

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to §240.14a-12

**Maxwell Technologies, Inc.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**MAXWELL TECHNOLOGIES, INC.**  
**5271 Viewridge Court, Suite 100**  
**SAN DIEGO, CALIFORNIA 92123**

March 30, 2012

To Our Stockholders:

It is my pleasure to invite you to attend the 2012 Maxwell Technologies, Inc. Annual Meeting of Stockholders ("Annual Meeting") to be held on May 9, 2012 at 11:00 a.m., PDT, at the Courtyard Marriott Hotel located at 8651 Spectrum Center Boulevard, San Diego, California 92123.

Details of the business to be conducted at the Annual Meeting are given in the attached Notice of the 2012 Annual Meeting of Stockholders and Proxy Statement, which you are urged to read carefully.

We hope you will be able to attend the Annual Meeting to listen to a discussion of Maxwell's 2011 performance and the outlook for this year, and answer any questions you may have.

We are pleased to take advantage of the Securities and Exchange Commission rules that allow companies to furnish proxy materials to their stockholders on the Internet. We believe these rules will allow us to provide our stockholders with the information they need, while lowering the costs of delivery and reducing the environmental impact of our Annual Meeting. On or about March 30, 2012, we expect to begin mailing to our stockholders an Important Notice Regarding the Availability of Proxy Materials containing instructions on how to access our Proxy Statement and Annual Report and vote online.

Whether you plan to attend the Annual Meeting or not, it is important that your shares are represented. Therefore, when you have finished reviewing the Proxy Statement, you are urged to promptly vote in accordance with the instructions set forth on the Proxy Card you received. This will ensure your proper representation at the Annual Meeting, whether or not you can attend.

If you have any questions concerning the Annual Meeting or the proposals being voted on, please contact our Investor Relations Department at (858) 503-3300.

Sincerely,

A handwritten signature in dark ink, appearing to read "David J. Schramm".

David J. Schramm  
*Chief Executive Officer*

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### NOTICE OF THE 2012 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 9, 2012

To the Stockholders of  
Maxwell Technologies, Inc.:

The 2012 Annual Meeting of Stockholders (the “Annual Meeting”) of Maxwell Technologies, Inc., a Delaware corporation (the “Company”), will be held on May 9, 2012 at 11:00 a.m., PDT, at the Courtyard Marriott Hotel located at 8651 Spectrum Center Boulevard, San Diego, California 92123, for the purpose of considering and voting upon the following:

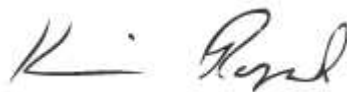
- To elect two Class I members to the Board of Directors to serve until the 2015 Annual Meeting of Stockholders or until their successors are duly elected and qualified;
- To ratify the appointment of McGladrey & Pullen, LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2012;
- To vote, on an advisory basis, on the compensation of the Company’s named executive officers as set forth in the Executive Compensation section of this Proxy Statement; and
- To transact such other business as may be properly brought before the Annual Meeting and any adjournment or postponement thereof.

The foregoing business items are more fully described on the following pages, which are made part of this notice.

#### WHO MAY VOTE:

The Board of Directors has fixed the close of business on March 16, 2012 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof.

By Order of the Board of Directors,



Kevin S. Royal  
*Secretary*

March 30, 2012  
San Diego, California

**ALL STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE MEETING IN PERSON. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE VOTE AS SOON AS POSSIBLE. IF YOU HAVE INTERNET ACCESS, WE ENCOURAGE YOU TO VOTE VIA THE INTERNET. FOR FURTHER DETAILS, SEE “QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND THE ANNUAL MEETING”.**

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**MAXWELL TECHNOLOGIES, INC.**  
**5271 Viewridge Court, Suite 100**  
**SAN DIEGO, CALIFORNIA 92123**  
(858) 503-3300

## **PROXY STATEMENT**

**FOR MAXWELL TECHNOLOGIES**  
**2012 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 9, 2012**

### **INTERNET AVAILABILITY OF PROXY MATERIALS**

Under rules adopted by the U.S. Securities and Exchange Commission ("SEC"), we are furnishing proxy materials to our stockholders primarily via the Internet, instead of mailing printed copies of those materials to each stockholder. On or about March 30, 2012, we will mail to our stockholders an Important Notice Regarding Availability of Proxy Materials ("Notice") containing instructions on how to access our proxy materials, including our Proxy Statement and our Annual Report. The Notice also instructs you on how to access your Proxy Card to vote through the Internet or by telephone.

This process is designed to expedite stockholders' receipt of proxy materials, lower the cost of the Annual Meeting, and help conserve natural resources. However, if you would prefer to receive printed proxy materials, please follow the instructions included in the Notice. If you have previously elected to receive our proxy materials electronically, you will continue to receive these materials via e-mail until you elect otherwise. If you have previously elected to receive printed proxy materials, you will continue to receive these materials in paper format until you elect otherwise.

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### QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND THE ANNUAL MEETING:

**Question :** *Why am I receiving these materials?*

**Answer:** Our Board of Directors has made these materials available to you on the Internet or, upon your request will deliver printed versions of these materials to you by mail, in connection with its solicitation of proxies for use at our Annual Meeting. As a stockholder, you are invited to attend the Annual Meeting, and are entitled to and requested to vote on the items of business described in this Proxy Statement.

**Question :** *Why am I being asked to review materials on-line?*

**Answer:** Under rules adopted by the SEC, we are now furnishing proxy materials to our stockholders on the Internet, rather than mailing printed copies of those materials to each stockholder. If you received the Notice by mail, you will not receive a printed copy of the proxy materials unless you request one. Instead, the Notice will instruct you as to how you may access and review the proxy materials on the Internet. We anticipate that the Notice will be mailed to stockholders on or about March 30, 2012.

**Question :** *How can I electronically access the proxy materials?*

**Answer:** The Notice provides you with instructions on how to view our proxy materials on the Internet.

**Question :** *How can I obtain a full set of proxy materials?*

**Answer:** The Notice provides you with instructions on how to request printed copies of the proxy materials. You may request printed copies until one year after the date of the Annual Meeting.

**Question :** *What information is contained in this Proxy Statement?*

**Answer:** The information contained in this Proxy Statement relates to the proposals to be voted on at the Annual Meeting, the voting process and certain other required information.

**Question :** *Who is soliciting my vote pursuant to this Proxy Statement?*

**Answer:** Our Board of Directors is soliciting your vote.

**Question :** *Who is entitled to vote?*

**Answer:** Stockholders of record of our common stock on the close of business on March 16, 2012 are entitled to vote at the Annual Meeting.

**Question :** *What am I voting on?*

**Answer:** You are voting on proposals:

- To elect two Class I members to the Board of Directors.
- To ratify the appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.
- To approve, on an advisory basis, the compensation of the Company's named executive officers.
- To transact such other business as may be properly brought before the Annual Meeting and any adjournment or postponement thereof.

**Question :** *How does the Board of Directors recommend that I vote?*

**Answer:** **The Board of Directors recommends a vote:**

- "FOR ALL" for the election of two Class I directors.

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- “FOR” the ratification of the appointment of McGladrey and Pullen, LLP as our independent registered public accounting firm for fiscal year 2012.
- “FOR” the approval of the compensation of the Company’s named executive officers.

### **Question :** *How may I cast my vote?*

**Answer:** If you are a registered holder of our common stock, meaning that your shares are registered with our transfer agent in your name, you have three options for submitting your vote before the meeting: via the Internet, by telephone or by mail. If you have Internet access, we encourage you to record your vote on the Internet. If you hold your shares in your name as a registered holder, you may also submit your vote in person at the Annual Meeting.

If your shares are held in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of your shares which are held in “street name.” If you hold your shares in street name, you received the Notice or the proxy materials from your brokerage firm, bank, dealer, or other similar organization rather than from Maxwell. The organization holding your shares is considered the stockholder of record for your shares for the purpose of voting at the Annual Meeting. However, as the beneficial owner, you have the right to direct that organization on how to vote the shares held in your account. If you hold your shares in street name, follow the instructions on the Notice, proxy card or voting instruction form you should have received from your brokerage firm or similar organization in order to vote your shares. If you intend to vote your shares in person at the Annual Meeting, you must obtain a legal proxy from the organization that holds your shares and bring the legal proxy with you to the Annual Meeting.

If you do not give instructions to your broker, your broker can vote your shares with respect to “discretionary” items, but not with respect to “non-discretionary” items. Discretionary items are proposals considered routine under the rules of the New York Stock Exchange (“NYSE”) on which your broker may vote shares held in street name without your voting instructions. On non-discretionary items for which you do not give your broker instructions, the shares will be treated as broker non-votes. Under recently adopted NYSE rules, any election of a member of the Board of Directors, whether contested or uncontested, is considered “non-discretionary” and therefore brokers are no longer permitted to vote your shares held in street name for the election of directors in the absence of instructions from you.

### **Question :** *May I cast my vote in person?*

**Answer:** Yes. If you are the registered holder of the shares, you can vote in person by coming to the Annual Meeting. However, if you hold your shares in street name or you are a representative of an institutional stockholder, you must bring a legal proxy from the organization that is the registered holder of the shares authorizing you to vote the shares you intend to vote at the Annual Meeting.

### **Question :** *May I cast my vote over the Internet, by telephone or by mail?*

**Answer:** Voting Alternatives:

- over the Internet at [www.proxyvote.com](http://www.proxyvote.com), by following the instructions for Internet voting on the Notice or Proxy Card mailed to you ;
- by phone, by dialing 1-800-690-6903 and following the instructions for voting by phone on the Notice or Proxy Card mailed to you;
- by requesting, completing and mailing in a paper proxy card, as outlined in the Notice.

If your shares are registered directly in your name with our transfer agent, Computershare, Inc., you are considered a stockholder of record with respect to those shares and the Notice has been sent directly to you by our transfer agent. Please carefully consider the information contained in the

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Proxy Statement and, whether or not you plan to attend the meeting, vote by one of the above methods so that we can be assured of having a quorum present at the meeting and so that your shares may be voted in accordance with your wishes even if you later decide not to attend the Annual Meeting.

If like most stockholders of the Company, you hold your shares in street name through a brokerage firm, bank or other similar organization rather than directly in your own name, you are considered the beneficial owner of shares, and the Notice is being provided to you by such organization. Please carefully consider the information contained in the Proxy Statement and, whether or not you plan to attend the meeting, vote by one of the above methods so that we can be assured of having a quorum present at the Annual Meeting and so that your shares may be voted in accordance with your wishes even if you later decide not to attend the Annual Meeting.

We encourage you to vote via the Internet. If you attend the meeting, you may also submit your vote in person and any votes that you previously submitted—whether via the Internet, by phone or by mail—will be superseded by the vote that you cast at the meeting. Whether your proxy is submitted by the Internet, by phone or by mail, if it is properly completed and submitted and if you do not revoke it prior to the meeting, your shares will be voted at the meeting in the manner set forth in this Proxy Statement or as otherwise specified by you. To vote at the meeting, those who hold shares in street name will need to contact the brokerage firm, bank or other similar organization that holds their shares to obtain a legal proxy to bring to the meeting.

**Question :** *May I revoke or change my vote?*

**Answer:** Yes. You may revoke your proxy at any time before its exercise. You may also revoke your proxy by voting in person at the Annual Meeting. If you hold shares in street name, you must contact your brokerage firm or bank to change your vote or obtain a legal proxy to vote your shares if you wish to cast your vote in person at the meeting.

**Question :** *Do I have to do anything if I plan to attend the Annual Meeting in person?*

**Answer:** No, we believe physical space at the Annual Meeting location will be sufficient to accommodate our normal attendance of this event.

