CPI HOLDCO INC
Form S-4
April 07, 2005

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As filed with the Securities and Exchange Commission on April 7, 2005

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM S-4

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

CPI HOLDCO, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**3670**	**75-3142681**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

**811 Hansen Way
Palo Alto, California 94303-1110
(650) 846-2900**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**Joel A. Littman
811 Hansen Way
Palo Alto, California 94303-1110
(650) 846-2900**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:

**Richard C. Wirthlin, Esq.
Irell & Manella LLP
1800 Avenue of the Stars, Suite 900
Los Angeles, California 90067
(310) 277-1010**

**Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.**

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Note	Proposed Maximum Aggregate Offering Price	Amount Of Registration Fee
Floating Rate Senior Notes due 2015	$80,000,000	100%	$80,000,000	$9,416(1)
Floating Rate Senior Notes due 2015	$60,000,000(2)	100%	$60,000,000	$7,062(1)

(1) The amount of the registration fee paid herewith was calculated pursuant to Rule 457(f)(2) under the Securities Act of 1933, as amended.

(2) Represents an estimate of the aggregate principal amount of Floating Rate Senior Notes due 2015 that may be issued as in-kind interest from and including August 1, 2006 through and including February 1, 2010.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Subject to Completion, dated April 7, 2005

PROSPECTUS

CPI Holdco, Inc.

Offer to Exchange All Outstanding
Floating Rate Senior Notes due 2015
($80,000,000 aggregate principal amount outstanding)
for Floating Rate Senior Notes due 2015
that have been registered under the Securities Act of 1933, as amended

The Exchange Offer Will Expire at 5:00 p.m. New York City Time on , 2005, Unless extended

The Exchange Offer

CPI Holdco, Inc, which we refer to as CPI Holdco, will exchange all outstanding notes that are validly tendered and not validly withdrawn for an equal principal amount of exchange notes that are freely tradable.

You may withdraw tenders of outstanding notes at any time prior to the expiration date of the exchange offer.

The exchange offer expires at 5:00 p.m., New York City time, on , 2005, unless extended. CPI Holdco does not currently intend to extend the expiration date.

The exchange of outstanding notes for exchange notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes.

CPI Holdco will not receive any proceeds from the exchange offer.

The Exchange Notes

The exchange notes are being offered in order to satisfy some of CPI Holdco's obligations under the registration rights agreement entered into in connection with the private placement of the outstanding notes.

The terms of the exchange notes to be issued in the exchange offer are substantially identical to the terms of the outstanding notes, except that the exchange notes will be freely tradable.

Resales of Exchange Notes

The exchange notes may be sold in the over-the-counter market, in negotiated transactions or through a combination of such methods. CPI Holdco does not plan to list the exchange notes on a national market.

You should consider carefully the "Risk Factors" beginning on page 18 of this prospectus before participating in the exchange offer.

Each broker-dealer that receives exchange notes for its own account in the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of those exchange notes. The letter of transmittal states that, by so acknowledging and delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act of 1933.

This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding notes where the outstanding notes were acquired by the broker-dealer as a result of market-making activities or other trading activities.

CPI Holdco has agreed that, for a period of up to 180 days after the consummation of this exchange offer, CPI Holdco will use its reasonable best efforts to make this prospectus available to any broker-dealer for use in connection with the resale of exchange notes. See "Plan of Distribution".

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the exchange notes to be distributed in the exchange offer or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

This prospectus is dated , 2005.

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The information contained in this prospectus speaks only as of the date of this prospectus unless the information specifically indicates that another date applies. No dealer, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this prospectus in connection with the offer contained herein and, if given or made, such information or representations must not be relied upon as having been authorized by us. Neither the delivery of this prospectus nor any sale made hereunder shall under any circumstances create an implication that there has been no change in our affairs or that of our subsidiaries since the date hereof.

This prospectus incorporates by reference important business and financial information about us that is not included in or delivered with the document. You may obtain information incorporated by reference, at no cost, by writing or telephoning us at the following address and phone number:

CPI Holdco, Inc.
811 Hansen Way
Palo Alto, California, 94303
Attention: Joel A. Littman
Phone: (650) 846-2900

To obtain timely delivery, you must request this information no later than five business days before the date you must make your investment decision. Therefore, you must request this information no later than , 2005.

MARKET AND INDUSTRY DATA

Market data and other statistical information used throughout this prospectus are based on independent industry publications, government publications, reports by market research firms or other published independent sources. Some data are also based on our good faith estimates, which are derived from our review of internal data and information, as well as the independent sources listed above. Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy or completeness.

CERTAIN DEFINITIONS

When used in this prospectus, the following capitalized terms have the meanings set forth below:

"Code" means the Internal Revenue Code of 1986, as amended.

