



## MAXWELL TECHNOLOGIES, INC.

### INSIDER TRADING POLICY

#### **Background**

The Board of Directors (the “Board”) of Maxwell Technologies, Inc. (the “Company”) has adopted this Insider Trading Policy (the “Policy”) for our Board members, officers, employees and consultants. It applies to the trading of the Company’s securities as well as the securities of other publicly traded companies with whom we have a business relationship.

Federal and state securities laws prohibit the purchase or sale of a company’s securities by persons who are aware of material information about that company that is not generally known or available to the public. Likewise, these laws prohibit persons who are aware of such material nonpublic information from disclosing this information to others who may trade. Companies and their controlling persons are also subject to liability if they fail to take reasonable steps to prevent insider trading by company personnel.

It is important that you understand the breadth of activities that constitute illegal insider trading and the consequences, which can be severe. Both the U.S. Securities and Exchange Commission (the “SEC”) and the Financial Industry Regulatory Authority investigate, and are very effective in detecting, insider trading. The SEC, together with the U.S. Attorneys, pursues insider trading violations vigorously. Cases have been prosecuted successfully against trading by employees through foreign accounts, trading by family members and friends, and trading involving only a small number of shares.

This Policy is designed to prevent insider trading (or allegations of insider trading) and to protect the Company’s reputation for integrity and ethical conduct. It is your obligation to understand and comply with this Policy. Should you have any questions regarding this Policy, please contact Emily Snyder who is referred to in this Policy as the Company’s Chief Compliance Officer, at +1 (858) 503-3341 or [esnyder@maxwell.com](mailto:esnyder@maxwell.com).

#### **Penalties for Non-Compliance**

***Civil and Criminal Penalties.*** Potential penalties for insider trading violations include (1) imprisonment for up to 20 years, (2) criminal fines of up to \$5 million and (3) civil fines of up to three times the profit gained or loss avoided.

***Controlling-Person Liability.*** If the Company fails to take appropriate steps to prevent illegal insider trading, the Company may have “controlling person” liability for a trading violation, with civil penalties of up to the greater of \$1 million or three times the profit gained or loss avoided,

as well as a criminal penalty of up to \$25 million. The civil penalties can extend personal liability to the Company's Board members, officers and other supervisory personnel if they fail to take appropriate steps to prevent insider trading.

**Company Sanctions.** Failure to comply with this Policy may also subject you to Company-imposed sanctions, including dismissal, whether or not your failure to comply with this Policy results in a violation of law.

### **Scope of Policy**

**Persons Covered.** As a Board member, officer, employee or consultant of the Company or its subsidiaries, this Policy applies to you. The same restrictions that apply to you also apply to:

- Your family members who reside with you;
- Anyone else who lives in your household;
- Any family members who do not live in your household but whose transactions in Company securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade in Company securities); and
- Any entities that you influence or control, including any corporations, partnerships or trusts (collectively referred to as "controlled entities").

You are responsible for making sure that the purchase or sale of any security covered by this Policy by any such person complies with this Policy. You should make them aware of the need to confer with you before they trade in securities covered by this Policy.

**Companies Covered.** The prohibition on insider trading in this Policy is not limited to trading in the Company's own securities. It includes trading in the securities of other firms, such as customers or suppliers of the Company and firms with which the Company may be negotiating major transactions, such as an acquisition, investment or sale. It also includes trading in the securities of publicly held investment funds, such as mutual funds and index funds, that own a disproportionate amount of the securities of the Company. Information that is not material to the Company may nevertheless be material to one of these other firms.

**Transactions Covered.** Trading includes purchases and sales of stock, derivative securities such as put and call options, convertible debentures and convertible preferred stock (including derivative securities not issued by the Company, such as exchange-traded funds or exchange-traded put or call options or swaps relating to the Company's stock), and debt securities (debentures, bonds and notes). Trading also includes certain transactions under Company plans, as follows:

**Sale of Option Shares.** This Policy's trading restrictions generally do not apply to the exercise of a stock option. The trading restrictions do apply, however, to any sale of the underlying stock or to a cashless exercise of the option through a broker (often called a

“same-day sale”). Such a transaction entails selling a portion of the underlying stock to cover the costs of exercise and/or withholding taxes.

Restricted Stock or Restricted Stock Unit Awards. The Policy does not apply to the vesting of restricted stock or restricted stock unit awards, or the exercise of a tax withholding right pursuant to which you elect (or the Company elects on your behalf) to have the Company withhold shares of stock to satisfy tax withholding requirements upon the vesting or settlement of any restricted stock or unit award. The Policy does apply, however, to any sale of restricted stock to a third party.

401(k) Plan. This Policy does apply to (a) any election you make to sell or acquire Company stock through your 401(k) plan account, including any intra-plan transfer (or rebalancing) of an existing account balance, if such transfer or re-balancing involves Company stock, and (b) any election you make to borrow money against your 401(k) plan account, if the loan will result in a liquidation of some or all of your Company stock. In addition, to the extent permitted in the future, other transactions in which you buy or sell Company stock in your 401(k) plan account may be subject to the Policy.