**Question :** *Who will count the votes?*

**Answer:** The Company has hired a third party, Broadridge Financial Solutions, Inc., to tabulate votes cast by proxy and an inspector of elections will be present at the Annual Meeting to tabulate the final vote results.

**Question :** *What happens if the Annual Meeting is adjourned or postponed?*

**Answer:** Your proxy will still be effective and will be voted at the rescheduled Annual Meeting. You will still be able to change or revoke your proxy until it is voted.

**Question :** *How are votes counted?*

**Answer:** With regard to the election of directors, the two nominees who receive the greatest number of “FOR” votes will be elected to the Board. Stockholders are not entitled to cumulate votes. Votes against a candidate, votes withheld and abstentions have no legal effect in the election of directors. For the approval of the ratification of the appointment of McGladrey and Pullen, LLP as our independent registered public accounting firm for fiscal year 2012, the compensation of the our named executive officers, and the approval of any other matters properly presented at the Annual Meeting, the matter must be approved by the affirmative vote of a majority of the shares of common stock present or represented at the Annual Meeting. However, the vote for the approval of the compensation of our named executive officers is advisory and non-binding in nature and cannot overrule any decisions made by the Board of Directors.

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**Question :** *What is the deadline for voting?*

**Answer:** The deadline for voting by telephone or through the Internet is 11:59 p.m. Eastern Daylight Time on May 8, 2012. If you hold your shares in street name, please check the information you received from your brokerage firm, bank, dealer, or other similar organization for the voting deadline. If you plan to attend the Annual Meeting and to cast your vote in person, the polls will remain open until they are closed during the Annual Meeting on May 9, 2012. If you hold your shares in street name, you will need to bring the required paperwork in order to vote in person at the Annual Meeting. Please see the answer to the question “May I cast my vote in person?” above for more information.

**Question :** *How can I find the results of the Annual Meeting?*

**Answer:** Preliminary results will be announced at the Annual Meeting and final results will be published in a Form 8-K filed shortly after the meeting.

**Question :** *How can I communicate with the Board of Directors?*

**Answer:** Stockholders may communicate with members of the Company’s Board of Directors by mail addressed to the full Board, a specific member of the Board or to a particular committee of the Board at Maxwell Technologies, Inc., c/o Corporate Secretary, 5271 Viewridge Court, Suite 100, San Diego, California 92123.

## **GENERAL INFORMATION**

The Board of Directors of Maxwell Technologies, Inc., a Delaware corporation (the “Company,” “Maxwell,” “we” or “us”), is soliciting the enclosed proxy for use at the 2012 Annual Meeting of Stockholders to be held on May 9, 2012 at 11:00 a.m., local time, at the Courtyard Marriott Hotel located at 8651 Spectrum Center Boulevard, San Diego, California 92123, and any adjournment or postponement thereof. This Proxy Statement was first made available on or about March 30, 2012 to the stockholders. Any proxy given may be revoked at any time prior to the exercise of the powers conferred by it by filing with the Secretary of the Company a written notice signed by the stockholder revoking such proxy or a duly executed proxy bearing a later date. In addition, the powers conferred by such proxy may be suspended if the person executing the proxy is present at the Annual Meeting and elects to vote in person. All shares represented by each properly executed and unrevoked proxy received in time for the Annual Meeting will be voted (unless otherwise indicated thereon) in the manner specified therein at the Annual Meeting and any adjournment or postponement thereof.

The Company’s Annual Report to Stockholders, which includes the Company’s Annual Report on Form 10-K for the year ended December 31, 2011, is available over the Internet or, if requested per the instructions in the Notice, will be mailed to stockholders along with this Proxy Statement. The Annual Report on Form 10-K contains, among other things, financial information regarding the Company and a discussion of business developments during the fiscal year ended December 31, 2011. It is not to be regarded as proxy soliciting material or as a communication by means of which any solicitation of proxies is being made.

## **VOTING RIGHTS**

The close of business on March 16, 2012 (the “Record Date”) has been fixed by the Board as the Record Date for determining stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof. As of the Record Date, the Company had outstanding and entitled to vote 28,958,100 shares of common stock. Each holder of record of common stock on the Record Date will be entitled to one vote for each share held on all matters to be voted upon at the Annual Meeting.

The holders of record of a majority of the outstanding shares of common stock entitled to vote at the Annual Meeting, present in person or represented by proxy, will constitute a quorum for the transaction of business. Under Delaware law, abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum for the transaction of business. Brokers who hold shares in street name for customers have the authority to vote on certain items when they have not received instructions from beneficial owners. If you do not give instructions to your broker, your broker can vote your shares with respect to “discretionary” items, but not with respect to “non-discretionary” items. Discretionary items are proposals considered routine under the rules of the New York Stock Exchange (“NYSE”) on which your broker may vote shares held in street name without your voting instructions. On non-discretionary items for which you do not give your broker instructions, the shares will be treated as broker non-votes. Under NYSE rules applicable to our prior annual meetings, the uncontested election of a member of the Board of Directors was considered “discretionary” and brokers were permitted to vote your shares held in street name even in the absence of your instructions. Under recently adopted NYSE rules, any election of a member of the Board of Directors, whether contested or uncontested, is considered “non-discretionary” and therefore brokers are no longer permitted to vote your shares held in street name for the election of directors in the absence of instructions from you.

With regard to the election of directors, the two nominees who receive the greatest number of “FOR” votes will be elected to the Board. Stockholders are not entitled to cumulate votes. Therefore, votes against a candidate, votes withheld and abstentions will have no legal effect in the election of directors. For the approval of the ratification of the appointment of McGladrey and Pullen, LLP as our independent registered public accounting firm for fiscal year 2012, the approval of the compensation of the our named executive officers, and the approval of any other matters properly presented at the Annual Meeting, the matter must be approved by the affirmative

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vote of a majority of the shares of common stock present or represented at the Annual Meeting. However, the vote for the approval of the compensation of our named executive officers is advisory and non-binding in nature and cannot overrule any decisions made by the Board of Directors. Under Delaware law, abstentions are counted as votes cast, and therefore have the same effect as votes against a matter. Broker non-votes, on the other hand, are not considered to be votes cast and have no effect on the outcome of the matter.

All votes will be tabulated by the inspector of elections appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

### STOCKHOLDER PROPOSALS

Proposals of stockholders intended to be presented at our 2013 Annual Meeting of Stockholders must be received by us no later than November 30, 2012, which is 120 days prior to the first anniversary of the mailing date of the Proxy Statement, in order to be included in our proxy statement and form of proxy relating to that meeting. If a stockholder fails to give notice by this date, then the persons named as proxies by the Board for the 2013 Annual Meeting may exercise discretionary voting power regarding any such proposal. These proposals must comply with the requirements as to form and substance established by the SEC for such proposals in order to be included in the proxy statement. Under our Bylaws, a stockholder who wishes to make a proposal at the 2013 Annual Meeting without including the proposal in our proxy statement and form of proxy relating to that meeting should submit such proposal to the Company's Secretary at least 90 days prior to first anniversary of the date of the proxy statement delivered to Stockholders in connection with last year's annual meeting.

### PROPOSAL 1

#### ELECTION OF DIRECTORS

The Board is divided into three classes, with the terms of office of each class ending in successive years. The term of the directors currently serving in Class I expires on the date of the Annual Meeting. The directors in Class II and Class III will continue in office until their terms expire at the 2013 and 2014 Annual Meeting of Stockholders, respectively. The directors elected in Class I at the Annual Meeting will hold office until the 2015 Annual Meeting of Stockholders or until their successors are duly elected and qualified.

Holders of common stock are entitled to cast one vote for each share held for each of the two nominees for director in Class I. The two nominees receiving the greatest number of "FOR" votes will be elected directors of the Company in Class I. It is intended that the shares represented by the enclosed proxy will be voted, unless otherwise instructed, for the election of the nominees named below. Broker non-votes will have no effect. While the Company has no reason to believe that any of the nominees will be unable to stand for election as a director, it is intended that if such an event should occur, such shares will be voted for such substitute nominee as may be selected by the Board.

No arrangement or understanding exists between any nominee and any other person or persons pursuant to which any nominee was or is to be selected as a director. No nominee has any family relationship with any other nominee or with any of the Company's executive officers or directors.

Set forth below is information with respect to nominees for director and other directors of the Company who will continue in office for terms extending beyond the Annual Meeting, including their recent employment or principal occupation, a summary of their specific experience, qualifications, attributes or skills within the past five years that led to the conclusion that they are qualified to serve as a director, their period of service as a Company director and their age. The nominees for director were nominated by non-management directors of the Company.

## NOMINEES FOR ELECTION AS DIRECTORS

<u>Name and Age</u>	<u>Period Served as a Director, Positions and Other Relationships with the Company, and Business Experience</u>
José L. Cortes, 47 (Class I)	<p>Mr. Cortes was appointed a Class I director in July 2002. Since 1999, Mr. Cortes has been chairperson of Montena SA, a holding company that sold its Montena Components, Ltd. subsidiary to the Company in July 2002. Since 1996, he has been a director of GenTurica, AG, an asset management firm, and a partner at GorCor Asset Management AG, a family office and private equity advisor. Mr. Cortes resides in Zürich, Switzerland.</p> <p><i>Individual experience</i> : Mr. Cortes has extensive industry experience, familiarity with the Company's High-Voltage Capacitors operations, and, having worked in the European financial industry for many years, has extensive experience in commercial finance, private equity and leveraged finance.</p>
Roger Howsmon, 67 (Class I)	<p>Mr. Howsmon was appointed a Class I director in May 2008. He serves on the Compensation Committee. Since 2007, Mr. Howsmon has been the senior advisor to the president and chief executive officer of the school bus division of Blue Bird Corporation, one of the world's leading bus manufacturers, which is privately held by Cerebus Capital Management. Previously, as executive vice president, he led the manufactured housing group of Fleetwood Enterprises, and before that, was chairperson and chief executive officer of Global Promo Group, an international marketer of promotional products. Earlier in his career, he held a series of senior management positions in the diesel engine industry with Cummins Engine Company and Perkins Engines, and then spent five years as general manager of Peterbilt Motors, a leading manufacturer of medium and heavy duty trucks.</p> <p><i>Individual experience</i> : Mr. Howsmon's extensive transportation industry experience, familiarity with the Company's industry and key operations, experience as an executive of numerous companies, and extensive sales, marketing and distribution skills make him further qualified to serve as a director.</p>

## DIRECTORS CONTINUING IN OFFICE UNTIL THE 2013 ANNUAL MEETING OF STOCKHOLDERS

<u>Name and Age</u>	<u>Period Served as a Director, Positions and Other Relationships with the Company, and Business Experience</u>
Mark Rossi, 55 (Class II)	<p>Mr. Rossi was appointed a Class II director in November 1997 and was elected Chairperson of the Board in May 2011. He also serves on the Audit Committee and the Governance and Nominating Committee and is the Chairperson of the Compensation Committee. Mr. Rossi is a senior managing director of Cornerstone Equity Investors, LLC, one of the largest and most experienced private equity firms in the United States. Prior to the formation of Cornerstone Equity Investors in 1996, Mr. Rossi was president of Prudential Equity Investors, Inc. Mr. Rossi's industry focus is on technology companies. He is also a member of the board of directors of Cardtronics, Inc., a public company which is the world's largest non-bank ATM operator, and is a board member of a number of private companies.</p> <p><i>Individual experience</i> : Mr. Rossi has experience in previous roles of chairman of the board of two other public companies, as well as having served as a member of the board of directors of several other public and private companies. Further, Mr. Rossi brings a breadth of equity experience across a wide range of industries. He has a</p>