"CPI" means Communications & Power Industries, Inc.

"CPI Indenture" means the indenture, dated January 23, 2004, governing the CPI Notes.

"CPI Notes" means the 8% Senior Subordinated Notes due 2012 issued by CPI.

"CPI Holdco" means CPI Holdco, Inc., the issuer of the outstanding notes and the exchange notes and the direct parent of CPI.

"Cypress" means The Cypress Group, L.L.C.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Holding" or the "Predecessor" means Communications & Power Industries Holding Corporation, the predecessor to CPI Holdco.

"Merger" means the January 23, 2004 merger pursuant to which CPI Holdco acquired the Predecessor, as described in "Management's Discussion and Analysis of Financial Condition and Results of Operations The Merger".

"Senior Credit Facilities" means, collectively, CPI's revolving credit facility and term credit facility.

FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, which we refer to as the "Securities Act", and Section 21E of the Exchange Act, relating to future events or our future financial performance. All statements other than statements of current or historical fact contained in this prospectus are forward-looking statements. In some cases, you 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.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this prospectus. Important factors that could cause our actual results to differ materially from forward-looking statements we make in this prospectus are set forth in this prospectus, including under the heading "Risk Factors". These risks, uncertainties and other important factors include, among others:

our and our subsidiaries' indebtedness is substantial;

the agreements and instruments governing our debt and our subsidiaries' debt contain restrictions that could limit our flexibility in operating our business;

our ability to generate the significant amount of cash needed to service our debt and to fund capital expenditures or other liquidity needs depends on many factors beyond our control;

we have had historical losses;

we may be unable to retain and/or recruit key management and other personnel;

the markets in which we sell our products are competitive;

the end markets in which we operate are subject to technological change;

- a significant portion of our sales is, and is expected to continue to be, from contracts with the U.S. Government;
- we generate sales from contracts with foreign governments;
- our international operations subject us to social, political and economic risks of doing business in foreign countries;
- we may not be successful in obtaining the necessary export licenses and technical assistance agreements to conduct operations abroad, and the U.S. Congress may prevent proposed sales to foreign customers;
- our results of operations and financial condition may be adversely affected by increased or unexpected costs incurred by us on our contracts and sales orders;
- environmental regulation and legislation, liabilities relating to contamination and changes in our ability to recover under Varian Medical Systems, Inc.'s indemnity obligations, could adversely affect our business;
- we have only a limited ability to protect our intellectual property rights;
- our inability to obtain certain necessary raw materials and key components could disrupt the manufacture of our products and cause our financial condition and results of operations to suffer;
- the relocation of our San Carlos, California operating division to Palo Alto, California could result in disruption to our operations;
- we may not be able to timely comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002; and
- affiliates of Cypress control us.

There may be other factors that may cause our actual results to differ materially from the forward-looking statements.

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. All written and oral forward-looking statements made in connection with this prospectus that are attributable to us or persons acting on our behalf are expressly qualified in their entirety by the "Risk Factors" and other cautionary statements included herein. We are under no duty to update any of the forward-looking statements after the date of this prospectus or to conform such statements to actual results or to changes in our expectations.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus and does not contain all of the information that is important to you. You should read this entire prospectus carefully, especially the risks discussed under "Risk Factors", before participating in the exchange offer.

For definitions of certain capitalized terms used in this prospectus that are not defined elsewhere herein, see "Certain Definitions" on page ii. For a chart showing our ownership structure, see page 4.

Our fiscal year is the 52- or 53-week period that ends on the Friday nearest September 30. "Fiscal year 2004" refers to the 16-week period ended January 22, 2004 and the 36-week period ending October 1, 2004. References to our results of operations for "fiscal year 2004" are references to the combined pro-forma results of the Predecessor for the 16-week period ended January 22, 2004 and CPI Holdco for the 36-week period ended October 1, 2004. See "Management's Discussion and Analysis of Financial Condition The Merger". Fiscal year 2003 comprised the 53-week period ended October 3, 2003 and fiscal year 2002 comprised the 52-week period ended September 27, 2002. The first quarter of fiscal year 2005 comprised the 13 week-period ended December 31, 2004, and the first quarter of fiscal year 2004 comprised the 13-week period ended January 2, 2004. Unless otherwise noted, all business data included in this summary is as of December 31, 2004 and does not give effect to subsequent events.

CPI is a direct subsidiary of CPI Holdco. CPI Holdco is a holding company with no operations of its own. Unless stated otherwise, the discussion in this prospectus of our business includes the business of CPI Holdco and its direct and indirect subsidiaries on a consolidated basis for periods ending on or after January 23, 2004, after giving effect to the Merger, and of the Predecessor and its subsidiaries for periods ending prior to January 23, 2004. The terms "we," "us", "our" and the "Company" refer to CPI Holdco, or the Predecessor, as applicable, and its direct and indirect subsidiaries on a consolidated basis.

