

FOR IMMEDIATE RELEASE
FEBRUARY 26, 2003

Maxwell Technologies Reports Fourth Quarter and Year-End 2002 Results

*Company Generates Positive Cash Flow from Operations in Q402,
Sees Profitability for FY2003*

CONFERENCE CALL AT 11 A.M. (EST) TOMORROW, FEBRUARY 27, 2003 –
DETAILS BELOW

San Diego, CA – Maxwell Technologies, Inc. (Nasdaq: MXWL) today reported a net loss of \$0.5 million, or \$0.04 per share, on revenue from continuing operations of \$15.5 million for its fourth quarter ended December 31, 2002. That compares with a net loss of \$22.7 million, or \$2.23 per share, on revenue from continuing operations of \$15.4 million for the fourth quarter ended December 31, 2001.

Carl Eibl, Maxwell's chief executive officer, said that despite the net loss, improved efficiency and reduced operating expenses enabled the company to generate positive cash flow from operations for the three months ended December 31, 2002. Cash and short-term investments, after a reduction of \$2.8 million in long-term debt, totaled \$11.1 million at year-end, compared with \$8.3 million as of September 29, 2002. Long-term debt, consisting of a mortgage on a company-owned facility in San Diego, stood at \$3 million. That facility has been listed for sale and, when sold, should contribute significant additional cash to the company's balance sheet.

"The fourth quarter was the first financial reporting period reflecting the full effects of the Montena acquisition and the divestiture of non-core businesses and suspension of discontinued operations," Eibl said. "With this go-forward profile, we believe that Maxwell is positioned to turn the corner to profitability for the full 2003 fiscal year, driven by significant ultracapacitor revenue growth."

Eibl said that the company expects 2003 to be its first year of multimillion cell volumes for small cell BOOSTCAP® ultracapacitors. He said that large cell ultracapacitors continue to progress in the design-in and prototyping phase in the transportation and industrial markets, and that production volumes are expected to begin in 2004. Eibl said that the company expects revenue for the first quarter ending March 31, 2003, compared to the fourth quarter just ended, to be lower, primarily due to seasonally lower power systems sales and elimination of some low-margin power systems products, as well as the sale of a non-core product line at the end of the fourth quarter. However, he said that the Company expects to be cash flow positive and to benefit from a lower cost structure, particularly from more efficient factory utilization with the consolidation of manufacturing operations into two principal facilities in San Diego and Rossens, Switzerland.

For the fiscal year ended December 31, 2002, the company reported a net loss of \$40.2 million, or \$3.27 per share, including charges of \$20.6 million for restructuring, net loss on sale of businesses, discontinued operations and fixed asset and goodwill write-downs. That compares with a net loss of \$12.9 million, or \$1.29 per share, including charges and credits which totaled a credit of \$9.7 million for discontinued operations, a gain on the sale of a business and establishment of a tax valuation reserve, for the fiscal year ended December 31, 2001. The 2002 restructuring charges, write-off of fixed assets and write-down of goodwill related primarily to actions taken to prepare for the divestiture of the computing systems business of Maxwell's I-Bus/Phoenix subsidiary. This disposition also resulted in the company recording a loss of \$7.2 million in the third quarter ended September 29, 2002.

After the acquisition of Montena Components and the disposition of the I-Bus/Phoenix computing systems business and the TeknaSeal Division, which were completed during the third and fourth quarters of 2002, the company

reorganized its ultracapacitor, high-voltage capacitor, power systems and microelectronics product lines into a new High Reliability Products segment. The Montena Components acquisition also included a business that makes precision winding equipment used to manufacture capacitors and batteries, which will be reported as a separate Winding Equipment segment.

Management will conduct a conference call and simultaneous webcast to discuss 2002 financial results and the outlook for 2003, and answer analysts' questions at 11 a.m. (eastern) tomorrow, February 27, 2003. The call may be accessed by dialing toll-free, (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" and then clicking on "Presentations".

Maxwell sells reliability. We develop, manufacture and market electronic components and systems that perform reliably for the life of the end products into which they are integrated. Our power products address applications in transportation, telecommunications, consumer and industrial electronics, electric utility infrastructure and medical imaging. Our microelectronic products primarily address applications in aerospace. Our power product lines are comprised of ultracapacitors, high voltage capacitors, and custom power and energy storage systems. Our microelectronic product lines are comprised of radiation-shielded power modules, memory modules, and single board computers. We also design and sell automated winding equipment used to manufacture metalized film capacitors and lithium batteries.