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Name and Age	Period Served as a Director, Positions and Other Relationships with the Company, and Business Experience
Jean Lavigne, 74 (Class II)	<p>successful record of managing equity investments in his current position with Cornerstone Equity Investors, LLC, along with extensive transactional expertise including: mergers and acquisitions, IPOs, debt and equity offerings and bank financing, all of which make him further qualified to serve as a director.</p> <p>Mr. Lavigne was appointed a Class II director in August 1999. He serves on the Compensation Committee and the Governance and Nominating Committee. In 2003, Mr. Lavigne founded JCL Conseil, a Swiss consulting firm, where he currently serves as general partner. From November 1993 until his retirement at the end of 2002, Mr. Lavigne served as vice president and country president in France and Belgium for Motorola, Inc., and he was president and chief executive officer of Motorola, SA and of Motorola Semiconductor SA. Prior to joining Motorola, Mr. Lavigne was with Digital Equipment Corporation in Europe where he was responsible for manufacturing and engineering technology and served as a member of its European government affairs team. Mr. Lavigne resides in London, U.K. Mr. Lavigne currently serves on the board of directors of a subsidiary of a publicly traded company in Canada.</p> <p><i>Individual experience</i> : Mr. Lavigne's international business and management experience, as well as his background in the technology industry, makes him further qualified to serve as a director.</p>
Burkhard Goeschel, 66 (Class II)	<p>Dr. Goeschel was appointed a Class II director in February 2007. He serves on the Governance and Nominating Committee. Since 2007, he has been the chief technology officer of vehicles and powertrain of MAGNA International, a leading NYSE-listed global supplier of technologically advanced automotive systems, components and complete modules. From 2000 until his retirement in 2006, he was a member of the six-person management board of BMW Group, with overall responsibility for research, development and purchasing. Before beginning his career with BMW in 1978, he spent two years as a group leader for engine product development with Daimler Benz. He is an honorary professor of the Technical University in Graz, Austria, holds an honorary doctorate from the Technical University of Munich and is a member of the university's management board and a trustee of its Institute for Advanced Studies. Further, he is honorary president of the German Research Association for Internal Combustion Engines, is a member of the Council for Technical Sciences of the Union of German Academies of Sciences and Humanities and was general chairperson of the Society of Automotive Engineers 2006 World Congress.</p> <p><i>Individual experience</i> : Dr. Goeschel's global automotive industry experience, breadth of knowledge concerning the international marketplace and prior experience at BMW Group, in addition to a strong technical background and deep knowledge of the automotive market, make him further qualified to serve as a director.</p>

**DIRECTORS CONTINUING IN OFFICE UNTIL THE  
2014 ANNUAL MEETING OF STOCKHOLDERS**

<u>Name and Age</u>	<u>Period Served as a Director, Positions and Other Relationships with the Company, and Business Experience</u>
Robert Guyett, 75 (Class III)	<p>Mr. Guyett was appointed a Class III director in January 2000, and served as Chairperson of the Board from May 2010 to May 2011, and also from May 2003 until May 2007. He serves on the Compensation Committee and the Governance and Nominating Committee, and is the Chairperson of the Audit Committee. Since 1995, he has been president and chief executive officer of Crescent Management Enterprises LLC, a consulting firm that provides financial management and investment advisory services. Since 1990, he has been a director of Newport Corp., a public company which is a supplier of products and systems to the semiconductor, communications, electronics, research and life science markets. He is also a director and Treasurer of the Christopher and Dana Reeve Foundation and serves on the board of a privately-held company. From 1991 to 1995, he was a director and chief financial officer of Engelhard Corp and from 1987 to 1991, he was a director and chief financial officer of Fluor Corporation.</p> <p><i>Individual experience</i> : Mr. Guyett, with his experience in various senior leadership positions, including chief financial officer, provides the Company with broad insight into financial and operational matters. Further, Mr. Guyett's extensive experience in international operations and his demonstrated leadership on the boards of several other companies expand his qualifications to serve on our Audit Committee, Compensation Committee and Governance, Nominating and Strategy Committee.</p>
David J. Schramm, 62 (Class III)	<p>Mr. Schramm joined Maxwell as President and CEO, and was appointed a director, in July 2007. Previously, he spent the bulk of his 37-year business career in a series of senior management and engineering positions with General Motors and its primary Tier I parts supplier, Delphi Automotive Systems. Before joining Maxwell, he was president and chief executive officer of EADS North America Defense Test and Services, the U.S. subsidiary of the corporate parent of Airbus, and immediately before that, from 2001 to 2006, he was president and chief executive officer of Arrowhead Products Corp., a leading supplier of specialty systems to the aerospace and automotive industries.</p> <p><i>Individual experience</i> : Mr. Schramm's extensive automotive industry experience with General Motors, including its parts operations, and subsequent experiences as president and chief executive officer of two other companies prior to joining Maxwell provide him a breadth of knowledge concerning issues affecting the day-to-day oversight of our Company's operations. He brings to the Board his knowledge of the automotive industry and its trends, and he contributes his perspective on, and experience in, a broad range of board oversight matters.</p>

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<u>Name and Age</u>	<u>Period Served as a Director, Positions and Other Relationships with the Company, and Business Experience</u>
Yon Yoon Jorden, 57 (Class III)	<p>Ms. Jorden was appointed a director in Class III in May 2008. She serves on the Audit Committee and is the Chairperson of the Governance and Nominating Committee. During a business career spanning more than 25 years, she served as chief financial officer of four publicly traded companies, most recently as executive vice president and chief financial officer of AdvancePCS, a \$16 billion Nasdaq-listed provider of pharmacy benefits management to more than 75 million health plan participants, from 2002 to 2004. Previously she was chief financial officer of Informix, a Nasdaq-listed technology company, Oxford Health Plans, a Nasdaq-listed provider of managed health care services, and WellPoint, Inc., a NYSE-listed managed care company. Earlier in her career she was a senior auditor with Arthur Andersen &amp; Co., where she became a certified public accountant. She currently serves as a director of Magnatek, Inc., a Nasdaq-listed manufacturer of digital power control systems, and of Methodist Health System, a Texas-based hospital system.</p> <p><i>Individual experience</i> : Ms. Jorden’s extensive experience as chief financial officer of public companies in various industries provides her a tremendous depth of knowledge into financial, operational and Board oversight matters and the financial expertise required for our Audit Committee. In addition, Ms. Jorden’s service on other boards provides her additional insight into board oversight matters.</p>

### ***Vote Required for Approval and Recommendation of the Board***

With regard to the election of directors, the two nominees who receive the greatest number of “FOR” votes will be elected to the Board. Stockholders are not entitled to cumulate votes. Therefore, votes against a candidate, votes withheld and abstentions will have no legal effect in the election of directors.

**The Board recommends that stockholders vote FOR ALL of the nominees identified above.**

## PROPOSAL 2

### RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

#### General Information

The Audit Committee of the Board of Directors has appointed McGladrey & Pullen, LLP (“M&P”) as our independent registered public accounting firm (or “independent auditors”) to audit the Company’s consolidated financial statements for the fiscal year ending December 31, 2012. The submission of this matter for ratification by stockholders is not legally required; however, the Board of Directors believes that such submission is consistent with best practices in corporate governance and is an opportunity for stockholders to provide direct feedback to the Board of Directors on an important issue of corporate governance. If the selection is not ratified, the Audit Committee will consider whether it is appropriate to select another independent registered public accounting firm. Even if the selection is ratified, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and our stockholders. Representatives of M&P are expected to attend the Annual Meeting, where they will be available to respond to appropriate questions and, if they desire, to make a statement.

#### Vote Required

Approval of this proposal requires the affirmative vote of a majority of the shares represented at the meeting and entitled to vote.

**The Board recommends that stockholders vote FOR the ratification of McGladrey & Pullen, LLP as our independent auditors for the fiscal year ending December 31, 2012.**

#### PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table presents fees for professional services rendered by M&P for 2011 and 2010 (in thousands):

	<u>2011</u>	<u>2010</u>
Audit Fees	\$734	\$700
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total	<u>\$734</u>	<u>\$700</u>

*Audit Fees* . Audit fees include fees associated with the annual audit of the Company’s consolidated financial statements, reviews of the Company’s interim consolidated financial statements included in its Quarterly Reports on Form 10-Q, review of registration statements filed on Form S-3 and the audit of the effectiveness of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002.

*Audit-Related Fees* . We did not engage M&P for any audit-related services during the fiscal years ended December 31, 2011 and 2010.

*Tax Fees* . We did not engage M&P for professional services in connection with tax advice or tax planning during the fiscal years ended December 31, 2011 and 2010.

*All Other Fees* . We did not engage M&P for any other professional services for the fiscal years ended December 31, 2011 and 2010.

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### Audit Committee Pre-approval Policies and Procedures

The Audit Committee pre-approves all audit and permissible non-audit services prior to commencement of services. During fiscal year 2011, all services rendered by M&P were pre-approved by the Audit Committee.

### REPORT OF THE AUDIT COMMITTEE (1)

The Audit Committee is composed of three independent directors and operates under a written charter adopted by the Board. The members of the Audit Committee are Messrs. Rossi and Guyett and Ms. Jorden. The Audit Committee recommends to the Board the selection of the Company's independent auditors.

Management is responsible for the Company's internal controls and the financial reporting process. The independent auditors are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with the standards of the United States Public Company Accounting Oversight Board ("PCAOB") and to issue a report thereon. The Audit Committee monitors and oversees these processes on behalf of the Board.

In this context, the Audit Committee has met and held discussions with management and the independent auditors. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, and the Audit Committee has reviewed and discussed the consolidated financial statements and the effectiveness of internal control over financial reporting with management and the independent auditors. The Audit Committee discussed with the independent auditors matters required to be discussed by Statement on Auditing Standards No. 61 (Codification of Statements on Auditing Standards), as amended (AICPA, *Professional Standards*, Vol. 1. AU Section 380), as adopted by the PCAOB in Rule 3200T.

The Company's independent auditors also provided to the Audit Committee the written disclosures and the letters required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and PCAOB Rule 3526 (Communication with Audit Committees Concerning Independence), and the Audit Committee discussed with the independent auditors the firm's independence from the Company and its management.

Based on the Audit Committee's discussions with management and the independent auditors as well as the Audit Committee's review of the representations of management and the report of the independent auditors to the Audit Committee, the Audit Committee recommended that the Board include the audited consolidated financial statements for the year ended December 31, 2011 in the Company's Annual Report on Form 10-K, filed with the SEC on February 16, 2012.

Submitted by the following members of the Audit Committee:

Robert Guyett (Chairperson)  
Mark Rossi  
Yon Yoon Jorden

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(1) The material in this report is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any filing of Maxwell under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

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### CORPORATE GOVERNANCE

#### Board Meetings and Committees

The Board is composed of eight members, six of whom were determined by the Board to be independent within the meaning of the NASDAQ Global Market (“NASDAQ”) listing standards. These independent directors are Messrs. Rossi, Guyett, Lavigne, Goeschel and Howsmon and Ms. Jorden. During the fiscal year ended December 31, 2011, the Board held eight meetings and each Board member attended 75% or more of the aggregate number of the meetings of the Board and of the committees on which they served, held during the period for which they were a director or committee member. The Company also encourages all members of the Board to attend the Company’s Annual Meeting of Stockholders. All but one of the active members of the Board at the time of the Company’s 2011 Annual Meeting of Stockholders were in attendance.

Stockholders may communicate with members of the Company’s Board by mail addressed to the full Board, a specific member of the Board or to a particular committee of the Board at Maxwell Technologies, Inc., c/o Corporate Secretary, 5271 Viewridge Court, Suite 100, San Diego, California 92123.