Overview

We are a leading designer, manufacturer and global marketer of vacuum electron devices ("VEDs"), satellite communications amplifiers, medical x-ray generators and other related products for critical defense and commercial applications. Both defense and commercial applications require the generation, control and transmission of high-power and high-frequency microwave and radio frequency ("RF") signals for which VED products are the most efficient technology. Our products are used for transmitting radar signals for location and tracking of threats and navigation, transmitting decoy and jamming signals for electronic warfare, transmitting and amplifying voice, data and video signals for broadcasting, the Internet and other types of communications, providing power and control for medical diagnostic imaging, generating microwave energy for radiation therapy in the treatment of cancer and for various industrial and scientific applications. Our products are vital elements of numerous high profile U.S. military programs such as the Navy's Aegis surface combatants (the DDG-51 class destroyers and the CG-47 cruisers), the ALE-50 and ALE-55 electronic warfare decoy programs and virtually every U.S. military radar in service.

We generate over 50% of our total sales from products for which we historically have been and currently are the sole provider to our customers. The majority of our VED products are consumable with an average life of between 3 and 7 years, and once they are installed in original equipment, they generate recurring sales of spares and repairs over the life of that equipment. We estimate that approximately 50% of our total sales are generated from sales of spares and repairs, which we believe, together with our installed base of existing products, provides a stable and recurring base of future sales. In fiscal year 2004, we generated total sales of $282.2 million and operating income of $20.8 million.

VEDs are devices that use high energy electrons, in a vacuum, to generate and amplify microwave signals. We offer over 6,000 products, which generally have selling prices ranging from $2,000 to

$50,000, with certain limited products priced up to $1,000,000. Our products include microwave and power grid VEDs, which generated over 70% of our total sales in fiscal year 2004, and non-VED products such as satellite communications amplifiers, medical x-ray generators, modulators and various other electronic power supply and control equipment and devices. We sell our products directly to procurement groups within the U.S. Department of Defense ("DoD"), foreign military services and commercial customers as well as to original equipment manufacturers ("OEMs") and systems integrators for ultimate sales to these customers. We currently operate five manufacturing facilities in North America and sell and service our products and customers globally through our internal sales and marketing force of over 50 professionals and over 35 external sales organizations.

Our worldwide government applications include defense electronics markets in radar, electronic warfare and communications, and our sales of products for these applications, both direct and through OEMs and systems integrators, contributed to over 50% of our total sales in fiscal year 2004. We believe the defense end market provides us with a stable and growing base of sales due to the critical nature of VED technology in enabling over 90% of all high-power military microwave transmitters. The DoD has recognized VED technology as a national asset and a December 2000 DoD report concluded that 80% of the 272 fielded military systems using VEDs (which currently use over 185,000 VEDs) will still be in use in the year 2030 and will require replacement spares or upgrades. In addition, we believe that our defense business will benefit from our broad, market-leading presence, the increase in defense spending generally and the emphasis by the U.S. Government on addressing terrorism and homeland security.

In addition to our strong presence in defense applications, we have successfully applied our key technology to commercial end markets, including communications, medical, industrial and scientific applications, which we believe enables us to leverage our 56 years of design experience and provides a diversified base of sales. In the communications market, we sell both VED and non-VED microwave amplifiers for satellite communication uplinks for broadcast, video, voice and data transmission. In the medical market, we supply VEDs used in radiation oncology systems primarily to Varian Medical Systems, Inc. ("Varian"), with whom we have a long standing, sole provider relationship. We also supply x-ray generators, subsystems, software and user interfaces used in diagnostic imaging systems, a market where we continue to experience growth.

Competitive Strengths

We believe we are well positioned in our end markets and that our key competitive strengths are:

Large Installed Product Base with Recurring Spares and Repairs Sales. We provide products embedded within a large and growing installed base of defense systems and commercial systems for which we supply spares and repairs. We estimate that our products are installed on over 125 U.S. defense systems in addition to hundreds of commercial systems. This installed base and our sole provider position, which we estimate accounted for a majority of our total sales for fiscal year 2004, should enable us to capture a long-term stream of spares and repairs sales over the life of these systems. We estimate that approximately 50% of our total sales are generated from sales of spares and repairs.

Significant Barriers to Entry. We compete in niche markets with significant barriers to entry. We believe hundreds of millions of dollars would be needed for new competitors to replicate our design and manufacturing capabilities. We believe the highly specialized nature of VED technology, the niche nature of our end markets and stringent product qualification requirements also create barriers to entry for potential new competitors.

