

MAXWELL TECHNOLOGIES, INC.

Board Guidelines

I. Role of the Board of Directors

The Board of Directors (the “Board”) of Maxwell Technologies, Inc. (the “Company”) is elected by the Company’s stockholders to oversee the Chief Executive Officer and other senior management in the competent and ethical operation of the Company on a day-to-day basis. To satisfy this duty, the members of the Board will take a proactive, focused approach to their position, and set standards to ensure that the Company is committed to business success through maintenance of the highest standards of responsibility and ethics.

The directors are expected to promote the best interests of the Company’s stockholders in terms of corporate governance, fiduciary responsibilities, risk management, compliance with applicable laws and regulations, and maintenance of accounting, financial and other internal controls. In discharging their responsibilities, directors should be able to rely on the honesty and integrity of the Company’s senior management and expert legal, accounting, financial and other advisors. Consistent with the Board’s power to delegate management of the day-to-day operation of the Company’s business, the Board shall exercise business judgment in establishing guidelines for management of the Company’s business and affairs. The Board shall assure that there is continuity of leadership of the Company and that management develops sound business strategies.

II. Board and Committees

A. Board Selection and Composition

1. Size of Board; Mix of Directors. The Company’s Restated Certificate of Incorporation does not provide for a fixed range of the number of Directors that shall constitute the Board. It provides that the number of Directors on the Board shall be determined from time to time by resolution of the Board. A majority of the members of the Board shall meet the independence standards of (a) the Nasdaq Listing Rules (during such time as the Company’s Common Stock is listed on the Nasdaq Stock Market) or of the exchange on which the Company’s securities are listed, (b) any other law or regulation applicable to the Company; and (c) any internal director independence standards or policies adopted by the Board from time to time. The Board believes that not more than one director should be a member of Company management. The Governance and Nominating Committee of the Board (the “Governance Committee”), in consultation with the Chairman of the Board (the “Chairman”), shall be responsible for

reviewing from time to time the appropriateness of the size of the Board and the mix of its members, and recommending changes to the full Board.

- 2. Director Qualifications.** The Governance Committee is responsible for establishing, and reviewing on an annual basis, criteria for determining the appropriate skills and characteristics required of Board members as well as the composition of the Board as a whole. Such criteria shall include issues of independence, character, judgment, diversity, age, expertise, corporate experience in such areas as operations, technology, finance, and marketing, willingness to devote adequate time to Board duties, and the general needs of the Board. The Governance Committee will consider candidates for reelection, candidates recommended by stockholders in accordance with the Company's Bylaws, and other candidates to fill new positions created by expansion and vacancies that occur by resignation, retirement or for any other reason, and will recommend candidates to the Board for nomination. The full Board, with the vote of a majority of the independent directors, shall nominate individuals for election to the Board, and shall elect individuals to fill vacancies on the Board. The Chairman, on behalf of the Board, shall extend the invitation to join the Board.
- 3. Director Independence.** A director shall be deemed an "independent" director if he or she meets the independence standards of (a) the Nasdaq Listing Rules (during such time as the Company's Common Stock is listed on the Nasdaq Stock Market), or of the exchange on which the Company's securities are listed, and (b) any other law or regulation applicable to the Company. The Governance Committee shall annually assess the independence of each director in accordance with such standards.
- 4. Term.** Directors are elected by the Company's stockholders for staggered three-year terms but can serve for no more than seven such terms. The Governance Committee will review the appropriateness of each Board member's continued service prior to the expiration of his or her then-current term. At that time, the member will also have an opportunity to communicate his or her desire to continue as a member of the Board. Except when the Board deems it appropriate in special circumstances, directors and director candidates are not eligible for nomination after attaining the age of 75.
- 5. Other Service; Conflicts of Interest.** In the event a director changes his or her principal business position or responsibility from that held when he or she was elected to the Board, the director shall inform the Governance Committee, and the Governance Committee shall have the opportunity to review the appropriateness of the continued service of the director on the Board. Each director must ensure that other existing and anticipated future commitments do not materially interfere with the director's service on the Board. In any event, no director shall serve on more than three additional public company boards, unless approved by the Governance Committee. Directors should advise the Governance Committee of any invitations to join the board of any other public company prior to accepting another directorship. Directors are expected to avoid any action, position or interest that conflicts with an interest of the Company, or gives the appearance of a conflict. The Company shall annually solicit information from

directors in order to monitor potential conflicts of interest. Directors are also expected to be mindful of their fiduciary obligations to the Company.

6. Selection of Chairman and Chief Executive Officer. The Board is free to make its selection of the Chairman and the Chief Executive Officer in the manner and upon the criteria that the Board deems appropriate at the time of the selection. The function of the Board in monitoring the performance of senior management of the Company is fulfilled by the presence of independent directors of stature who have a substantive knowledge of the Company's business.

7. Director Compensation. In accordance with its charter, the Compensation Committee will, on an annual basis, evaluate and recommend to the full Board for approval the form and amount of compensation to be paid to directors. It is appropriate for senior management of the Company to report from time to time to the Compensation Committee on the status of director compensation in relation to other comparable U.S. companies.