The Board also has established an Audit Committee, a Compensation Committee, and a Governance and Nominating Committee. The following table sets forth the members of our board of directors and the committees of which each director is a member.

<u>Name of Director</u>	<u>Audit</u>	<u>Compensation</u>	<u>Governance</u>
<b>Non-Employee Directors:</b>			
Robert Guyett	X*	X	X
Jean Lavigne		X	X
Mark Rossi	X	X*	X
Burkhard Goeschel, Ph.D.			X
Roger Howsmon		X	
Yon Yoon Jorden	X		X*
José L. Cortes			
<b>Employee Director:</b>			
David J. Schramm			

X = Committee member; \* = Chair

#### *Audit Committee*

The Audit Committee oversees the Company’s corporate accounting and financial reporting process. For this purpose, the Audit Committee performs several functions. For example, the Audit Committee evaluates the performance of and assesses the qualifications of the independent auditors; determines the engagement of the independent auditors; determines whether to retain or terminate the existing independent auditors or to appoint and engage new auditors to perform any proposed non-permissible audit services; monitors the rotation of partners of the independent auditors on the Company engagement team as required by law; reviews the financial statements to be included in the Annual Report; and discusses with management and the independent auditors the results of the annual audit and the results of the Company’s quarterly financial statement reviews. The Audit Committee held nine meetings during the fiscal year ended December 31, 2011.

All members of the Company’s Audit Committee are independent (as independence is defined in NASDAQ listing standards). Mr. Guyett and Ms. Jorden have been designated by the Board as the Audit Committee’s financial experts. The Audit Committee has adopted a written Audit Committee Charter available at the Company’s website at [investors.maxwell.com](http://investors.maxwell.com).

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### *Compensation Committee*

The Compensation Committee approves the salaries and incentive compensation of employees and the compensation of directors, oversees the administration of the Company's equity compensation plans and otherwise determines compensation levels and performs such other functions regarding compensation as the Board may delegate. The Compensation Committee held five meetings during the fiscal year ended December 31, 2011. All members of the Company's Compensation Committee are independent of management (as independence is defined in the NASDAQ listing standards). The Compensation Committee has adopted a written Compensation Committee Charter available at the Company's website at [investors.maxwell.com](http://investors.maxwell.com).

### *Compensation Committee Interlocks and Insider Participation*

None of the Company's executive officers serves as a member of the board of directors or compensation committee of an entity that has an executive officer serving as a member of the Board or Compensation Committee of Maxwell.

### *Governance and Nominating Committee*

The Governance and Nominating Committee interviews, evaluates, nominates and recommends individuals for membership on the Company's Board and committees thereof, monitors the function of the Board and its committees regarding overall effectiveness, composition and structure, establishes a process for monitoring compliance with the Company's Standards of Business Conduct and Ethics and recommends board guidelines and policies for adoption by the Board. Recently, in 2012, the Governance and Nominating Committee was reconstituted from the Governance, Nominating and Strategy Committee, as strategy matters are addressed at the total board level. The Governance and Nominating Committee (then known as the Governance, Nominating and Strategy Committee) held four meetings during the fiscal year ended December 31, 2011.

The members of the Governance and Nominating Committee are independent of management (as independence is defined in the NASDAQ listing standards). The Governance and Nominating Committee has adopted a written Governance and Nominating Committee Charter which is available on the Company's website at [investors.maxwell.com](http://investors.maxwell.com).

When considering a potential candidate for membership on the Company's Board, the Governance and Nominating Committee considers relevant business and other experience and demonstrated character and judgment as described in the Company's Board Guidelines, which are posted on the Company's website at [investors.maxwell.com](http://investors.maxwell.com). There are no differences in the manner in which the Governance and Nominating Committee evaluates a candidate that is recommended for nomination for membership on the Company's Board by a stockholder, as opposed to a candidate that is recommended for nomination for membership by the Governance and Nominating Committee and Board. The Governance and Nominating Committee has not received any recommended nominations from any of the Company's stockholders in connection with the Annual Meeting.

In addition to the considerations described above, the Governance and Nominating Committee considers the composition of the Board in its evaluation of both candidates for Board membership as well as existing Board members. The Board believes that factors such as background, experience, independence, character, judgment, skills, diversity, age, race, gender and national origin as it relates to each individual Board member as well as the Board as a whole are important considerations in Board composition. The Governance and Nominating Committee believes that, as a group, the nominees above compliment the Board's composition and bring a diverse range of backgrounds, experiences and perspectives to the Board's deliberations.

The Governance and Nominating Committee will consider stockholder nominations for directors submitted in accordance with the procedure set forth in Section 3.4 of the Company's Bylaws, which are posted on the

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Company's website at [investors.maxwell.com](http://investors.maxwell.com). The procedure provides that a timely notice relating to the nomination must be given in writing to the Secretary of the Company prior to the Annual Meeting. To be timely, the notice must be delivered within the time permitted for submission of a stockholder proposal as described under the section "Stockholder Proposals" in this Proxy Statement. Such notice must be accompanied by the nominee's written consent, contain information relating to the business experience and background of the nominee and include information with respect to the nominating stockholder and persons acting in concert with the nominating stockholder. Since our prior annual meeting, there have been no material changes to the procedures by which stockholders may recommend nominees to the Board.

### *Standards of Business Conduct and Ethics*

The Company's Standards of Business Conduct and Ethics apply to all of the Company's employees, officers (including the Company's chief executive officer, chief financial officer, controller and persons performing similar functions) and directors. The Company's Standards of Business Conduct and Ethics is posted on the Company's website at [investors.maxwell.com](http://investors.maxwell.com) in English, French, German and Chinese and can also be obtained free of charge by sending a request to the Company's Corporate Secretary at Maxwell Technologies, Inc., 5271 Viewridge Court, Suite 100, San Diego, California 92123. Any changes or waivers of the Standards of Business Conduct and Ethics for the Company's Chief Executive Officer, Chief Financial Officer, Controller and persons performing similar functions will be disclosed on the Company's website.

### *Board Leadership Structure and Role in Risk Oversight*

Our Board separates the positions of Chairperson of the Board and Chief Executive Officer. Separating these positions allows our Chief Executive Officer to focus on our day-to-day business, while allowing the Chairperson of the Board to lead the Board in its fundamental role of providing advice to and independent oversight of management. The Board recognizes the time, effort and energy that the Chief Executive Officer is required to devote to his position in the current business environment, as well as the commitment required to serve as our Chairperson, particularly as the Board's oversight responsibilities continue to grow. We believe that having separate positions and having an independent outside director serve as Chairperson is the appropriate leadership structure for the Company at this time and demonstrates our commitment to good corporate governance.

The Board is responsible for oversight of the Company's risk management process. The entire senior management of the Company is responsible for risk assessment activities including, identifying, prioritizing and managing risks as well as reporting and communicating on such risk management activities to the Board of Directors. A Chairperson that is independent of management adds another layer of insight to the risk assessment process by bringing a broad perspective on the Company's goals and strategic objectives.

As part of its oversight of our Company's executive compensation programs, the Compensation Committee considers the impact of the programs, and the incentives created by the compensation awards that it administers, on our Company's risk profile. In addition, the Compensation Committee reviews all of our Company's compensation policies and procedures, including the incentives that they create and factors that may reduce the likelihood of excessive risk assumption, to determine whether they present a significant risk to our Company.

The Compensation Committee has concluded that, for all employees, our Company's compensation programs do not encourage excessive risk and are not likely to have a material adverse effect on the Company for the following reasons:

- The Compensation Committee retains a degree of discretion with respect to our annual cash incentive bonus program, and uses multiple performance objectives in that program, which minimizes the risk that might be posed by the short-term variable component of our compensation programs; and

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- The long-term incentive component of our equity compensation program, which includes the grant of restricted stock with service and performance-based vesting conditions, provides employees with an incentive to increase the value of our stock while also exposing them to downside risk, thereby encouraging behaviors that support sustainable value creation.

### *Compensation of Directors*

For the fiscal year ended December 31, 2011, non-employee directors of the Company received compensation for services provided as a director in the form of cash and equity compensation. For services in 2011, each board member received an annual cash retainer of \$50,000. In addition, the chairperson of the Board and each of the chairpersons of the committees of the Board received additional annual cash compensation as follows: \$20,000 to the Chairperson of the Board; \$12,000 to each of the chairpersons of the Audit Committee and Compensation Committee; and, \$10,000 to the Chairperson of the Governance, Nominating and Strategy Committee. Further, each member of the committees of the Board, who does not also serve as the chairperson of a committee, received the following annual cash compensation: \$6,000 to each member of the Audit Committee and the Compensation Committee; and, \$5,000 to each member of the Governance and Nominating Committee.

In addition to the cash compensation described above, each Board member receives annual compensation in the form of a restricted stock unit ("RSU") award. In the first quarter of 2011, each non-employee director received an RSU award under the 2005 Omnibus Equity Incentive Plan covering a number of shares of our common stock determined by dividing \$60,000 by the closing price of our common stock on the date of grant, rounded up to the nearest whole share.

In addition to the annual RSU awards described above, directors are eligible to receive additional equity-based awards under our 2005 Omnibus Equity Incentive Plan at the time of their election or appointment, or on a discretionary basis from time to time as determined by the Compensation Committee.

The following table sets forth all of the compensation awarded to, earned by, or paid to each person who served as a director during fiscal year 2011, other than a director who also served as our chief executive officer and did not receive any compensation for services as a director.

Name	Fees Earned		Total (\$)
	or Paid in Cash (\$)	Stock Awards (8) (\$)	
Robert Guyett	80,178(1)	60,000(9)	140,178
Jean Lavigne	61,000(2)	60,000(10)	121,000
Mark Rossi	85,822(3)	60,000(11)	145,822
Burkhard Goeschel, Ph.D.	55,000(4)	60,000(12)	115,000
José L. Cortes	50,000(5)	60,000(13)	110,000
Roger Howsmon	56,000(6)	60,000(14)	116,000
Yon Yoon Jorden	66,000(7)	60,000(15)	126,000

- Mr. Guyett is the Chairperson of the Audit Committee and a member of the Compensation Committee and the Governance and Nominating Committee. This amount includes cash compensation earned in 2011, as described above. Mr. Guyett served as the Chairperson of the Board until May 2011, and his cash compensation was prorated for the portion of the year he served in such capacity.
- Mr. Lavigne is a member of the Governance and Nominating Committee and the Compensation Committee. This amount includes cash compensation earned in 2011, as described above.
- Mr. Rossi is the Chairperson of the Board and the Compensation Committee and is also a member of the Audit Committee, and the Governance and Nominating Committee. This amount includes cash

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compensation earned in 2011, as described above. Mr. Rossi began serving as the Chairperson of the Board in May 2011, and his cash compensation was prorated for the portion of the year he served in such capacity.