Strong and Experienced Management Team with a Successful Track Record. Our management team is drawn from our strongest divisions and averages more than 20 years of experience with us. Since assuming its leadership responsibilities in 2001, our management team has instilled a culture that places a heavy emphasis on cost consciousness, profitable growth, meeting goals and targets and cash generation through efficient management of inventories, receivables, accounts payable and customer advances. In addition, management has consolidated facilities, reduced labor costs, overhead and general and administrative expenses and renewed our commitment to operational excellence principles in our laboratories and factories.

Leading Market Positions and Diversified Sales Base. We have developed leading market positions across every end market we serve by offering customers superior design expertise, product quality and customer service. We believe we are the market leader in the sale of VEDs and other related products for the radar, communications and medical end markets and the number two supplier of VEDs and other related products for the electronic warfare, industrial and scientific end markets. In conjunction with our leading market positions, we have developed a diversified sales base, which reduces our dependence on any particular end market.

Superior Product Design and Quality. We have a history of leadership in our end markets and a strong reputation for providing industry leading product design and quality. Since 1948, when Varian Associates, Inc., our founding company, commercialized the klystron, a type of VED that resulted in a major breakthrough in radar technology, we have maintained our technological and production advantages through our experienced team of over 200 scientists and engineers, our investment in research and development and our focus on continuous process improvement. Our leadership in design and quality is demonstrated by our estimate that historically a majority of our total sales were generated from products for which we are the sole provider to our customers.

Business Strategy

Our goal is to continually improve our position as a leading supplier of VEDs, satellite communications amplifiers, x-ray medical generators and other related equipment for both defense and commercial applications. Our strategies to achieve these objectives include:

Leveraging Incumbent Relationships. We intend to leverage our relationships with the U.S. Government, prime defense contractors and key commercial customers by continuing to deliver high levels of performance on our existing contracts, which will help to preserve our access to a valuable stream of spares and repairs business and enhance our ability to win new, upgrade and follow-on business.

Developing and Expanding Technologies. Through a combination of customer-funded research and development and our own internal research and development efforts, we intend to continue our focus on the development of our key technology. In the quarter ended December 31, 2004 and in fiscal year 2004, our total research and development spending was approximately $2.9 million and $10.9 million, respectively, with approximately $1.5 million and $3.5 million, respectively, funded by our customers.

Supporting Transformational Military Initiatives. We expect VED technology will be a key technology for military "transformational" initiatives such as advanced electronic warfare, unmanned aerial vehicle radar and data links, advanced satellite communications, high data rate communication terminals and advanced specialized radar. Military initiatives such as High Power Microwave that use microwave or RF energy to disable or destroy the enemies' electronic systems or deter personnel from approaching high value targets also require VEDs. Our leadership in VEDs will allow us to benefit from the DoD's transformation to a lighter, more agile and more technologically advanced military force.

Pursuing Attractive Commercial Opportunities. We intend to develop new products to pursue growth areas in the commercial markets we serve. Recent examples of our product innovation include the introduction of the new Gen IV satellite communications amplifier, which we believe has become the leading high power satellite communications uplink amplifier in the market, and the introduction of a new line of x-ray generators, which has gained broad customer acceptance.

Exploring Strategic Acquisitions. We intend to selectively explore strategic acquisitions in the rapidly consolidating defense and microwave components industries, where we believe we can acquire complementary products, expand our existing product line or enter into related product or new geographic markets.

Continuing Operational Excellence. We will continue to focus on improved yields and productivity, high quality in our manufacturing operations and effective working capital management.

Ownership Structure

The chart below sets forth our organizational structure. This chart does not include all of our affiliates and subsidiaries and, in some cases, we have combined separate entities for presentation purposes. Amounts of indebtedness shown below are as of December 31, 2004, giving pro forma effect to the issuance of the outstanding notes.

CPI Holdco and all of CPI's domestic direct and indirect subsidiaries, including Econco Broadcast Service, Inc., are guarantors under the Senior Credit Facilities and under the CPI Notes. None of CPI Holdco's subsidiaries are guarantors under the outstanding notes or will be guarantors under the exchange notes.

(1)
The exchange notes offered pursuant to this prospectus are being offered in exchange for these notes.

Cypress

Cypress is a New York-based private equity firm founded in 1994. Cypress has over $3.5 billion under management and is currently investing its $2.5 billion Cypress Merchant Banking Partners II Fund. The Cypress team has made 33 investments since 1989 with an aggregate transaction value of over $22 billion. Selected transactions include Affinia Group Inc.; Cinemark Inc.; Cooper-Standard Automotive Inc.; Financial Guaranty Insurance Company; Infinity Broadcasting Corp.; K&F Industries, Inc.; Lear Corporation; Loral Aerospace Corporation; WESCO International, Inc.; and Williams Scotsman, Inc.