8. Stock Ownership. In order to align the interests of the Company's directors and stockholders, each independent director should own a minimum of 10,000 shares of common stock of the Company within five (5) years following election to the Board.

9. Indemnification. The directors will have the benefit of directors' and officers' insurance, paid by the Company, or reasonably equivalent self-insurance maintained by the Company, and shall be entitled to indemnification to the fullest extent allowed under the Company's Articles of Incorporation and Bylaws and Delaware law, and to exculpation as provided by Delaware law and the Company's Articles of Incorporation and Bylaws.

B. Board Operation

1. Leadership of the Board. The leadership of the Board shall be the responsibility of the Chairman. The Chairman shall be appointed by the members of the Board from among the members of the Board. The Chairman will chair the regularly scheduled meetings of directors and coordinate the activities of the independent directors. The Chairman shall have such further responsibilities that the directors as a whole may designate from time to time.

2. Meetings

a. **Frequency.** The Chairman, in consultation with other Directors, determines the timing and length of Board meetings. In addition, special meetings may be called from time to time as determined based on the needs of the Company. The Board will meet as often as necessary, and will spend an adequate amount of time at each meeting, to properly discharge its responsibilities to the Company.

b. **Agenda.** At the beginning of each year the Chairman, in consultation with the Chief Executive Officer, will, to the extent foreseeable and practicable, establish an annual agenda of items to be discussed at each Board meeting during the year, including financial and business reviews, operations planning, and strategic planning. The annual agenda will include review of the Company's long-term strategic plans and the challenges faced by the Company in executing those plans during at least one extended Board meeting during the

year. Prior to each Board meeting, the Chairman, in consultation with the Chief Executive Officer, will set the detailed agenda for that Board meeting (which may include special items not contemplated in the annual agenda) and which will be distributed to the entire Board in advance of the meeting. Each Board member is free to suggest the inclusion of items on any meeting agenda and to raise at any meeting subjects that are not on the agenda for that meeting.

- c. **Meeting Preparation.** Board members are expected to be prepared for, attend and participate in all Board meetings. Information and data that is important to the Board's understanding of the business to be conducted at a Board meeting shall be distributed in writing, either in physical form or electronically, to the entire Board along with the meeting agenda in advance of the meeting, so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the materials. Particularly sensitive subject matters may be discussed at the meeting without advance distribution of written materials.
 - d. **Private Sessions of Independent Directors.** The independent directors shall meet privately during the year as appropriate. An independent director shall chair such meetings and shall report to the Chief Executive Officer as appropriate on matters discussed at such meetings.
 - e. **Attendance of Management at Meetings.** The Board welcomes the attendance of certain senior management at each Board meeting. The Board also encourages senior management to schedule managers to present at Board meetings who: (i) can provide additional insight into the items being discussed because of personal involvement in these areas, or (ii) have future potential that management believes should be given exposure to the Board.
3. **Board Performance Evaluation.** The Governance Committee shall oversee an annual evaluation of the Board in accordance with the charter and principles of that committee. The Governance Committee will then report back to the Board, and the Board will consider and discuss the Governance Committee's report. The performance evaluation will include a review of any areas in which the Board or management believes the Board can make a better contribution to the governance of the Company. The purpose of the evaluation will be to improve the performance of the Board as a whole, and not to target the performance of any individual director.
4. **Access to Management and Employees.** The directors shall have complete access to all Company officers and employees. Any meetings or contacts that a director desires to initiate may be arranged directly by the director or through the Chief Executive Officer or other member of senior management. The directors shall use their judgment to ensure that any such contact or communication is not disruptive to the business operations of the Company, and that such contact, if in writing, be copied to the Chief Executive Officer.
5. **Interactions with Third Parties.** The Board believes that management speaks for the Company. Interactions with institutional investors, the press or other third parties is best handled by designated management representatives and the Chairman. Directors shall refer inquiries to one

of those designated individuals. However, directors may occasionally meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that directors would do this with the knowledge of management and, in most instances, absent unusual circumstances or as contemplated by the committee charters, at the request of management.

6. Director Orientation and Continuing Education. The Governance Committee will oversee an orientation program for new directors to be implemented by the Company. The orientation program will include presentations that review the Company's business strategies, its financial and accounting systems and risk management controls, its Code of Business Conduct and Ethics and methods and compliance programs, and its independent auditors. The orientation should include an introduction to the Company's senior management, visits to its corporate headquarters and, to the extent practicable, its significant facilities. Incumbent directors are also invited to attend the orientation program. The Governance Committee shall monitor legal and other issues applicable to the Board and the Company, and shall recommend any continuing education programs for directors that it deems appropriate.

C. Committees

1. Formation of Committees. The following standing committees of the Board shall exist at all times: (a) Audit Committee, (b) Compensation Committee, and (c) Governance Committee (collectively, the "Standing Committees"). The Board may, from time to time, form new committees, as it deems appropriate. The Governance Committee will review the committee structure of the Board at least annually and will make recommendations to the Board as appropriate for adding or disbanding a committee.