- (4) Dr. Goeschel is a member of the Governance and Nominating Committee. This amount includes cash compensation earned in 2011, as described above.
- (5) This amount includes cash compensation earned in 2011, as described above.
- (6) Mr. Howsmon is a member of the Compensation Committee. This amount includes cash compensation earned in 2011, as described above.
- (7) Ms. Jorden is Chairperson of the Governance and Nominating Committee and a member of the Audit Committee. This amount includes cash compensation earned in 2011, as described above.
- (8) The amounts in this column represent the grant date fair value of equity awards granted during the year ended December 31, 2011. The amounts for each director consist of \$60,000 per director with respect to 3,148 restricted stock units granted to each of the directors on February 9, 2011.
- (9) As of December 31, 2011, Mr. Guyett held 14,000 stock options, all of which were vested and exercisable, and 3,148 unvested restricted stock units.
- (10) As of December 31, 2011, Mr. Lavigne held 14,000 stock options, all of which were vested and exercisable, and 3,148 unvested restricted stock units.
- (11) As of December 31, 2011, Mr. Rossi held 3,000 stock options, all of which were vested and exercisable, and 3,148 unvested restricted stock units.
- (12) As of December 31, 2011, Dr. Goeschel held 10,000 stock options, all of which were vested and exercisable, and 3,148 unvested restricted stock units.
- (13) As of December 31, 2011, Mr. Cortes held 18,000 stock options, all of which were vested and exercisable, and 3,148 unvested restricted stock units.
- (14) As of December 31, 2011, Mr. Howsmon held 3,148 unvested restricted stock units.
- (15) As of December 31, 2011, Ms. Jorden held 3,148 unvested restricted stock units.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock by (i) each person (or group of affiliated persons) known by the Company to beneficially own more than five percent of the outstanding shares of common stock, (ii) each director of the Company, (iii) each of the named executive officers, which includes our current Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Senior Vice President of Sales and Marketing, and (iv) all current directors and named executive officers of the Company as a group. Information for the officers and directors is as of March 16, 2012. The address for each individual is 5271 Viewridge Court, Suite 100, San Diego, California 92123.

<u>Name and Address of 5% or Greater Beneficial Ownership</u>	<u>Beneficial Ownership</u>	
	<u>Number of Shares (1)</u>	<u>Percentage of Total (2)</u>
FMR, LLC 82 Devonshire Street, Boston, MA 02109	2,093,694(3)	7.23%
Lord, Abbett & Co. LLC 90 Hudson Street, Jersey City, NJ 07302	1,731,241(4)	5.98%
Blackrock, Inc. 40 East 52nd Street, New York, NY 10022	1,537,992(5)	5.31%

<u>Beneficial Ownership of Directors and Officers</u>	<u>Beneficial Ownership</u>	
	<u>Number of Shares (1)</u>	<u>Percentage of Total (2)</u>
José L. Cortes	1,141,088(6)	3.94%
David J. Schramm	363,164(7)	1.25%
Kevin S. Royal	133,032(8)	*
George Kreigler III	122,559(9)	*
Robert Guyett	81,664(10)	*
Mark Rossi	69,664(11)	*
Jean Lavigne	56,664(12)	*
Van Andrews	34,309(13)	*
Burkhard Goeschel, Ph.D.	32,997(14)	*
Roger Howsmon	29,997(15)	*
Yon Yoon Jorden	28,997(16)	*
All current directors and named executive officers as a group (11 persons)	2,094,135(17)	7.14%

\* Less than one percent.

- (1) Information with respect to beneficial ownership is based on information furnished to the Company by each stockholder included in the table or filings with the SEC. The Company understands that, except as footnoted, each person in the table has sole voting and investment power for shares beneficially owned by such person, subject to community property laws where applicable.
- (2) Shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 16, 2012 are deemed outstanding for computing the percentage of the person holding such options but are not deemed outstanding for computing the percentage of any other person. Percentage of ownership is based on 28,958,100 shares of common stock outstanding on March 16, 2012.
- (3) Information regarding this beneficial owner has been obtained solely from a review of the Schedule 13G filed with the SEC by FMR, LLC on February 14, 2012.

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- (4) Information regarding this beneficial owner has been obtained solely from a review of the Schedule 13G filed with the SEC by Lord, Abbett & Co. LLC on February 14, 2012.
- (5) Information regarding this beneficial owner has been obtained solely from a review of the Schedule 13G filed with the SEC by Blackrock, Inc. on February 13, 2012.
- (6) Consists of (a) 1,088,424 shares of common stock held by Montena, SA, (b) 29,664 shares of common stock held directly, (c) options to purchase 18,000 shares of common stock and (d) 5,000 shares of common stock held by Mr. Cortes' mother-in-law. Mr. Cortes is a principal in Montena, SA. Mr. Cortes may be deemed to exercise voting and investment power over the shares owned by Montena, SA. Mr. Cortes disclaims beneficial ownership of such shares, except to the extent of his proportionate interest therein.
- (7) Consists of (a) options to purchase 150,000 shares of common stock, (b) 130,789 shares held in a Family Trust, (c) 67,221 shares of restricted stock, (d) 11,754 shares of unrestricted common stock held directly, (e) 2,800 shares of common stock held by an IRA and (f) 600 shares of common stock held by an IRA of Mr. Schramm's wife.
- (8) Consists of (a) options to purchase 80,000 shares of common stock, (b) 37,499 shares of restricted stock and (c) 15,533 shares of unrestricted common stock held directly.
- (9) Consists of (a) options to purchase 50,000 shares of common stock, (b) 41,740 shares of unrestricted common stock held directly, (c) 28,219 shares of restricted stock and (d) 2,600 shares held by an IRA.
- (10) Consists of (a) 67,664 shares of common stock held in a Family Trust and (b) options to purchase 14,000 shares of common stock.
- (11) Consists of (a) 66,664 shares of common stock held directly and (b) options to purchase 3,000 shares of common stock.
- (12) Consists of (a) 42,664 shares of common stock held directly and (b) options to purchase 14,000 shares of common stock.
- (13) Consists of (a) 21,043 shares of restricted stock, (b) options to purchase 12,000 shares of common stock and (c) 1,266 shares of unrestricted common stock held directly.
- (14) Consists of (a) 22,997 shares of common stock held directly and (b) options to purchase 10,000 shares of common stock.
- (15) Consists of (a) 28,997 shares of common stock held directly and (b) 1,000 shares of common stock held by an IRA.
- (16) Consists of 28,997 shares of common stock held directly.
- (17) Includes options to purchase 351,000 shares of common stock which are currently exercisable or are exercisable within 60 days of March 16, 2012.

### SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") requires the Company's executive officers and directors and persons who own more than ten percent (10%) of a registered class of our equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission, or SEC, and the National Association of Securities Dealers, Inc. Executive officers, directors and greater than ten percent (10%) stockholders are required by Commission regulation to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of such forms and the written representations of our executive officers, directors and greater than ten percent (10%) stockholders, we have determined that no person was delinquent with respect to reporting obligations as set forth in Section 16(a) of the Exchange Act, except one Form 4 filed late by Mr. Guyett in March 2011.

### **PROPOSAL 3**

#### **ADVISORY VOTE ON THE COMPENSATION OF NAMED EXECUTIVE OFFICERS**

The Board of Directors of the Company is providing our stockholders with the opportunity to cast an advisory vote on the compensation of our named executive officers. This advisory stockholders vote, commonly known as a “say-on-pay” vote, provides stockholders with the opportunity to endorse or not endorse the Company’s fiscal 2011 executive compensation programs and policies and the compensation paid to the named executive officers as discussed in the Compensation Discussion and Analysis, the accompanying compensation tables and the related narrative disclosure below.

As discussed in the Compensation Discussion and Analysis section of this Proxy Statement, our goal is to maintain compensation programs that will fairly compensate our officers and employees, attract and retain qualified employees who are able to contribute to the long-term success of the Company, incent future performance towards clearly defined corporate goals, and align employees’ long-term interests with those of the Company’s stockholders. We believe our compensation policies and procedures demonstrate a strong link between pay and performance.

#### ***Vote Required for Approval and Recommendation of the Board***

Because say-on-pay votes are advisory and non-binding, voting results cannot overrule any decisions made by the Board of Directors. However, the Compensation Committee will take into account the outcome of the vote when considering future compensation arrangements for our named executive officers.

**The Board recommends that stockholders vote FOR approval of the compensation of our named executive officers as disclosed in the Compensation Discussion and Analysis , the accompanying compensation tables and the related narrative disclosure.**

**EXECUTIVE COMPENSATION**

The executive officers of the Company, their positions with the Company and experience are set forth below.

Name	Position(s)	Age
David J. Schramm	President, Chief Executive Officer and Director	62
Kevin S. Royal	Senior Vice President, Chief Financial Officer, Treasurer and Secretary	47
George Kreigler III	Senior Vice President and Chief Operating Officer	59
Van Andrews	Senior Vice President, Sales and Marketing	60

The officers of the Company hold office at the discretion of the Board. During the fiscal year ended December 31, 2011, the officers of the Company devoted substantially all of their business time to the affairs of the Company for the period in which they were employed, and they intend to do so during the fiscal year ending December 31, 2012.

**Background***David J. Schramm*

David J. Schramm joined Maxwell as President and CEO, and was appointed a director, in July 2007. Previously, he spent the bulk of his 37-year business career in a series of senior management and engineering positions with General Motors and its primary Tier I parts supplier, Delphi Automotive Systems. Before joining Maxwell, he was president and chief executive officer of EADS North America Defense Test and Services, the U.S. subsidiary of the corporate parent of Airbus, and immediately before that, from 2001 to 2006, he was president and chief executive officer of Arrowhead Products Corp., a leading supplier of specialty systems to the aerospace and automotive industries.

*Kevin S. Royal*

Kevin S. Royal joined Maxwell as Senior Vice President, Chief Financial Officer, Treasurer and Secretary in April 2009. From May 2005 until he joined Maxwell, he was senior vice president and chief financial officer of Blue Coat Systems, Inc., a previously Nasdaq-listed developer and provider of application delivery network technology. From December 1996 until May 2005, he held a series of senior finance positions, culminating with his appointment as vice president and chief financial officer of Novellus Systems, Inc., an S&P 500 company that manufactures, markets and services semiconductor capital equipment. Before he joined Novellus, he spent 10 years with Ernst & Young LLP, where he became a certified public accountant. He also serves as a director of a private company.

*George Kreigler III*

George Kreigler III joined Maxwell in April 2006, assuming global responsibility for ultracapacitor operations, including overseeing the Company's offshore manufacturing activities in China. In August 2009, Mr. Kreigler was promoted to Senior Vice President and Chief Operating Officer. Mr. Kreigler has more than 30 years of high technology operations management experience, including supervision of multiple large-scale offshore manufacturing facilities. Before joining Maxwell, he spent eight years with Quantum Corporation, most recently as corporate senior vice president and general manager of Quantum Storage Systems. Previously, he was vice president, manufacturing systems, for Read-Rite Corporation, and before that spent 12 years in senior operations and engineering positions with disk drive manufacturer Maxtor Corporation.

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### *Van Andrews*

Van Andrews joined Maxwell in February 2010 as Vice President of Sales. In October 2010, Mr. Andrews was promoted to Senior Vice President, Sales and Marketing. He is an experienced technology executive who has worked at several companies with global presences and both direct and indirect distribution channels. Most recently, from 2005 to 2007, he was vice president of North American sales of D-Link Corp, the global leader in networking and data communications solutions headquartered in Asia. Previously, he was president and chief executive officer of U.S. Robotics, a privately held provider of networking products located in Chicago, IL. In addition, he served as general manager of Toshiba America Information Systems' Computer Systems Division for nearly eight years from 1991 to 1998.

## **COMPENSATION DISCUSSION AND ANALYSIS**

This Compensation Discussion and Analysis reviews and discusses our compensation programs and policies for our executive officers who are required to be named in our Summary Compensation Table under the rules of the Securities and Exchange Commission. This Compensation Discussion and Analysis, which should be read together with the compensation tables and related disclosures included below, also contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation decisions and programs.

### ***Compensation Philosophy and Objectives***

We recognize that our success depends to a great degree on the integrity, knowledge, imagination, and skill of our employees. Toward this end, we try to design our compensation and benefits programs in order to attract, retain and motivate talented, highly qualified and committed executive officers who will pursue the achievement of our business goals and who embody our corporate values. In doing so, we strive to make use of multiple performance measures designed to keep our executive officers focused on and committed to accomplishing our long-term business objectives, while offering sufficient fixed compensation to remain competitive within our industry and geographic location.

