

CALDARELLI O. JOE
Form 4
February 15, 2011

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
CALDARELLI O. JOE

2. Issuer Name and Ticker or Trading Symbol
CPI INTERNATIONAL, INC.
[CPII]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
811 HANSEN WAY
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
02/11/2011

Director 10% Owner
 Officer (give title below) Other (specify below)
CHIEF EXECUTIVE OFFICER

PALO ALTO, CA 94303

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Ownership (Instr. 4) |
|--|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | Code | V | Amount | | |
| Common Stock, par value \$0.01 per share | 02/11/2011 | | D ⁽¹⁾ | | 163,784 ⁽¹⁾ | D | |
| | | | | | \$ 19.50 ⁽¹⁾ | | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | | | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|------------------|-----------------|--------------|-------------------------|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount Number of Shares |
| Employee Stock Option (Right to Buy) | \$ 19.33 | 02/11/2011 | | J ⁽²⁾ | | 36,000 | | ⁽²⁾ | 12/01/2020 | Common Stock | 36,000 |
| Employee Stock Option (Right to Buy) | \$ 9.66 | 02/11/2011 | | J ⁽³⁾ | | 36,000 | | ⁽³⁾ | 12/08/2019 | Common Stock | 36,000 |
| Employee Stock Option (Right to Buy) | \$ 10 | 02/11/2011 | | J ⁽⁴⁾ | | 36,000 | | ⁽⁴⁾ | 12/05/2018 | Common Stock | 36,000 |
| Employee Stock Option (Right to Buy) | \$ 16.79 | 02/11/2011 | | J ⁽⁵⁾ | | 30,000 | | ⁽⁵⁾ | 11/30/2017 | Common Stock | 30,000 |
| Employee Stock Option (Right to Buy) | \$ 14.22 | 02/11/2011 | | J ⁽⁶⁾ | | 45,000 | | 12/08/2010 | 12/08/2016 | Common Stock | 45,000 |
| Employee Stock Option (Right to Buy) | \$ 18 | 02/11/2011 | | J ⁽⁷⁾ | | 45,000 | | ⁽⁷⁾ | 04/27/2016 | Common Stock | 45,000 |
| Employee Stock Option (Right to Buy) | \$ 6.61 | 02/11/2011 | | J ⁽⁸⁾ | | 10,896 | | 09/29/2008 | 09/29/2014 | Common Stock | 10,896 |

| | | | | | | | | |
|--------------------------------------|---------|------------|-------------------|---------|------------|------------|--------------|---------|
| Employee Stock Option (Right to Buy) | \$ 4.32 | 02/11/2011 | J ⁽⁹⁾ | 43,584 | 09/29/2008 | 09/29/2014 | Common Stock | 43,584 |
| Employee Stock Option (Right to Buy) | \$ 4.32 | 02/11/2011 | J ⁽¹⁰⁾ | 517,566 | 03/01/2008 | 03/01/2014 | Common Stock | 517,566 |
| Employee Stock Option (Right to Buy) | \$ 1.08 | 02/11/2011 | J ⁽¹¹⁾ | 7,411 | 02/03/2008 | 02/03/2014 | Common Stock | 7,411 |
| Employee Stock Option (Right to Buy) | \$ 0.2 | 02/11/2011 | J ⁽¹²⁾ | 272,403 | 03/10/2007 | 03/10/2013 | Common Stock | 272,403 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| CALDARELLI O. JOE 811 HANSEN WAY PALO ALTO, CA 94303 | X | | CHIEF EXECUTIVE OFFICER | |

Signatures

/s/ Amanda Mogin, Attorney
in Fact 02/15/2011

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Disposed of pursuant to merger agreement between issuer and CPI International Acquisition, Inc. (formerly Catalyst Holdings, Inc.) in exchange for \$19.50 per share in cash. Includes 12,000 restricted stock units that were granted under the issuer's 2006 Equity and Performance Incentive Plan and were previously reported on a Form 4 as acquired by the reporting person.
 - (2) This option provided for vesting in four equal annual installments beginning on December 1, 2011. 25% of the option was cancelled following the merger in exchange for a cash payment equal to the excess of the amount payable for shares in the merger (\$19.50) over the exercise price, resulting in a net payment of \$0.17 per option. The remaining 75% of the option was cancelled for no consideration.
 - (3) This option provided for vesting in four equal annual installments beginning on December 8, 2010. The option was cancelled following the merger in exchange for a cash payment equal to the excess of the amount payable for shares in the merger (\$19.50) over the exercise price, resulting in a net payment of \$9.84 per option.
 - (4)

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This option provided for vesting in four equal annual installments beginning on December 5, 2009. The option was cancelled following the merger in exchange for a cash payment equal to the excess of the amount payable for shares in the merger (\$19.50) over the exercise price, resulting in a net payment of \$9.50 per option.

- (5) This option provided for vesting in four equal annual installments beginning on November 30, 2008. The option was cancelled following the merger in exchange for a cash payment equal to the excess of the amount payable for shares in the merger (\$19.50) over the exercise price, resulting in a net payment of \$2.71 per option.

- (6) This option provided for vesting in four equal annual installments beginning on December 8, 2007. The option was cancelled following the merger in exchange for a cash payment equal to the excess of the amount payable for shares in the merger (\$19.50) over the exercise price, resulting in a net payment of \$5.28 per option.

- (7) This option provided for vesting in four equal annual installments beginning on April 27, 2008. The option was cancelled following the merger in exchange for a cash payment equal to the excess of the amount payable for shares in the merger (\$19.50) over the exercise price, resulting in a net payment of \$1.50 per option.

- (8) This option provided for vesting in four equal annual installments beginning on September 29, 2005. The option was cancelled following the merger in exchange for a cash payment equal to the excess of the amount payable for shares in the merger (\$19.50) over the exercise price, resulting in a net payment of \$12.89 per option.

- (9) This option provided for vesting in four equal annual installments beginning on September 29, 2005. The option was cancelled following the merger in exchange for a cash payment equal to the excess of the amount payable for shares in the merger (\$19.50) over the exercise price, resulting in a net payment of \$15.18 per option.

- (10) This option provided for vesting in four equal annual installments beginning on March 1, 2005. The option was cancelled following the merger in exchange for a cash payment equal to the excess of the amount payable for shares in the merger (\$19.50) over the exercise price, resulting in a net payment of \$15.18 per option.

- (11) This option provided for vesting in four equal annual installments beginning on February 3, 2005. The option was cancelled following the merger in exchange for a cash payment equal to the excess of the amount payable for shares in the merger (\$19.50) over the exercise price, resulting in a net payment of \$18.42 per option.

- (12) This option provided for vesting in four equal annual installments beginning on March 10, 2004. The option was cancelled following the merger in exchange for a cash payment equal to the excess of the amount payable for shares in the merger (\$19.50) over the exercise price, resulting in a net payment of \$19.30 per option.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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