***Transactions Not Covered.*** The only exceptions to this Policy's prohibitions of trading in securities as outlined above are the following:

Stock Option Exercises. Exercises in stock options granted under the Company's equity compensation plans for cash; however, this exception does not include the subsequent sale of the shares acquired pursuant to the exercise of a stock option; and

Bona Fide Gifts. Bona fide gifts of securities are not deemed to be transactions for the purposes of this Policy. Whether a gift is truly bona fide will depend on the circumstances surrounding a specific gift. The more unrelated the donee is to the donor, the more likely the gift would be considered "bona fide" and not a "transaction." For example, gifts to charities, churches or non-profit organizations would generally not be deemed to be "transactions." However, gifts to dependent children followed by a sale of the "gifted securities" in close proximity to the time of the gift may imply some economic benefit to the donor and, therefore, may be deemed to be a "transaction" and not a "bona fide gift."

While these transactions are exceptions to this Policy's prohibitions on trading in the Company's securities, a Section 16 Reporting Person, Identified Insider or member of such person's immediate family or household contemplating such a transaction should still pre-clear the proposed transaction with either the Chief Compliance Officer or his or her designee.

### **Statement of Policy**

***No Trading on Inside Information.*** You may not trade in the securities of the Company (or other companies specified in “Companies Covered” above), directly or through family members or other persons or entities, if you are aware of material nonpublic information relating to the

Company. Similarly, you may not trade in the securities of any other company if you are aware of material nonpublic information about the other company that you obtained in the course of your employment with the Company.

**No Tipping.** You may not pass material nonpublic information on to others or recommend to others the purchase or sale of any securities when you are aware of such information. This practice, known as “tipping,” also violates the securities laws and can result in the same civil and criminal penalties that apply to insider trading, even though you did not trade and did not gain any benefit from the other person’s trading.

**No Assisting Others.** You may not assist anyone in engaging in any activity prohibited by this Policy.

**No Exception for Hardship.** The existence of a personal financial emergency or hardship does not excuse you from compliance with this Policy.

**No Exception for Transactions Unrelated to Inside Information.** It does not matter that you may have decided to engage in a transaction before becoming aware of material nonpublic information or that the material nonpublic information did not affect your decision to engage in the transaction. It is also irrelevant that publicly disclosed information about the Company might, even aside from the material nonpublic information, provide a sufficient basis for engaging in the transaction.

### **Policies Applicable to Identified Insiders**

**Identified Insiders.** The Company’s Board of Directors has adopted an Addendum to this Insider Trading Policy that applies to directors, executive officers subject to Section 16 of the Securities Exchange Act of 1934, as amended (“executive officers”), and certain other employees and consultants of the Company and its subsidiaries who are especially likely to possess material nonpublic information about the Company. For the purposes of this Policy, these persons are referred to as “Identified Insiders.”

**Blackout Periods and Pre-Clearance.** Under the Addendum, the Identified Insiders are subject to quarterly and interim earnings guidance trading blackout periods and pre-clearance of their transaction in the Company’s securities as set forth in the Addendum itself. However, the Company may impose event-specific blackouts on certain employees, even if such employees are not normally listed as an Identified Insider, as set forth below. Further, even if you are not subject to the blackout periods, or if a blackout period is not in effect, at no time may you trade in Company securities if you are aware of material nonpublic information about the Company. If you are an Identified Insider, you will be notified and provided with a copy of the Addendum and requested to certify compliance with the Addendum.

## **Definition of “Material Nonpublic Information”**

Note that inside information has two important elements—materiality and public availability.

**Material Information.** Information is material if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell a security. Any information that could reasonably be expected to affect the price of the security is material. Both positive and negative information can be material. Because trading that receives scrutiny will be evaluated after the fact with the benefit of hindsight, questions concerning the materiality of particular information should be resolved in favor of materiality. In other words, in case of doubt, trading should be avoided. Depending on the circumstances, the following may constitute material information:

- Projections of future earnings or losses, or other earnings guidance,
- Earnings or operating results that are inconsistent with the consensus expectations of the investment community,
- A pending or proposed merger, acquisition or tender offer or an acquisition or disposition of significant assets,
- A change in senior management,
- Major events regarding the Company’s securities, including the declaration of a stock split or the offering of additional securities,
- Severe financial liquidity problems,
- Actual or threatened major litigation, or the resolution of such litigation,
- The acquisition or license of products,
- New major contracts, orders, suppliers, customers, partners or finance sources, or the loss thereof,
- The introduction or a change in status of significant new products,
- A change in auditors or notification that the auditor’s reports may no longer be relied upon, and
- The imposition of a ban on trading in Company securities or the securities of another company.