Principal Executive Offices

Our principal executive offices are located at 811 Hansen Way, Palo Alto, California, 94303, and our telephone number is (650) 846-2900. CPI Holdco is a Delaware corporation formed in 2003. CPI Holdco acquired our business from the Predecessor in 2004 pursuant to the Merger (See "Management's Discussion and Analysis of Financial Condition and Results of Operations The Merger").

Summary of the Terms of the Exchange Offer

On February 22, 2005, CPI Holdco completed a private offering of the outstanding notes. References to the "notes" in this prospectus are references to both the outstanding notes and the exchange notes offered hereby.

General	In connection with the private offering of the outstanding notes, CPI Holdco entered into a registration rights agreement with the initial purchasers of the outstanding notes in which CPI Holdco agreed, among other things, to deliver this prospectus to you and to complete an exchange offer for the outstanding notes within 210 days after the date of issuance of the outstanding notes. You are entitled to exchange in the exchange offer your outstanding notes for exchange notes, which are identical in all material respects to the outstanding notes except that: the exchange notes have been registered under the Securities Act; the exchange notes are not entitled to certain registration rights that are applicable to the outstanding notes under the registration rights agreement; and certain additional interest rate provisions are no longer applicable.
Outstanding Notes	$80.0 million aggregate principal amount of Floating Rate Senior Notes due 2015 that were issued on February 22, 2005, which we refer to in this prospectus as the "outstanding notes".
Exchange Notes	$80.0 million aggregate principal amount of Floating Rate Senior Notes due 2015 that are being offered in this exchange offer, which we refer to in this prospectus as the "exchange notes".
The Exchange Offer	CPI Holdco is offering to exchange up to $80,000,000 aggregate principal amount of its exchange notes, which have been registered under the Securities Act, for a like aggregate principal amount of the outstanding notes. You may only exchange outstanding notes in integral multiples of $1,000. Subject to the satisfaction or waiver of specified conditions, CPI Holdco will exchange the exchange notes for all outstanding notes that are validly tendered and not validly withdrawn prior to the expiration of the exchange offer. CPI Holdco will cause the exchange to be effected promptly after the expiration of the exchange offer. Upon completion of the exchange offer, there may be no market for the outstanding notes, and you may have difficulty selling them.
Resales	Based on interpretations by the staff of the Securities and Exchange Commission, or the "SEC", set forth in no-action letters issued to third parties referred to below, CPI Holdco believes that you may resell or otherwise transfer exchange notes issued in the exchange offer without complying with the registration and prospectus delivery requirements of the Securities Act, if:

	(1) you are not an "affiliate" of CPI Holdco within the meaning of Rule 405 under the Securities Act; (2) you are not engaged in, and do not intend to engage in, a distribution of the exchange notes; (3) you do not have an arrangement or understanding with any person to participate in a distribution of the exchange notes; and (4) you are acquiring the exchange notes in the ordinary course of your business. If you are an affiliate of CPI Holdco, or if you are engaging in, or intend to engage in, or have any arrangement or understanding with any person to participate in a distribution of the exchange notes, or are not acquiring the exchange notes in the ordinary course of your business, then: (1) you cannot rely on the position of the staff of the SEC enunciated in Morgan Stanley & Co., Inc. (available June 5, 1991), Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the SEC's letter to Shearman & Sterling dated July 2, 1993, or similar no-action letters; and (2) in the absence of an exception from the position of the SEC stated in (1) above, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale or other transfer of the exchange notes. If you are a broker-dealer and receive exchange notes for your own account in exchange for outstanding notes that you acquired as a result of market-making or other trading activities, you must acknowledge that you will deliver a prospectus, as required by law, in connection with any resale or other transfer of the exchange notes that you receive in the exchange offer. See "Plan of Distribution".
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on , 2005 unless extended. CPI Holdco does not currently intend to extend the expiration date.
Withdrawal	You may withdraw the tender of your outstanding notes at any time prior to the expiration date. CPI Holdco will return to you any of your outstanding notes that are not accepted for any reason for exchange, without expense to you, promptly after the expiration or termination of the exchange offer.
Interest on the Exchange Notes and the Outstanding Notes	Each exchange note will bear interest as described in the following sentence from the most recent date to which interest has been paid on the outstanding notes or, if no interest has been paid on the outstanding notes, from February 22, 2005. Interest will be payable in cash or, at CPI Holdco's option exercisable for any interest payment date on or after August 1, 2006 and on or prior to February 1, 2010, in the form of additional notes. The interest rate will be a per annum rate, reset at the beginning of each semi-annual period, equal to the then six month LIBOR plus (1) 575 basis points (the "cash margin") if paid in cash and (2) the cash margin plus 100 basis points (the "step-up") if paid through the issuance of additional notes, with the step-up increasing by an additional 100 basis points for each interest payment made through the issuance of additional notes (up to a maximum of 400 basis points of step-up). Interest will be payable semi-annually on February 1 and August 1 of each year, starting on August 1, 2005.