2. Committee Charters. Each Standing Committee shall have a formal charter adopted by the full Board, and will discharge its responsibilities in accordance with such charter. Other committees established by the Board may or may not have formal charters, as deemed appropriate by the Board. The charter of each committee will set forth the purpose, principles, policies, responsibilities and authority of the committee in addition to the qualifications for committee membership, procedures for committee member nomination and removal, and committee organization and functioning. Each Standing Committee will review its charter at least annually and recommend any changes thereto to the full Board. In addition, the Governance Committee will annually review each committee charter and will recommend any changes thereto to the Board.

3. Committee Members

a. **Membership Criteria.** All of the members of the Standing Committees will meet (a) the independence standards of (i) the Nasdaq Listing Rules (during such time as the Company's Common Stock is quoted on the Nasdaq Stock Market), or of the exchange on which the Company's securities are listed, and (ii) any other law or regulation applicable to the Company, and (b) the other membership criteria specified in the respective charters for

such committees. The members of any other committees established by the Board will meet the membership criteria specified in the respective charters for such committees.

- b. **Appointment of Members.** The Governance Committee, in consultation with the Chairman, will recommend to the Board the assignment of committee members and chairs, and the rotation thereof. The committee members and chairs will be appointed by the full Board. The Board may from time to time, rotate committee members and chairs, upon recommendation by the Governance Committee or as otherwise deemed appropriate by the Board. At least one member of the Audit Committee shall meet the qualifications of an "audit committee financial expert" as set forth in Item 401(h) of the Securities and Exchange Commission Regulation S-K.

4. **Committee Meetings.** The chairman of each committee will, in consultation with the appropriate committee members and members of management, and in accordance with the committee's charter, determine the frequency and length of committee meetings. At the beginning of the year, to the extent foreseeable and practicable, the chairman of each committee will establish an annual agenda of items to be discussed during the year. Each Board member may recommend agenda items for any committee meeting. A detailed agenda for each committee meeting, together with any materials related to the agenda items, will be provided to all committee members in advance of the meeting to allow the members to prepare for discussion of the items at the meeting. Each committee member is expected to be prepared for and attend and participate in each applicable committee meeting. The chairman of each committee will report to the full Board on matters discussed at each committee meeting.

5. **Committee Performance Evaluation.** The charter of each Standing Committee will provide that such committee will review its own performance annually. In addition, the Governance Committee will lead an annual review by the Board of the performance of each standing committee.

III. Management Evaluation and Succession

A. Management Evaluation

1. **CEO Performance Evaluation.** The Chairman of the Board will lead an annual review of the performance of the Chief Executive Officer. The evaluation will include objective criteria including business performance, accomplishment of long-term goals, development of management succession plans and such other matters deemed pertinent to performance. The Chief Executive Officer will be provided with specific goals for the ensuing year. Results of the annual evaluation will affect the Chief Executive Officer's compensation. The Chairman of the Board will report to the independent directors on its evaluation, and the independent directors will discuss the evaluation to ensure that the Chief Executive Officer is providing the best leadership for the Company, from a short, intermediate and long-term perspective. The Chairman of the Board will then meet with the Chief Executive Officer to discuss the evaluation.

2. Senior Management Evaluation. The Board, in consultation with the Chief Executive Officer, will annually evaluate the performance of each other member of senior management of the Company, including business performance and achievement of annual goals and objectives. Results of such annual evaluations will affect the compensation of such senior management.

B. Management Succession

1. Chief Executive Officer. The Chief Executive Officer will prepare and submit to the Board for review a succession plan for his position. The Chief Executive Officer will make available his recommendation for potential successors, together with the reasons for such recommendation and any suggested strategy or development plans for such persons. The entire Board will evaluate potential successors to the Chief Executive Officer.

2. Senior Management. The Board will periodically review with the Chief Executive Officer succession plans for other senior management positions.

IV. Engagement Process with Proponents of Approved Stockholder Proposals

A. In the event that a proposal submitted by any stockholder or stockholders of the Company is approved by the affirmative vote of a majority of the votes cast on such proposal (excluding abstentions and broker non-votes) at any annual meeting of the Company's stockholders, the Governance Committee shall take the following actions:

1. Following the annual meeting at which the proposal is approved, the Governance Committee shall schedule a meeting (which may be held telephonically) with the proponent of the proposal to obtain any additional information to provide to the Board for its consideration of the proposal. Where practical, such meeting should be coordinated with the timing of a regularly scheduled meeting of the Board.

2. Following the meeting with the proponent of the proposal, the Governance Committee shall present the proposal, together with the Governance Committee's recommendation and any other information deemed relevant to the proposal, to the full Board for such action, consistent with the Company's Articles of Incorporation and Bylaws, as the Board deems to be in the best interests of the Company's stockholders.

V. General Guidelines

A. The Board and each committee shall have the authority to obtain advice, reports or opinions from internal and external counsel and expert advisors and shall have the power to hire independent legal, financial and other advisors as they may deem necessary, without consulting with, or obtaining approval from, any officer of the Company in advance.

- B. These Board Guidelines shall be adopted by the full Board, and the Governance Committee shall review them on at least an annual basis, and shall recommend any changes to the full Board.