Accordingly, the principal objectives of our executive compensation programs are:

- attracting, retaining, and motivating talented and experienced executives who are able to contribute to our long-term, sustainable success;
- rewarding executives whose knowledge, skills, and abilities demonstrably contribute to our success; and
- incenting our executives to achieve clearly defined corporate goals.

As the Compensation Committee makes its decisions regarding the Company's executive compensation programs, the Committee reviews individual, departmental and Company performance against individual, departmental and Company goals, and considers such qualitative and subjective factors as determined appropriate, all as discussed in more detail below. The Compensation Committee places primary emphasis upon achievement of critical performance objectives because the Committee recognizes the importance of providing compensation opportunities that effectively reward management for such achievement, and believes that successful execution against goals is the best way to enhance long-term stockholder value. The Compensation Committee believes the Company's compensation philosophy and programs are designed to foster a performance-oriented culture that aligns employee's interests with those of our stockholders.

Each year, we provide our stockholders with the opportunity to cast an advisory vote on executive compensation (a "say-on-pay vote"). At the 2011 Annual Meeting, a substantial majority, or 93.7%, of the votes cast on the advisory say-on-pay proposal were voted in favor of the proposal. The Compensation Committee believes this affirms our stockholders' support of our approach to executive compensation. The Compensation Committee will continue to consider the outcome of the Company's say-on-pay votes when making future compensation decisions for the named executive officers.

### ***Compensation Consultant***

The Compensation Committee engages in a comprehensive review and analysis of our executive compensation programs each year, normally in the first quarter of each calendar year prior to the annual administration of compensation changes, which typically occurs in February. As part of this comprehensive review, the Compensation Committee retains a reputable and independent compensation advisor to advise the Committee in matters regarding the compensation of our executive officers. The Committee engaged

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Meridian Compensation Partners, LLC (“Meridian”) as its independent compensation consultant to assist the Committee in determining executive compensation levels for 2011. Neither the Company nor our Board of Directors had previously worked with Meridian, which was selected in part because of its substantial experience providing independent advice regarding compensation matters to boards of directors of public companies.

The Compensation Committee instructs the compensation consultant to provide relevant market data against which to evaluate our existing compensation arrangements with our executive officers. In consideration of the compensation consultant’s analysis, as well as other factors, the Compensation Committee makes changes to the compensation of our executive officers which become effective in February of the year following the compensation analysis.

### ***2011 Executive Compensation***

In the fourth quarter of 2010, the Compensation Committee engaged Meridian as its independent compensation consultant for the first time to help it identify appropriate market segment data against which to compare our executive compensation levels and programs. The compensation consultant helped the Compensation Committee to identify the following companies in the battery, cleantech, technology, and manufacturing industries with similar revenues and/or market capitalizations to form the peer group of public companies against which our executive compensation programs were reviewed, compared, and evaluated:

A123 Systems, Inc.	Energy Conversion Devices, Inc.
Applied Signal Technology, Inc.	Evergreen Solar, Inc.
ATMI, Inc.	FuelCell Energy, Inc.
AZZ Inc.	II-VI Inc.
Capstone Turbine Corp.	Mercury Computer Systems, Inc.
DDi Corp.	Radisys Corp.
Echelon Corp.	SL Industries, Inc.
Electro Scientific Industries, Inc.	Spectrum Control, Inc.
Emulex Corp.	Ultralife Corp.
Ener1 Inc.	Zygo Corp.

The compensation consultant compared our 2010 executive officer compensation programs on a percentile basis against data from the peer group. For Mr. Schramm, our Chief Executive Officer, these comparisons generally revealed that his base salary, target annual bonus, and total target cash compensation were each above the 50th percentile of the peer group, and that his target long-term incentive compensation was below the 50th percentile of the peer group, thereby leaving total target compensation slightly below the 50th percentile of the peer group. For Messrs. Royal and Kreigler, these comparisons revealed base salary, target annual bonus, and total target cash compensation to each be at approximately the 50th percentile of the peer group and target long-term incentive compensation significantly below the 50th percentile of the peer group, thereby leaving their total target compensation below the 50th percentile of the peer group. Prior to his promotion to Senior Vice President, Sales and Marketing in October 2010, Mr. Andrews was not considered an executive officer and therefore his compensation was not part of the compensation consultant’s review.

In consideration of the compensation consultant’s analysis, the Compensation Committee made changes to the compensation of our executive officers which became effective in February 2011. Specifically, the Compensation Committee decided to set total target compensation at the 50th percentile of the selected peer group, with narrowly permitted variances, and to increase long-term incentive compensation potential. The executive compensation amounts resulting from these changes are set out below under the heading *Components of Compensation*.

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In addition, in order to improve the management of stockholder dilution and reduce the consumption of our equity award pool, the Compensation Committee decided to grant restricted stock with service and performance-based vesting conditions, rather than a mix of restricted stock and options, as part of our equity compensation program.

### *Role of the Compensation Committee and Management in Setting Executive Compensation*

As the manager of the executive team, our CEO assesses the contributions of other executives to the Company's performance and results, and makes a recommendation to the Compensation Committee with respect to any increase in salary, cash bonus and annual equity incentive award for each executive officer other than himself. The Compensation Committee meets with the CEO to evaluate, discuss and modify or approve these recommendations. While the Compensation Committee considers the CEO's recommendations, it need not adopt these recommendations and may adjust them as it determines appropriate. The Compensation Committee also conducts a similar evaluation of the CEO's contributions in an executive session when the CEO is not present, and determines any increase in salary, cash bonus and annual equity incentive award for him.

The Company's management team and human resources group also support the Compensation Committee in fulfilling its responsibilities by gathering information and performing administrative tasks.

### *Components of Compensation*

Compensation paid to the Company's named executive officers consists of base salary, annual incentive bonuses, equity incentive awards, certain contractual severance and change in control benefits, and certain perquisites.

**Base Salary.** We provide base salary to our executive officers to compensate them for services rendered on a day-to-day basis during the fiscal year and to provide sufficient fixed cash compensation to allow the officers to focus on their ongoing responsibilities. In determining the base salary of executive officers, the Compensation Committee considers a variety of factors, including recommendations of the CEO (other than with respect to his own salary), the executive's level of responsibility and individual performance, and the salaries of similar positions in the Company and in comparable companies. Adjustments to base salaries are typically made effective following a review of executive compensation by the Compensation Committee in the first quarter of each year, and reflect the Compensation Committee's evaluation of each named executive officer's performance for the prior fiscal year.

In February 2011, the Compensation Committee approved compensation changes that resulted in base salaries for our executive officers as follows:

Name	Principal Position	Prior Base	New Base	Percentage
		Salary (\$)	Salary (\$)	Increase
David J. Schramm	President, Chief Executive Officer and Director	485,000	495,000	2.1%
Kevin S. Royal	Senior Vice President, Chief Financial Officer, Treasurer and Secretary	300,000	311,100	3.7%
George Kreigler III	Senior Vice President, Chief Operating Officer	309,000	318,270	3.0%
Van Andrews	Senior Vice President, Sales and Marketing	240,000	252,000	5.0%

These changes resulted in the base salary for each of our named executive officers being at or slightly above the 50th percentile of the peer group. Mr. Schramm's base salary was only increased modestly because the compensation consultant's study showed that his base salary was already slightly above the targeted 50th percentile of the peer group data. As previously indicated, Mr. Andrews' compensation was not included in the compensation consultant's study because he was not considered an executive officer prior to his promotion to Senior Vice President, Sales and Marketing in October 2010. Therefore, Mr. Andrews received a 5% increase in base salary to provide merit and cost of living adjustments.

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*Annual Performance-based Cash Bonuses* . Annual cash bonuses are used to reward our executive officers for the achievement of Company performance goals. The program is based on achievement of annual performance targets that are established each year, and are subject to adjustment as the Compensation Committee deems appropriate. The Company's targets and objectives consist of short-term operating, strategic and financial goals that, in turn, further our long-term business objectives and build stockholder value. Final calculation of the Company's performance and determination and payment of the awards is made as soon as is practicable after completion of the Company's fiscal year.

The 2011 incentive bonus program for our named executive officers consisted of three components related to the achievement of certain operating metrics set forth in the Company's 2011 operating plan as follows: 50% of the target bonus amount related to the achievement of revenue of \$157.6 million, 25% related to the achievement of non-GAAP (explained below) gross profit of \$64.9 million, and 25% related to the achievement of non-GAAP operating income of \$12.1 million. Non-GAAP gross profit and operating income are determined by excluding certain non-recurring and non-cash items from actual financial results prepared under U.S. Generally Accepted Accounting Principles ("GAAP"). Specifically, these non-GAAP measures exclude stock-based compensation expense, the impact of significant legal settlements and the impact of significant legal expenses related to legal matters that were not present or known when the targets were set. For 2011, annual cash bonuses were to be paid at 100% of target if operating metrics were achieved, and would be paid on a sliding scale from zero to 150% of target if the actual results achieved were higher or lower than the target.

Per the terms of their employment agreements, Mr. Schramm was eligible to earn a target bonus of 100% of his base salary, and Messrs. Royal and Kreigler were each eligible to earn a target bonus of 50% of their respective base salaries. Although Mr. Andrews does not have an employment agreement with the Company, the Compensation Committee determined his 2011 target bonus eligibility to be 50% of his base salary.

For 2011, the Company achieved revenues of \$157.3 million, and after applying adjustments to arrive at the non-GAAP financial measures described above, the Compensation Committee determined 2011 non-GAAP gross profit of \$62.0 million and 2011 non-GAAP operating income of \$9.7 million. Based on the application of the sliding scale described above, the target bonus amount related to the revenue metric was paid at 100%, the target bonus amount related to non-GAAP gross profit was paid at 70% and no amount was paid related to the non-GAAP operating income target. In addition to the bonus amounts paid in connection with our 2011 revenue, non-GAAP gross profit and non-GAAP operating income achievements, the Committee also approved payment of a discretionary bonus amount to each of our named executive officers in order to recognize their outstanding individual contributions to the Company's 2011 operational and strategic progress. These discretionary bonus amounts were paid as follows: \$63,400 to Mr. Schramm; \$30,000 to Mr. Royal; \$27,000 to Mr. Kreigler; and \$30,000 to Mr. Andrews.

*Equity Incentive Awards* . Stock-based awards are intended to create an opportunity for employees of the Company to acquire an equity ownership interest in the Company. An effective equity component within total compensation maintains an alignment between the interests of executive officers and stockholders by allowing executives to participate in the long-term appreciation of our stockholder value, while reducing the economic benefit of such awards in the event that we do not perform well. Additionally, our equity incentive awards provide an important retention tool, as they are generally subject to multi-year vesting conditions.

Beginning in 2011, in order to improve the management of stockholder dilution and reduce the consumption of our equity award pool, the Compensation Committee decided to grant restricted stock, rather than a mix of restricted stock and options, as part of our equity compensation program. For executive officers, the vesting of restricted stock awards is tied partially to continuous service and partially to performance-based vesting criteria conditioned on achievement of specific Company performance milestones. In February 2011, the Company granted restricted share awards to our named executive officers, with 50% of the share award's vesting over a period of four years of continuous service, and 50% contingent upon the Company achieving certain financial targets within the next three fiscal years. These financial targets relate to the achievement of a specified annual

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revenue target, on which vesting of 25% of the share awards is contingent, and the achievement of a specified annual net profit after tax target, calculated on a non-GAAP basis, on which vesting of the remaining 25% of the share awards is contingent. The financial targets to which vesting of these restricted awards is tied are based on our 2013 financial projections and business plan. We consider our 2013 annual revenue and net profit after tax targets to be confidential. Revealing specific objectives at this time would provide competitors and other third parties with insights into the Company's confidential business plans and longer-term strategies, thereby causing competitive harm. The Compensation Committee believes these financial targets are attainable by the end of the three-year performance period based on the expected growth trajectory of the Company, along with focused efforts by our executive officers, and in the absence of significant changes in economic conditions. Non-GAAP net profit after tax excludes certain non-cash and non-recurring items, including stock-based compensation expense, the impact of legal settlements and the impact of expenses related to certain legal and other matters that were not present or known when the targets were set. These milestones must be achieved by December 31, 2013, or the awards will be cancelled. Pursuant to these awards, Mr. Schramm was granted 34,265 restricted shares; Mr. Royal was granted 14,233 restricted shares; Mr. Kreigler was granted 14,660 restricted shares; and Mr. Andrews was granted 10,121 restricted shares.