No interest will be paid on outstanding notes following their acceptance for exchange.

Conditions to the Exchange Offer	The exchange offer is subject to customary conditions, which CPI Holdco may assert or waive. See "The Exchange Offer Conditions to the Exchange Offer".
Procedures for Tendering Outstanding Notes	If you wish to participate in the exchange offer, you must complete, sign and date the accompanying letter of transmittal, or a facsimile of the letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must then mail or otherwise deliver the letter of transmittal, or a facsimile of the letter of transmittal, together with the outstanding notes and any other required documents, to the exchange agent at the address set forth on the cover page of the letter of transmittal. If you hold outstanding notes through The Depository Trust Company, or "DTC", and wish to participate in the exchange offer, you must comply with the Automated Tender Offer Program procedures of DTC, by which you will agree to be bound by the letter of transmittal. By signing, or agreeing to be bound by, the letter of transmittal, you will represent to us that, among other things:

(1) you are not an "affiliate" of CPI Holdco within the meaning of Rule 405 under the Securities Act;

(2) you are not engaged in, and do not intend to engage in, a distribution of the exchange notes;

(3) you do not have an arrangement or understanding with any person to participate in a distribution of the exchange notes;

(4) you are acquiring the exchange notes in the ordinary course of your business; and

(5) if you are a broker-dealer and receive exchange notes for your own account in exchange for outstanding notes that you acquired as a result of market-making or other trading activities, you will deliver a prospectus, as required by law, in connection with any resale or other transfer of such exchange notes.

If you are an affiliate of CPI Holdco or are engaging in, or intend to engage in, or have any arrangement or understanding with any person to participate, in a distribution of the exchange notes, or are not acquiring the exchange notes in the ordinary course of your business, you cannot rely on the applicable positions and interpretations of the staff of the SEC, and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale or other transfer of the exchange notes.

Special Procedures for Beneficial Owners	If you are a beneficial owner of outstanding notes that are held in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender those outstanding notes in the exchange offer, you should contact such person promptly and instruct such person to tender those outstanding notes on your behalf.
Guaranteed Delivery Procedures	If you wish to tender your outstanding notes, and your outstanding notes are not immediately available or you cannot deliver your outstanding notes, the letter of transmittal or any other required documents required by the letter of transmittal or you cannot comply with the DTC procedures for book-entry transfer prior to the expiration date, you must tender your outstanding notes according to the guaranteed delivery procedures set forth in this prospectus under "The Exchange Offer Guaranteed Delivery Procedures".
Effect on Holders of Outstanding Notes	In connection with the sale of the outstanding notes, CPI Holdco entered into a registration rights agreement with the initial purchasers of the outstanding notes, which grants the holders of outstanding notes registration rights. By making this exchange offer, CPI Holdco will have fulfilled most of its obligations under the registration rights agreement. Accordingly, CPI Holdco will not be obligated to pay additional interest as described in the registration rights agreement. If you do not tender your outstanding notes in the exchange offer, you will continue to be entitled to all the rights and limitations applicable to the outstanding notes as set forth in the indenture governing the notes, except that CPI Holdco will not have any further obligation to you to provide for the registration of the outstanding notes under the registration rights agreement and CPI Holdco will not be obligated to pay additional interest as described in the registration rights agreement, except in certain limited circumstances.
	To the extent that outstanding notes are tendered and accepted in the exchange offer, the trading market for outstanding notes could be adversely affected.
Consequences of Failure to Exchange	All untendered outstanding notes will continue to be subject to the restrictions on transfer set forth in the outstanding notes and in the indenture. In general, the outstanding notes may not be offered or sold unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. CPI Holdco does not currently anticipate that it will register the outstanding notes under the Securities Act.
Certain Income Tax Considerations	The exchange of outstanding notes for exchange notes in the exchange offer will not be a taxable event for United Stated federal income tax purposes. See "Material U.S. Federal Income Tax Consequences".

Use of Proceeds	CPI Holdco will not receive any cash proceeds from the issuance of the exchange notes in the exchange offer.
Exchange Agent	The Bank of New York Trust Company, N.A., whose address and telephone number is set forth in the section captioned "The Exchange Offer Exchange Agent" of this prospectus, is the exchange agent for the exchange offer.

