimum, shares of Company common stock with a value equal to 1.5 times the amount of the annual retainer for

directors. Directors will have three years from the date of joining the Board or the adoption of this guideline to attain their share ownership threshold. The Board will evaluate whether exceptions should be made in the case of any director who, due to his or her unique financial circumstances, would incur a hardship by complying with this requirement. It is understood that if directors temporarily do not meet this guideline because there has been a significant drop in the price of the Company's stock, they would have a reasonable period of time to acquire additional shares of stock necessary to meet the guidelines.

Board Access to Management and Outside Advisors

Board members shall have access to the Company's management and, as appropriate, to the Company's outside advisors. Board members shall coordinate such access through the Chief Executive Officer, and Board members will use judgment to assure that this access is not distracting to the business operations of the Company. Additionally, the Board and its committees may retain independent outside advisors, at the expense of the Company, as they determine necessary to carry out their responsibilities.

Board Interaction with Investors, Analysts, Press and Customers

The Board believes that management generally should speak for the Company. It is suggested that each director shall refer all inquiries from investors, analysts, the press or customers to the Chief Executive Officer or his or her designee.

Communications to the Board of Directors

Stockholders and other interested parties may contact any member (or all members) of the Board (including without limitation the non-management directors as a group), any Board committee or any Chair of any such committee by U.S. mail or by e-mail. To communicate with the Board, any individual director or any group or committee of directors, correspondence should be addressed to the Board or any such individual director or group or committee of directors by either name or title. If by U.S. mail, such correspondence should be sent c/o Secretary, CPI International, Inc., 811 Hansen Way, Palo Alto, California 94303. E-mail messages should be sent to [CorporateSecretary@cpii.com].

All communications received as set forth in the preceding paragraph will be opened by the Corporate Secretary for the sole purpose of determining whether the contents represent a message to the Company's directors. The Corporate Secretary will forward copies of all correspondence that, in the opinion of the Corporate Secretary, deals with the functions of the Board or its committees or that he or she otherwise determines requires the attention of any member, group or committee of the Board. The Corporate Secretary will not forward junk mail, job inquiries, business solicitations, complaints by users or customers with respect to ordinary course of business customer service, offensive or otherwise inappropriate materials.

Attendance at Annual Meeting of Stockholders

It is Company policy that Directors are invited and encouraged to attend the Annual Meeting of Stockholders.

Assessing the Board's Performance

The Board and each committee, pursuant to its charter, will conduct a self-evaluation, at least annually, to determine if it and its committees are functioning effectively. The Nominating and Governance Committee is responsible for overseeing and reporting to the Board, on an annual basis, an assessment of the Board's performance and procedures. This will be discussed by the full Board.

This assessment is of the Board's contribution as a whole and specifically reviews areas in which the Board and/or management believes a better contribution could be made. Its purpose is to increase the effectiveness of the Board, not to review individual Board members.

In addition, the Nominating and Governance Committee will review the performance of each individual Board member prior to proposing him or her for re-election.

BOARD MEETINGS

Frequency of Meetings

There shall be at least four regularly scheduled meetings of the Board each year. Special meetings of the Board will be held as required by the needs of the Company.

Selection of Agenda Items for Board Meetings

In preparation for meetings of the Board, the Chief Executive Officer (in consultation with, and subject to the direction, of the Chairman of the Board, if such positions are held separately), with support from the Secretary of the Company and such other officers as the Chief Executive Officer or Secretary shall designate, shall disseminate to directors on a timely basis briefing materials regarding matters to be included in the meeting agenda, as well as minutes from prior meetings and any written reports by committees. Each Board member shall be free to suggest inclusion of items on the agenda as well as free to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

Attendance of Management Personnel at Board Meetings

The Board encourages the Chief Executive Officer to bring members of management from time to time into Board meetings to (i) provide management insight into items being discussed by the Board because of management involvement in these areas; (ii) make presentations to the Board; and (iii) bring managers with significant potential into contact with the Board.

Board Materials Distributed in Advance

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting should, to the extent practicable, be distributed sufficiently in advance of the meeting to permit prior review by the directors. Sensitive subject matters may be discussed at the meeting without written materials being distributed in advance or at the meeting. Similarly, matters may be discussed at a meeting

called on short notice in the event of a pressing need without written material being made available.

Separate Sessions of Independent Directors

The Independent Directors of the Company shall meet in executive session without management as may be necessary to comply with all applicable legal, regulatory and stock exchange requirements, but no less than two times a year, which sessions may take place in connection with regularly scheduled Board meetings.

COMMITTEE MATTERS

Number and Names of Board Committees

The Company shall have the following standing committees: Audit Committee, Nominating and Governance Committee and Compensation Committee. The purpose and responsibilities for each of these committees shall be outlined in committee charters adopted by the Board. The Board may, from time to time, form a new committee, re-allocate responsibilities of one committee to another committee or disband a current committee depending on circumstances. In addition, the Board may determine to form ad hoc committees from time to time, and determine the composition and areas of competence of such committees.

Composition of Board Committees

Each of the Audit Committee, the Nominating and Governance Committee and the Compensation Committee shall consist of directors that have the qualifications and attributes necessary to permit the Company to comply with all applicable legal, regulatory and stock exchange requirements relating to the composition of such committees.