

FOR IMMEDIATE RELEASE
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Maxwell Technologies Reports Third Quarter Financial Results

*Divestiture of Non-Core Businesses, Focus on Core Power and
Microelectronics Product Lines Position Company for Revenue Growth,
Positive Cash Flow in Fourth Quarter*

San Diego, CA – Maxwell Technologies, Inc. (Nasdaq: MXWL) today reported revenue from continuing operations of \$16.6 million for its third quarter ended September 29, 2002. Third quarter revenue included sales of \$2.8 million of computing systems and \$1.1 million of glass-to-metal components, which were from businesses divested at the end of September. That compares with \$15.0 million for the three months ended September 30, 2001, which included sales of \$4.8 million of computing systems and \$1.5 million of glass-to-metal components.

Third quarter 2002 net loss was \$23.5 million, or \$1.73 per share, including \$15.8 million, or \$1.16 per share, of charges for asset impairments and other charges relating to the restructuring and divestiture of the company's computing systems business, and a loss of \$2.8 million, or \$0.20 per share, from discontinued operations. The third quarter charges consisted of \$14.1 million of non-cash charges and \$1.7 million of cash charges. That compares with a net loss of \$10.4 million, or \$1.03 per share, including a loss of \$3.5 million, or \$0.35 per share, from discontinued operations, for the three months ended September 30, 2001.

Cash and short-term investments as of September 29, 2002 totaled \$8.3 million, not including net proceeds of \$4.2 million from the sale of the company's glass-to-metal components business, which was consummated on the first business day of the fourth quarter. An additional \$1 million is held in escrow for release in 2003 depending upon performance of that business. Long-term debt, consisting of a mortgage on a company-owned facility in San Diego, stood at \$5.8 million.

Carl Eibl, Maxwell's chief executive officer, said that with the divestiture of the non-core computing systems and glass-to-metal components businesses and suspension of operations of the PurePulse sterilization and purification unit, the company is focusing exclusively on its high-reliability, high-value, proprietary power and microelectronic product lines. He said that the company expects to have product sales of more than \$15 million and to be cash flow positive in the fourth quarter.

"This expected increase in fourth quarter revenue from our core power and microelectronic products reflects seasonality in our European operations from the third quarter summer holidays and increasing sales of power products in the U.S.," Eibl said. "With the steps we have taken to improve efficiency and reduce the company's cost structure, Maxwell's breakeven quarterly revenue run rate should be approximately \$15 million by year-end. We will enter 2003 with a lean, focused organization that is well positioned for significant profit leverage with additional revenue."

Management will conduct a conference call and simultaneous live webcast to discuss third quarter financial results and the outlook for the balance of 2002, and answer analysts' questions at 11 a.m. (eastern) tomorrow, November 7. The call may be accessed by dialing (888) 584-2147 from the U.S. and Canada or (706) 679-7677 for international callers. The webcast and subsequent replay may be accessed at the company's web site, www.maxwell.com, by clicking on "Investors," then on "[Presentations](#)."

Maxwell Technologies develops, manufactures and markets high-reliability power and microelectronic products for original equipment manufacturers (OEMs) in multiple industries. Its power products address applications in transportation, telecommunications, consumer and industrial electronics, electric utility infrastructure and medical imaging. Its microelectronic products mainly address aerospace applications.

This news release contains financial projections and forward-looking statements that are subject to significant risks and uncertainties. These include development and acceptance of products based on new technologies, demand for original equipment manufacturers' products reaching anticipated levels, general economic conditions in the markets served by the company's products, cost-effective manufacturing of new

products, successful assimilation of acquired businesses, completion of restructuring steps to improve operating performance and risks and uncertainties involved in foreign operations. These and other risks are detailed from time-to-time in the company's SEC reports, including the report on Form 10-K for the year ended December 31, 2001. Actual results may differ materially from those projected. These forward-looking statements represent the company's judgment as of the date of this news release. The company disclaims any intent or obligation to update these forward-looking statements.