Summary of the Terms of the Exchange Notes

The terms of the exchange notes are identical in all material respects to the terms of the outstanding notes, except that the exchange notes will not contain terms with respect to transfer restrictions or additional interest upon a failure to fulfill certain of CPI Holdco's obligations under the registration rights agreement. The exchange notes will evidence the same debt as the outstanding notes. The exchange notes will be governed by the same indenture under which the outstanding notes were issued, and the exchange notes and the outstanding notes will constitute a single class and series of notes for all purposes under the indenture.

Issuer	CPI Holdco, Inc.
	None of CPI Holdco's direct or indirect equity holders, directors, officers, employees or affiliates, including, without limitation, its direct or indirect subsidiaries, are obligors or guarantors under the outstanding notes or will be obligors or guarantors under the exchange notes.
Notes Offered	$80.0 million aggregate principal amount of Floating Rate Senior Notes due 2015.
Interest Payment Dates	February 1 and August 1 of each year, beginning on August 1, 2005.
Maturity Date	February 1, 2015.
Guarantees	None.
Ranking	The exchange notes will be:

senior unsecured obligations of CPI Holdco;

structurally subordinated to all indebtedness and other liabilities of CPI Holdco's subsidiaries, including indebtedness under the Senior Credit Facilities, the CPI Notes and trade payables;

effectively subordinated to CPI Holdco's existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness;

equal in right of payment with CPI Holdco's existing and future senior unsecured debt; and

senior in right of payment to CPI Holdco's existing and future subordinated debt.

As of December 31, 2004, after giving pro forma effect to the private offering of the outstanding notes, as if it had occurred on such date, the notes would have been structurally subordinated to approximately $325.8 million of liabilities (including trade payables) of CPI Holdco's subsidiaries. In addition, as of December 31, 2004, CPI would have had the ability to borrow up to an additional $35.8 million under the Senior Credit Facilities, to which the notes would have been structurally subordinated.

Optional Redemption	CPI Holdco may redeem the notes, in whole or in part, at any time before February 1, 2007 at a "make whole" premium, and thereafter, at the redemption prices set forth herein. At any time before February 1, 2007, CPI Holdco may redeem up to 35% of the aggregate principal amount of the notes with the net cash proceeds of one or more qualified equity offerings at a redemption price equal to 100% of the principal amount thereof, plus a premium equal to the interest rate per annum applicable to the notes on the date that notice of such redemption is given, plus accrued and unpaid interest, if any, to the date of redemption; provided that: at least 65% of the aggregate principal amount of the notes remains outstanding immediately after the occurrence of such redemption; and such redemption occurs within 90 days of the date of the closing of any such qualified equity offering.
Change of Control	Upon a change of control (as defined in "Description of the Notes"), each holder of notes will be entitled to require CPI Holdco to purchase all or a portion of its notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest. A transaction with permitted holders (as defined in "Description of the Notes") may not constitute a change of control. CPI Holdco's ability to purchase the notes upon a change of control will be limited by the terms of the debt agreements of CPI Holdco and its subsidiaries, including the Senior Credit Facilities. CPI Holdco cannot assure you that it will have the financial resources to purchase the notes in such circumstances.
Certain Covenants	The indenture contains covenants that, among other things, limit the ability of CPI Holdco and certain of its subsidiaries to: incur additional indebtedness; sell assets or consolidate or merge with or into other companies; pay dividends or repurchase or redeem capital stock; make certain investments; issue capital stock of their subsidiaries; incur liens; and enter into certain types of transactions with their affiliates. These and other covenants contained in the indenture are subject to important exceptions and qualifications, which are described under "Description of the Notes".

Further Issuances	CPI Holdco may, subject to compliance with certain conditions, from time to time without the consent of the holders of notes create and issue further notes having the same terms and conditions as the notes so that the further issuance is consolidated and is treated as a single class and series with the previously issued notes. CPI Holdco may issue an unlimited principal amount of additional notes to pay interest on the notes that CPI Holdco elects to pay in lieu of cash, as described above.
Absence of a Public Market	The exchange notes will generally be freely transferable but will be a new issue of securities for which there will not initially be a market. Accordingly, there can be no assurance as to the development or liquidity of any market for the exchange notes. The initial purchasers in the private offering have advised CPI Holdco that they currently intend to make a market for the exchange notes, as permitted by applicable laws and regulations. However, they are not obligated to do so and may discontinue any such market-making activities at any time without notice. CPI Holdco does not intend to apply for a listing of the exchange notes on any securities exchange or automated dealer quotation system. The exchange notes are expected to be eligible for trading in The PORTAL Market.
Use of Proceeds	CPI Holdco will not receive any cash proceeds from the exchange offer. For a description of the use of proceeds from the private offering of the outstanding notes, see "Use of Proceeds".
Risk Factors	See "Risk Factors" beginning on page 18 for discussion of factors that you should carefully consider before deciding to participate in the exchange offer.