*Severance, Change in Control and Other Post-Employment Programs* . With respect to stock options and restricted stock awards, the Company has provided for the acceleration of vesting for certain executive officers upon the occurrence of certain events, including termination of employment due to death or disability, termination without cause or resignation following certain triggering events after a change in control of the Company. The Company further provides for acceleration of vesting of restricted stock awards upon a change in control, including for awards subject to performance milestones. The Compensation Committee believes that the aforementioned accelerated vesting provisions are necessary to provide a competitive compensation package, and to keep executives focused on their responsibilities during uncertain times caused by a change in control. The agreements between the Company and its named executive officers are described more fully in the sections entitled "Employment Agreements" and "Potential Payments Upon Termination or Change in Control" below.

In 2011, the Compensation Committee did not make any changes to the executive officers' severance or change in control-related compensation.

*Perquisites* . The Company generally does not provide its executives with perquisites that are not available to all Company employees, other than car allowances. In 2011, the Company provided a car allowance to Messrs. Schramm, Royal, Kreigler, and Andrews. In addition, the Company provided Messrs. Schramm and Andrews with a cash reimbursement in lieu of their participation in the Company's regular health care plans. The amounts of these benefits are detailed in the Summary Compensation Table below.

### ***Certain Corporate Governance Considerations***

We currently do not require our executive officers to own a particular number of shares of our common stock. The Compensation Committee is satisfied that stock and option holdings among our executive officers are sufficient at this time to provide motivation and to align their interests with those of our stockholders.

The Compensation Committee has not adopted a policy that goes beyond existing statutory requirements with respect to whether we will make retroactive adjustments to any cash- or equity-based incentive compensation paid to executive officers (or others) where the payment was predicated upon the achievement of financial results that were subsequently the subject of a financial restatement. We will comply with applicable laws and regulations requiring any such adjustments to, or recovery of, incentive compensation in connection with a financial restatement and the Compensation Committee intends to adopt a policy in this regard once SEC rules on this topic are issued, which is expected to occur later this year.

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### ***Tax Considerations***

Section 162(m) of the Internal Revenue Code places a limit of \$1 million on the amount of compensation that we may deduct in any one year with respect to our Chief Executive Officer and each of our three most highly paid executive officers (excluding under current rules our Chief Financial Officer). There is an exception to the \$1 million limitation for performance-based compensation meeting certain requirements. To qualify for the exemption, at the 2010 Annual Meeting, the stockholders approved a limit under our 2005 Omnibus Equity Incentive Plan on the maximum number of shares for which a participant may be granted stock options in any calendar year. We anticipate that any compensation deemed paid to an executive officer in connection with the exercise of options will qualify as performance-based compensation, and should not be subject to the \$1 million deduction limitation. Accordingly, all compensation deemed paid with respect to such options should remain deductible by the Company without limitation under Section 162(m). Restricted stock awards that vest solely on length-of-service conditions are not considered performance-based under Section 162(m) and, therefore, are subject to the \$1 million deduction limitation. However, such restricted stock awards may qualify for the exemption if vesting is based on stockholder-approved performance metrics and the awards are otherwise administered in accordance with the Section 162(m) requirements. To maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the Compensation Committee has not adopted a policy requiring all compensation to be deductible and retains discretion to award compensation that exceeds the \$1 million deduction limitation. Compensation paid to all executive officers covered by the Section 162(m) deduction rule exceeded the \$1 million deduction limitation by \$302,000 in 2011. However, due to our significant net operating loss carry-forward, exceeding the limit has not resulted in the incurrence of federal income taxes.

### **COMPENSATION COMMITTEE REPORT (1)**

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management and, based on such review and discussions, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Submitted by the following members of the Compensation Committee:

Mark Rossi (Chairperson)  
Robert Guyett  
Roger Howsmon  
Jean Lavigne

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- (1) The material in this report is not “soliciting material,” is not deemed “filed” with the SEC and is not to be incorporated by reference in any filing of Maxwell under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

2011 SUMMARY COMPENSATION TABLE

The following table sets forth all of the compensation awarded to, earned by, or paid to the Company's named executive officers, which includes our current chief executive officer, chief financial officer, chief operating officer and senior vice president of sales and marketing, in 2011, 2010 and 2009.

Name and Principal Position	Year	Salary (2) (\$)	Bonus (3) (\$)	Stock Awards (5) (\$)	Option Awards (5) (\$)	Non-Equity Incentive Plan Compensation (6) (\$)	All Other Compensation (\$)	Total (\$)
David J. Schramm (1)	2011	494,200	63,400	650,000	—	336,600	34,200(7)	1,578,400
President, Chief Executive	2010	486,500	—	157,100	—	485,000	32,000(7)	1,160,600
Officer and Director	2009	469,800	—	310,200(4)	—	260,000	28,700(7)	1,068,700
Kevin S. Royal (1)	2011	310,200	30,000	270,000	—	105,800	38,300(8)	754,300
Senior Vice President,	2010	294,200	—	—	—	150,000	15,200(8)	459,400
Chief Financial Officer,	2009	179,800	—	330,400	463,000	51,600	9,100(8)	1,033,900
Treasurer and Secretary								
George Kreigler III (1)	2011	317,500	27,000	278,100	—	108,200	41,500(9)	772,300
Senior Vice President,	2010	308,700	—	78,600	—	154,500	42,600(9)	584,400
Chief Operating Officer	2009	278,600	—	84,700(4)	814,900	80,400	53,800(9)	1,312,400
Van Andrews (1)	2011	251,000	30,000	274,300	—	85,700	36,100(10)	677,100
Senior Vice President,	2010	192,000	—	—	182,500	120,000	20,500(10)	515,000
Sales and Marketing	2009	—	—	—	—	—	—	—

- (1) Mr. Schramm joined Maxwell as President and Chief Executive Officer, and was appointed a Director, in July 2007. Mr. Royal joined Maxwell as Senior Vice President, Chief Financial Officer, Treasurer and Secretary in April 2009, therefore, his 2009 compensation in the table above reflects only a partial year. Mr. Kreigler was appointed as Senior Vice President, Chief Operating Officer, and became a named executive officer in August 2009. Mr. Andrews was hired in April 2010 and was subsequently appointed as Senior Vice President, Sales and Marketing, and became a named executive officer in October 2010. Mr. Andrews' 2010 compensation in the table above reflects compensation for the portion of the 2010 that he was employed with the Company, beginning in April 2010.
- (2) Due to a varying number of pay periods each year, the amount of salary for each of our executive officers reflects that 2011 and 2009 contained 26 biweekly pay periods, while 2010 contained 27 biweekly pay periods.
- (3) The amounts in this column reflect discretionary bonus awards to our named executive officers for accomplishments in 2011, although the actual cash payment occurred in 2012.
- (4) These amounts reflect a 2008 bonus award earned by the named executive officers under our annual bonus plan, which was paid with shares of common stock in 2009. The Company presents all stock awards in the fiscal year in which the awards were granted, in accordance with Item 402(d)(1). 58% of the 2008 annual bonus plan was paid in the form of fully vested restricted stock awards granted under the 2005 Omnibus Equity Incentive Plan, approved by the Board of Directors and determined based on the value of our common stock on March 26, 2009 of \$7.50 per share. Mr. Schramm and Mr. Kreigler were granted 22,658 and 6,186 shares of common stock, respectively. The stock awards were ultimately granted and released by the Compensation Committee on August 7, 2009 at \$13.69 per share. Based on the release price, the fair market value of the restricted stock for Mr. Schramm and Mr. Kreigler was \$310,200 and \$84,700, respectively.
- (5) The amounts in these columns represent the grant date fair value of the entire equity award in accordance with the Financial Accounting Standards Board Accounting Standards Codification Topic No. 718, without regard to estimated forfeitures. See Note 9 of the notes to our consolidated financial statements in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 16, 2012 for a discussion of all assumptions made by the Company in determining the values of its equity awards.

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- (6) The amounts in this column reflect bonus awards earned in the year reported by the named executive officers under our annual bonus plan, although the actual cash payment occurs in the subsequent year.
- (7) For 2011, this amount includes \$15,700 in car allowance, \$10,900 paid in lieu of health benefits, \$2,600 in welfare benefits and \$5,000 in 401(k) matching contributions. For 2010, this amount includes \$13,500 in car allowance, \$9,100 paid in lieu of health benefits, \$2,100 in welfare benefits and \$7,300 in 401(k) matching contribution. For 2009, this amount includes \$13,000 in car allowance, \$9,100 paid in lieu of health benefits, \$2,200 in welfare benefits and \$4,400 in 401(k) matching contribution.
- (8) For 2011, this amount includes \$14,500 in car allowance, \$18,400 in health and welfare benefits and \$5,400 in 401(k) matching contributions. For 2010, this amount includes \$13,500 in health and welfare benefits and \$1,700 in 401(k) matching contribution. For 2009, this amount includes \$9,100 in health and welfare benefits.
- (9) For 2011, this amount includes \$15,700 in car allowance, \$18,400 in health and welfare benefits and \$7,400 in 401(k) matching contributions. For 2010, this amount includes \$13,500 in car allowance, \$8,000 in housing allowance, \$13,600 in health and welfare benefits and \$7,500 in 401(k) matching contributions. For 2009, this amount includes \$28,000 in housing allowance, \$13,300 in health and welfare benefits, \$5,000 in car allowance and \$7,500 in 401(k) matching contributions.
- (10) For 2011, this amount includes \$15,700 in car allowance, \$10,900 paid in lieu of health benefits, \$2,100 in welfare benefits and \$7,400 in 401(k) matching contributions. For 2010, this amount includes \$11,500 in car allowance, \$7,500 paid in lieu of health benefits and \$1,500 in welfare benefits.

## 2011 GRANTS OF PLAN-BASED AWARDS

The following table sets forth each non-equity incentive plan award and each equity award granted to the Company's named executive officers during fiscal year 2011.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards		Estimated Future Payouts Under Equity Incentive Plan Awards	Grant Date Fair Value of Stock and Option Awards
		Target (\$)	Maximum (\$)	Target (#)	(\$)
David J. Schramm	February 8, 2011	495,000	742,500	34,265	650,000
Kevin S. Royal	February 8, 2011	155,600	233,300	14,233	270,000
George Kreigler III	February 8, 2011	159,100	238,700	14,660	278,100
Van Andrews	February 8, 2011	126,000	189,000	15,121(1)	274,300

- (1) Of the 15,121 awards that are estimated to be paid out in the future, 5,000 had a grant date of May 10, 2011.

## OUTSTANDING EQUITY AWARDS AT 2011 FISCAL YEAR-END

The following table sets forth information regarding each unexercised option and all unvested restricted stock held by each of our named executive officers as of December 31, 2011.