This news release contains forward-looking statements that are subject to 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, the impact of competitive products and pricing 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 fiscal 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. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Three Months Ended December 31,		Years Ended December 31,	
	2001	2002	2001	2002
Sales.....	\$ 15,383	\$ 15,456	\$ 77,856	\$ 57,965
Costs and expenses:				
Cost of sales.....	13,163	11,482	66,616	51,133
Selling, general and administrative.....	4,906	3,326	22,465	18,092
Research and development.....	2,648	1,337	11,519	8,417
Restructuring charges.....	-	(105)	-	1,629
Other deductions, net.....	266	164	969	7,650
(Gain) loss on sale of business.....	(23)	(677)	(39,142)	6,542
Interest expense (income), net.....	(230)	28	615	(42)
Total costs and expenses.....	<u>20,730</u>	<u>15,555</u>	<u>63,042</u>	<u>93,421</u>
Income (loss) from continuing operations before income taxes.....	(5,347)	(99)	14,814	(35,456)
Income tax provision (benefit).....	13,411	23	23,035	(132)
Loss from continuing operations.....	(18,758)	(122)	(8,221)	(35,324)
Discontinued operations, net of taxes:				
Loss from operations.....	(3,917)	(387)	(5,777)	(4,832)
Gain on disposal.....	-	-	1,081	-
Net loss from discontinued operations.....	(3,917)	(387)	(4,696)	(4,832)
Net loss.....	<u>\$ (22,675)</u>	<u>\$ (509)</u>	<u>\$ (12,917)</u>	<u>\$ (40,156)</u>
Basic net loss per share:				
Loss from continuing operations.....	\$ (1.84)	\$ (0.01)	\$ (0.82)	\$ (2.88)
Loss from discontinued operations.....	(0.39)	(0.03)	(0.47)	(0.39)
Net loss.....	<u>\$ (2.23)</u>	<u>\$ (0.04)</u>	<u>\$ (1.29)</u>	<u>\$ (3.27)</u>
Diluted net loss per share:				
Loss from continuing operations.....	\$ (1.84)	\$ (0.01)	\$ (0.82)	\$ (2.88)
Loss from discontinued operations.....	(0.39)	(0.03)	(0.47)	(0.39)
Net loss.....	<u>\$ (2.23)</u>	<u>\$ (0.04)</u>	<u>\$ (1.29)</u>	<u>\$ (3.27)</u>
Shares used in computing:				
Basic net loss per share.....	<u>10,167</u>	<u>13,707</u>	<u>10,040</u>	<u>12,264</u>
Diluted net loss per share.....	<u>10,167</u>	<u>13,707</u>	<u>10,040</u>	<u>12,264</u>
Other deductions (credits), net				
Currency exchange and other	\$ 89	\$ 29	\$ (17)	\$ (220)
Fixed asset impairment	-	-	-	2,308
Goodwill impairment	-	-	-	5,320
Investment impairment	500	-	500	-
Amortization of goodwill	301	-	1,196	-
Amortization of other intangibles	-	135	-	483
Minority interest in net loss of subsidiaries	(624)	-	(710)	(241)
	<u>\$ 266</u>	<u>\$ 164</u>	<u>\$ 969</u>	<u>\$ 7,650</u>

MAXWELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	December 31,	
	2001	2002
Assets		
Current assets:		
Cash and cash equivalents.....	\$ 13,673	\$ 3,545
Short-term investments.....	11,886	7,546
Trade and other accounts receivable, net.....	13,984	8,530
Inventories.....	16,605	11,833
Prepaid expenses and other current assets.....	1,031	1,037
Assets held-for-sale.....	-	7,356
	57,179	39,847
Property, plant and equipment, net.....	21,741	11,653
Deferred tax asset.....	-	25
Other intangible assets, net.....	-	2,009
Goodwill.....	6,197	17,577
Other non-current assets.....	587	269
	\$ 85,704	\$ 71,380
 Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 12,159	\$ 13,813
Accrued employee compensation.....	1,586	1,590
Short-term borrowings and current portion of long-term debt.....	300	570
Deferred tax liability.....	-	272
Net liabilities of discontinued operations.....	1,642	2,326
	15,687	18,571
Deferred tax liability.....	-	183
Long-term debt, excluding current portion.....	5,700	2,675
Minority interest.....	4,586	-
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.10 par value per share, 40,000 shares authorized; 10,168 and 13,726 shares issued and outstanding at December 31, 2001 and 2002, respectively.....	1,017	1,373
Additional paid-in capital.....	84,283	112,255
Notes receivable from executives for stock purchases.....	(897)	-
Accumulated deficit.....	(23,859)	(64,015)
Accumulated other comprehensive gain (loss).....	(813)	338
	59,731	49,951
	\$ 85,704	\$ 71,380