**Nonpublic Information.** Nonpublic information is information that is not generally known or available to the public. One common misconception is that material information loses its “nonpublic” status as soon as a press release is issued disclosing the information. In fact, information is considered to be available to the public only when it has been released broadly to the marketplace (such as by a press release or an SEC filing) and the investing public has had time to absorb the information fully. As a general rule, information is considered nonpublic until

the close of the second full trading day after the information is released. For example, if the Company announces earnings before trading begins on a Tuesday, then the first time you can buy or sell Company securities is the opening of the market on Thursday (assuming you are not aware of other material nonpublic information at that time). However, if the Company announces earnings after trading begins on that Tuesday, then the first time you can buy or sell Company securities is the opening of the market on Friday.

**Unauthorized Disclosure.** Maintaining the confidentiality of Company information is essential for competitive, security and other business reasons, as well as to comply with securities laws. You should treat all information you learn about the Company or its business plans in connection with your employment as confidential and proprietary to the Company. Employees should treat all corporate information with discretion and discuss confidential data only with those Company employees who have a right and a need to know. In particular, do not discuss confidential information with relatives, friends or acquaintances. Inadvertent disclosure of confidential or inside information may expose the Company and you to significant risk of investigation and litigation.

The timing and nature of the Company's disclosure of material information to outsiders is subject to legal rules, the breach of which could result in substantial liability to you, the Company and its management. Accordingly, it is important that responses to inquiries about the Company by the press, investment analysts or others in the financial community be made on the Company's behalf only through authorized individuals. Please consult the Company's internal communications policy for more details regarding the Company's policy on speaking to the media, financial analysts and investors.

In addition, you are prohibited at all times from posting any information about the Company, its products, its customers, its potential customers or its competitors, as well as any other "material" nonpublic information, in any Internet discussion group. This includes, but is not limited to, Internet message boards or chat rooms (e.g., Yahoo Discussion Groups).

### **Additional Guidance**

The Company considers it improper for those who are employed by or associated with the Company to engage in short-term or speculative transactions in the Company's securities or in other transactions in the Company's securities that may lead to inadvertent violations of the insider trading laws. Accordingly, your trading in Company securities is subject to the following additional guidelines:

**Short Sales.** You may not engage in short sales of the Company's securities (sales of securities that you do not own, i.e., borrowed securities). You also may not engage in short sales "against the box" (sales of securities that you own, but with delayed delivery).

**Publicly Traded Options and Hedging.** You may not engage in transactions in publicly traded options on the Company's securities, such as puts, calls and other derivative securities,

on an exchange or in any other organized market. You also may not engage in hedging transactions, including, but not limited to, collars and forward sale contracts. (Please consult the Chief Compliance Officer if you are uncertain whether a particular type of transaction is covered by this prohibition.)

***Standing or Limit Orders.*** Standing or limit orders should be used only for a very brief period of time, if at all. A standing order placed with a broker to sell or purchase Company stock at a specified minimum or maximum price leaves you with no control over the timing of the transaction. The limit order could be executed by the broker when you are aware of material nonpublic information, which would result in unlawful insider trading.

***Margin Accounts and Pledges.*** Securities held in a margin account or pledged as collateral for a loan may be sold without your consent by the broker if you fail to meet a margin call or by the lender in foreclosure if you default on the loan. A margin or foreclosure sale that occurs when you are aware of material nonpublic information may, under some circumstances, result in unlawful insider trading. Because of this danger, you should exercise extreme caution in holding Company securities in a margin account or pledging Company securities as collateral for a loan. If you wish to pledge Company securities as collateral for a loan, you must submit a request for approval to the Chief Compliance Officer at least two weeks prior to the proposed execution of documents evidencing the proposed pledge.

### **Post-Termination Transactions**

This Policy continues to apply to your transactions in Company securities even after you have separated from service with the Company or a subsidiary. If you are aware of material nonpublic information when your employment or service relationship terminates, you may not trade in Company securities until that information has become public or is no longer material.

### **Personal Responsibility**

You should remember that the ultimate responsibility for adhering to this Policy and avoiding improper trading rests with you. If you violate this Policy, the Company may take disciplinary action, including dismissal.

### **Company Assistance**

Your compliance with this Policy is of the utmost importance both for you and for the Company. If you have any questions about this Policy or its application to any proposed transaction, you may obtain additional guidance from the Chief Compliance Officer. In his absence, another employee designated by the Chief Compliance Officer shall be responsible for administration of this Policy. All determinations and interpretations by the Chief Compliance Officer or his designee shall be final and not subject to further review.

Please do not try to resolve uncertainties on your own, as the rules relating to insider trading are often complex and not always intuitive while violations entail severe consequences.

### **Certification**

All employees must certify their understanding of, and intent to comply with, this Policy. A copy of the certification that employees must sign is enclosed with this Policy. Board members, executive officers and certain employees and consultants are subject to an “Addendum to Insider Trading Policy—Blackout Periods and Pre-Clearance Procedures.” Persons who are covered by the Addendum should sign the certification attached to the Addendum instead of the one enclosed with this Policy.