MAXWELL TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 29, 2002	December 31, 2001
	(unaudited)	(audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 715	\$ 13,673
Short-term investments	7,627	11,886
Accounts receivable, net	10,095	13,984
Inventories	12,843	16,605
Assets held-for-sale	11,820	-
Prepaid expenses and other current assets	853	1,031
Due from related parties	272	-
Income tax receivable	278	-
Total current assets	<u>44,503</u>	<u>57,179</u>
Property, plant and equipment, net	12,130	21,741
Goodwill and other non-current assets	19,814	6,784
	<u>\$ 76,447</u>	<u>\$ 85,704</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 14,828	\$ 12,159
Due to related parties	86	-
Accrued employee compensation	2,091	1,586
Short-term and current portion of long-term debt	577	300
Net liabilities of discontinued operations	3,176	1,642
Liabilities held-for-sale	234	-
Total current liabilities	<u>20,992</u>	<u>15,687</u>
Long-term debt	5,500	5,700
Minority interest	-	4,586

Stockholders' equity:

Common stock	1,370	1,017
Additional paid-in capital	112,185	84,283
Notes receivable from executives for stock purchases	-	(897)
Accumulated deficit	(63,506)	(23,859)
Accumulated other comprehensive loss	(94)	(813)
Total stockholders' equity	<u>49,955</u>	<u>59,731</u>
	<u>\$ 76,447</u>	<u>\$ 85,704</u>

MAXWELL TECHNOLOGIES, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 29, 2002	September 30, 2001	September 29, 2002	September 30, 2001
Sales	\$ 16,564	\$ 15,017	\$ 42,509	\$ 62,473
Cost of sales	13,858	14,406	39,651	53,453
Gross profit	2,706	611	2,858	9,020
Operating expenses:				
Selling, general and administrative	5,171	4,919	14,766	17,559
Research and development	2,167	2,946	7,080	8,871
Impairment of long-lived assets	7,628*	-	7,628*	-
Restructuring charge	922	-	1,734	-
Amortization expense of intangible assets	348	299	348	895
Total operating expenses	15,339	8,164	30,659	27,325
Operating loss	(12,633)	(7,553)	(27,801)	(18,305)
Gain (loss) on sale of business	(7,219)*	-	(7,219)*	39,119
Interest expense	(118)	(70)	(310)	(1,216)
Interest income and other, net	205	332	629	477
Income (loss) before income taxes and minority interest	(20,662)	(7,291)	(35,598)	20,075
Provision (credit) for income taxes	124	(63)	(155)	9,624

Minority interest in net loss of subsidiaries	-	(282)	(241)	(86)
Income (loss) from continuing operations	(20,786)	(6,946)	(35,202)	10,537
Discontinued operations, net of taxes	(2,761)	(3,498)	(4,445)	(779)
Net income (loss)	<u>\$ (23,547)</u>	<u>\$ (10,444)</u>	<u>\$ (39,647)</u>	<u>\$ 9,758</u>

Basic net income (loss) per share:				
Income (loss) from continuing operations	\$ (1.53)	\$ (0.68)	\$ (2.99)	\$ 1.05
Loss from discontinued operations	(0.20)	(0.35)	(0.38)	(0.08)
Net income (loss)	<u>\$ (1.73)</u>	<u>\$ (1.03)</u>	<u>\$ (3.37)</u>	<u>\$ 0.97</u>

Diluted net income (loss) per share:				
Income (loss) from continuing operations	\$ (1.53)	\$ (0.68)	\$ (2.99)	\$ 0.96
Loss from discontinued operations	(0.20)	(0.35)	(0.38)	(0.07)
Net income (loss)	<u>\$ (1.73)</u>	<u>\$ (1.03)</u>	<u>\$ (3.37)</u>	<u>\$ 0.89</u>

Shares used in computing:				
Basic net income (loss) per share	<u>13,597</u>	<u>10,160</u>	<u>11,770</u>	<u>10,048</u>
Diluted net income (loss) per share	<u>13,597</u>	<u>10,160</u>	<u>11,770</u>	<u>10,735</u>

* Amounts differ from those included in Maxwell's November 6, 2002 earnings release. The amounts reflect a necessary reclassification of impairment for long-lived assets.

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