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MAXWELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,	
	2001	2002
Operating activities:		
Loss from continuing operations.....	\$ (8,221)	\$ (35,324)
Adjustments to reconcile loss from continuing operating activities, net of cash used in operating activities:		
Depreciation and amortization.....	5,295	4,633
Non-cash restructuring and other charges.....	-	3,254
Impaired asset write-down.....	-	7,628
Loss (gain) on sales of business.....	(39,119)	6,542
Cancellation of stock notes.....	-	116
Minority interest in net loss of subsidiaries.....	(710)	(241)
Provision for losses on accounts receivable.....	534	576
Amortization of deferred compensation.....	15	-
Deferred income taxes.....	24,640	75
Changes in operating assets and liabilities:		
Trade and other accounts receivable.....	8,039	6,846
Inventories.....	2,441	2,184
Prepaid expenses and other.....	(268)	2,146
Accounts payable and accrued liabilities.....	(7,848)	(6,404)
Accrued compensation.....	(2,118)	(920)
Net cash used in operating activities.....	(17,320)	(8,889)
Investing activities:		
Proceeds from sale of businesses.....	67,731	4,927
Purchases of business, net of cash acquired.....	235	(2,692)
Purchases of property and equipment.....	(6,232)	(1,796)
Proceeds from sale of short-term investments.....	14,114	14,247
Purchases of short-term investments.....	(25,921)	(9,877)
Proceeds from collection of notes receivable.....	2,100	-
Net cash provided by investing activities.....	52,027	4,809
Financing activities:		
Principal payments on long-term debt and short-term borrowings.....	(59,857)	(3,385)
Proceeds from short-term borrowings.....	43,103	360
Proceeds from issuance of Company and subsidiary stock.....	2,781	1,064
Net cash used in financing activities.....	(13,973)	(1,961)
Net cash used in discontinued operations.....	(9,744)	(4,148)
Effect of exchange rate changes on cash and cash equivalents.....	(3)	61
Increase (decrease) in cash and cash equivalents.....	10,987	(10,128)
Cash and cash equivalents at beginning of period.....	2,686	13,673
Cash and cash equivalents at end of period.....	\$ 13,673	\$ 3,545
Cash, cash equivalents and short-term investments at end of period.....	\$ 25,559	\$ 11,091

MAXWELL TECHNOLOGIES, INC. AND SUBSIDIARIES
 SEGMENT STATEMENTS OF OPERATIONS
 (in thousands)

	For the Three Months Ended September 29, 2002		For the Three Months Ended December 31, 2001		For the Three Months Ended December 31, 2002		For the Year Ended December 31, 2001		For the Year Ended December 31, 2002	
	Revenue:									
High Reliability Products	\$	11,609	\$	10,037	\$	13,069	\$	39,398	\$	40,106
Winding Equipment		1,184		-		2,387		-		3,571
I-Bus Computing Systems		1,064		4,017		-		24,082		11,002
Sierra and TeknaSeal		2,707		1,329		-		14,376		3,286
Consolidated total	\$	16,564	\$	15,383	\$	15,456	\$	77,856	\$	57,965
Income (loss):										
High Reliability Products	\$	(1,361)	\$	(2,347)	\$	(233)	\$	(11,470)	\$	(6,204)
Winding Equipment		(220)		-		96		-		(123)
I-Bus Computing Systems		(2,663)		(2,636)		204		(10,070)		(10,955)
Sierra and TeknaSeal		330		356		-		2,021		940
Total segment operating income (loss)		(3,914)		(4,627)		67		(19,519)		(16,342)
Impairment of long lived assets		7,628		500		-		500		7,628
Restructuring		922		-		(105)		-		1,629
Corporate expenses		1,066		1,008		890		4,421		3,818
(Gain) loss on sale of businesses		7,219		(23)		(677)		(39,142)		6,542
Minority interest		-		(624)		-		(710)		(241)
Interest and other, net		(87)		(141)		58		598		(262)
Income (loss) from continuing operations before income taxes	\$	(20,662)	\$	(5,347)	\$	(99)	\$	14,814	\$	(35,456)

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