Summary Historical and Pro Forma Consolidated Financial Data

As a result of the Merger, CPI Holdco became the successor to the Predecessor for financial reporting purposes.

The following summary historical consolidated financial data for CPI Holdco for each of the fiscal years ended October 3, 2003 and September 27, 2002, respectively, have been derived from the consolidated financial statements of the Predecessor, which have been audited by KPMG LLP, independent registered public accounting firm. The consolidated financial statements of the Predecessor for these periods are included elsewhere in this prospectus.

The following summary historical financial data for fiscal year 2004 represents the combined pro forma results of CPI Holdco for the 36-week period ended October 1, 2004 and the Predecessor for the 16-week period ended January 22, 2004, which have been audited by KPMG LLP, independent registered public accounting firm. The consolidated financial statements for these periods are included elsewhere in this prospectus.

The following summary unaudited pro forma consolidated financial data for the 13-week period ended December 31, 2004 have been prepared to give pro forma effect to the issuance of the outstanding notes and the application of the net proceeds therefrom, as if such issuance had occurred on October 2, 2004 in the case of summary unaudited pro forma consolidated statement of operations data, and on December 31, 2004 in the case of summary unaudited pro forma consolidated balance sheet data.

The following summary unaudited pro forma consolidated financial data for the fiscal year ended October 1, 2004 represent the combined pro forma results of CPI Holdco for the 36-week period ended October 1, 2004 and the Predecessor for the 16-week period ended January 22, 2004, giving pro forma effect to the Merger and related financing transactions and the issuance of the outstanding notes and the application of the net proceeds therefrom, as if such transactions had occurred on October 4, 2003, in the case of summary unaudited pro forma consolidated statements of operations data, and on December 31, 2004, in the case of summary unaudited pro forma consolidated balance sheet data. The pro forma data are for informational purposes only and should not be considered indicative of actual results that would have been achieved had such transactions actually been consummated on the dates indicated and do not purport to indicate results of operations data or balance sheet data as of any future date or for any future period.

You should read the following data in conjunction with "Unaudited Pro Forma Consolidated Financial Data", "Selected Historical Consolidated Financial Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and unaudited condensed consolidated financial statements of CPI Holdco and the Predecessor included elsewhere in this prospectus.

	Fiscal Year			13-Week Period Ended		Pro Forma	
	2002	2003	2004 (Pro Forma)(1)	January 2, 2004	December 31, 2004	Fiscal Year 2004(2)	13-Week Period Ended December 31, 2004
				(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(dollars in thousands)						
Statement of Operations Data:							
Sales	$ 251,245	$ 265,434	$ 282,185	$ 68,313	$ 73,733	$ 282,185	$ 73,733
Cost of sales	192,189	183,957	191,861	47,141	49,678	191,861	49,678
Amortization of acquisition-related inventory write-up			5,500		351		351
Gross profit	59,056	81,477	84,824	21,172	23,704	90,324	23,704
Operating costs and expenses							
Research and development	5,873	6,860	7,453	1,733	1,448	7,453	1,448
Selling and marketing	16,073	15,650	15,434	3,624	4,068	15,434	4,068
General and administrative	19,777	17,939	18,729	3,700	4,025	18,729	4,025
Merger expenses			6,374	430			
Amortization of acquisition-related intangible assets			13,498		4,906	1,939	542
Acquired in-process research and development			2,500				
Loss (gain) on sale of Solid State Products Division(3)	3,004	(136)					
Total operating costs and expenses	44,727	40,313	63,988	9,487	14,447	43,555	10,083
Operating income	14,329	41,164	20,836	11,685	9,257	46,769	13,621
Interest expense, net	16,508	14,540	19,420	3,559	4,080	22,444	5,909
Income tax expense	4,554	10,076	3,338	3,287	2,079	9,730	3,085
Net (loss) income	$ (6,733)	$ 16,548	$ (1,922)	$ 4,839	$ 3,098	$ 14,595	$ 4,627
Other Financial Data:							
EBITDA(4)	$ 28,666	$ 47,457	$ 39,365	$ 13,109	$ 15,476	$ 53,739	$ 15,476
Operating income margin(5)	5.7%	15.5%	7.4%	17.1%	12.6%	16.6%	18.5%
Net (loss) income margin(6)	(2.7)%	6.2%	(0.7)%	7.1%	4.2%	5.2%	6.3%
Depreciation and amortization(7)	$ 11,304	$ 6,293	$ 18,529	$ 1,424	$ 6,219		