Name	Option Awards				Restricted Stock Awards	
	Number of Securities Underlying Vested Unexercised Options (#)	Number of Securities Underlying Unvested Unexercised Options (#) (1)	Option Exercise Price (\$/Sh)	Option Expiration Date	Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (1)	Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (10) (\$)
	Exercisable	Unexercisable				
David J. Schramm	150,000(2)	—	14.20	7/23/2017	—	—
	—	—	—	—	34,265(3)	556,500
	—	—	—	—	10,000(4)	162,400
Kevin S. Royal	60,000	40,000(5)	8.26	4/20/2019	—	—
	—	—	—	—	14,233(3)	231,100
	—	—	—	—	10,000(6)	162,400
George Kreigler III	50,000	50,000(7)	14.18	8/3/2019	—	—
	—	—	—	—	14,660(3)	238,000
	—	—	—	—	5,000(4)	81,200
Van Andrews	6,000	14,000(8)	15.71	2/10/2020	—	—
	—	—	—	—	10,121(3)	164,400
	—	—	—	—	5,000(9)	81,200

- (1) All stock options held by our named executive officers will vest in full following involuntary termination, or resignation following the occurrence of certain triggering events within a specified period following a change in control of the Company. Upon a change in control of the Company, all restricted shares held by our named executive officers will vest in full, regardless of whether the named executive officer terminates or resigns following a triggering event. These provisions are described in greater detail in “Potential Payments upon Termination or Change in Control” beginning on page 35.
- (2) Mr. Schramm was granted an option to purchase 150,000 shares of our common stock in July 2007 under our 2005 Omnibus Equity Incentive Plan. Twenty-five percent of the shares subject to the option vested in July 2008 and the remaining 75% vested in equal monthly installments over the following three years.
- (3) In February 2011, Messrs. Schramm, Royal, Kreigler and Andrews were granted 34,265, 14,233, 14,660 and 10,121 restricted shares, respectively, with 50% of the shares vesting over a period of four years of continuous service, and 50% contingent upon the Company achieving certain financial targets within the next three fiscal years. Specifically, these financial targets relate to the achievement of a specified revenue target on which vesting of 25% of the shares is contingent, and the achievement of specified net profit after tax target, calculated on a non-GAAP basis, on which vesting of the remaining 25% of the shares is contingent.
- (4) In February 2010, Mr. Schramm and Mr. Kreigler received 10,000 and 5,000 restricted shares of our common stock, respectively, under the 2005 Omnibus Equity Incentive Plan. All of the shares would have vested if the Company’s Ultracapacitor products sales, including electrode, were greater than \$100 million in 2011 and achieved a gross margin of at least 40%. As of December 31, 2011, the vesting of these awards was considered to be unobtainable, but the award had not yet been canceled.

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- (5) Mr. Royal was granted an option to purchase 100,000 shares of our common stock in April 2009 under our 2005 Omnibus Equity Incentive Plan. Sixty percent of the shares subject to the option vest in equal annual installments on the first and second anniversaries of the grant date and the remaining 40% vest in equal annual installments over the following two years provided Mr. Royal remains in continuous service to the Company.
- (6) Mr. Royal received 20,000 restricted shares of our common stock in April 2009 under the 2005 Omnibus Equity Incentive Plan. The shares will vest in equal annual installments on the anniversary of the grant date over the next four years, provided Mr. Royal remains in continuous service to the Company.
- (7) Mr. Kreigler was granted an option to purchase 100,000 shares of our common stock in August 2009 under our 2005 Omnibus Equity Incentive Plan. The shares subject to the option vest in equal annual installments over the following four years provided Mr. Kreigler remains in continuous service to the Company.
- (8) Mr. Andrews was granted an option to purchase 20,000 shares of our common stock in February 2010 under our 2005 Omnibus Equity Incentive Plan. Sixty percent of the shares subject to the option vest in equal annual installments on the first and second anniversaries of the grant date and the remaining 40% vest in equal annual installments over the following two years provided Mr. Andrews remains in continuous service to the Company.
- (9) In May 2011, Mr. Andrews received 5,000 restricted shares of our common stock under the 2005 Omnibus Equity Incentive Plan. All of the shares would have vested if the Company's Ultracapacitor products sales, including electrode, were greater than \$100 million in 2011 and achieved a gross margin of at least 40%. As of December 31, 2011, the vesting of this award was considered to be unobtainable, but the award had not yet been canceled.
- (10) Computed in accordance with SEC rules as the number of unvested shares multiplied by the closing price of the Company common stock on December 30, 2011, which was \$16.24. The actual value realized by the officer depends on whether the shares vest and the future performance of our common stock.

### 2011 OPTION EXERCISES AND STOCK VESTED

With respect to our named executive officers, the following table shows the stock options exercised and the number of shares of restricted stock that vested during fiscal year 2011.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized	Number of Shares Acquired on Vesting	Value Realized
	(#)	on Exercise (\$)	(#)	on Vesting (1) (\$)
David J. Schramm	—	—	6,250	90,438
	—	—	6,250	110,313
	—	—	6,250	114,500
Kevin S. Royal	—	—	5,000	89,900
George Kreigler III	—	—	—	—
Van Andrews	—	—	—	—

- (1) Value realized is based on the fair market value of our common stock on the date the restricted stock was released to the officer and does not necessarily reflect proceeds actually received by the officer.

**EMPLOYMENT AGREEMENTS**

In July 2007, the Company entered into an employment agreement with Mr. Schramm. The agreement provides for a base salary and an incentive bonus with a target amount of 100% of his base salary. The actual amount of the bonus will be determined by our Board or our Compensation Committee. The agreement provides that if Mr. Schramm's service is terminated without cause, he will continue to receive his base salary for a period of twelve months, at the rate in effect at the time of termination, and up to twelve months of health benefits. Pursuant to the agreement, Mr. Schramm was granted an option to purchase 150,000 shares of the Company's common stock and 100,000 restricted shares of the Company's common stock. The options vest over four years, so long as Mr. Schramm is continuously employed. On the first anniversary date of Mr. Schramm's employment date, 25% of the options vested, with the remainder vesting in equal monthly installments over the following three years. Also, on the first anniversary date of Mr. Schramm's employment date, 25% of the restricted shares vested, with the remainder vesting in equal quarterly installments over the next three years. If the Company is subject to a change in control, all restricted shares will vest in full and if Mr. Schramm is subject to an involuntary termination within twelve months of the change in control, all options will vest in full.

In March 2009, the Company entered into an employment agreement with Mr. Royal. The agreement provides for a base salary and an incentive bonus with a target amount of 50% of his base salary. The actual amount of the bonus will be determined by our Board or our Compensation Committee. The agreement provides that if Mr. Royal's service is terminated without cause, he will receive his monthly base salary for six months, at the rate in effect at the time of termination, and up to six months of health benefits. Pursuant to the agreement, Mr. Royal was granted an option to purchase 100,000 shares of the Company's common stock and 40,000 restricted shares of the Company's common stock. The options and half of the restricted shares vest over four years, so long as Mr. Royal is continuously employed by us; the balance of the restricted shares are subject to vesting based upon meeting various departmental or Company performance objectives and completion of one year of service. If the Company is subject to a change in control, all restricted shares will vest in full and if Mr. Royal is subject to an involuntary termination within six months of the change in control, all options will vest in full.

In August 2009, the Company entered into an amended employment agreement with Mr. Kreigler, appointing him as the Chief Operating Officer of the Company. The agreement provides for a base salary and an incentive bonus with a target amount of 50% of his base salary. The actual amount of the bonus will be approved by our Board or our Compensation Committee. Mr. Kreigler was paid a one-time retention bonus equal to \$264,000, which was contingent upon his continued employment with the Company through March 1, 2010. The agreement provides that if Mr. Kreigler's service is terminated without cause, he will receive an amount equal to one-half of his annual base salary in effect at the date of termination. Pursuant to the agreement, Mr. Kreigler was granted an option to purchase 100,000 shares of the Company's common stock, vesting 25% on each anniversary of the grant date over the following four years, so long as Mr. Kreigler is continuously employed by the Company. If the Company is subject to a change in control, all restricted shares will vest in full and if Mr. Kreigler is subject to an involuntary termination within six months of the change in control, all options will vest in full. Mr. Kreigler's employment agreement was amended in December 2010 to comply with certain technical requirements imposed by Section 409A of the Internal Revenue Code.

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL**

*David J. Schramm*

Pursuant to his employment agreement, as amended, if Mr. Schramm's employment is terminated without cause, either before or after a change in control, he will continue to receive his base salary for a period of twelve months and the Company will pay the equivalent of the employer's contribution for health benefits for up to twelve months. If Mr. Schramm's employment terminates due to death or disability, all options and restricted shares granted to Mr. Schramm will become fully vested. If the Company is subject to a change in control, all restricted shares will vest in full and if Mr. Schramm is subject to an involuntary termination within twelve months of the change in control, all options will vest in full.

*Kevin S. Royal*

Pursuant to his employment agreement, if Mr. Royal's employment is terminated without cause, either before or after a change in control, he will continue to receive his base salary for a period of six months and the Company will pay the equivalent of the employer's contribution for health benefits for up to six months. If Mr. Royal's employment terminates due to death or disability, all stock options and restricted shares granted to Mr. Royal will become fully vested. If the Company is subject to a change in control, all restricted shares will vest in full and if Mr. Royal is subject to an involuntary termination within six months of the change in control, all options will vest in full.

*George Kreigler III*

Pursuant to his employment agreement, as amended, if Mr. Kreigler's employment is terminated by the Company without cause, (a) he will be entitled to receive all accrued salary and bonus through the date of termination, plus an amount equal to one-half his annual base salary in effect on the date of termination, and (b) all options then held by Mr. Kreigler will continue to vest according to their terms until the six-month anniversary of the termination date, and shall be exercisable to the extent so vested until the 60<sup>th</sup> day following the first anniversary of the date of termination.

If Mr. Kreigler's employment terminates due to death or disability, he will be entitled to receive all accrued salary and bonus through the date of termination plus an amount equal to six months of his annual base salary in effect on the date of termination; and all options and restricted shares will vest in full.

Upon a change in control, all restricted shares granted to Mr. Kreigler will vest in full. If, following a change in control, Mr. Kreigler's employment is terminated by the Company without cause or he resigns following the occurrence of certain triggering events, in either case within three years after a change in control of the Company, he will be entitled to receive all accrued salary and bonuses through the date of termination, plus two cash payments, each equal to 50% of his annual base salary (the first such payment to be paid within 30 days and the second such payment to be paid within one year), plus a continuation of all benefit coverage for six months. In addition, all options will vest in full. If payment of any of the benefits described above results in excise tax being imposed under Section 4999 of the Internal Revenue Code, then the Company will pay Mr. Kreigler an additional amount (the "gross up payment") equal to (a) the amount of such excise tax and (b) the amount necessary to pay federal and California income tax arising from the payment described in clause (a). However, for any future change in control agreements we may enter into or materially amend, we do not intend to provide for an excise tax gross-up payment.

*Van Andrews*

The Company has not entered into an employment agreement with Mr. Andrews. However, pursuant to the terms of his equity award agreements, if Mr. Andrews's employment terminates due to death or disability, all

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options and restricted shares will vest in full. In addition, upon a change in control, all restricted shares granted to Mr. Andrews will vest in full, regardless of whether Mr. Andrews terminates or resigns following a triggering event.

### Estimated Payments and Benefits

The following table describes the potential payments and benefits upon termination of each of our named executive officer's employment before or after a change in control of the Company described above, as if each officer's employment terminated as of December 31, 2011, the last business day of the 2011 fiscal year.

Name	Benefit	Voluntary Resignation / Termination for Cause \$	Termination without Cause Prior to Change in Control \$	Termination due to Death or Disability \$	Termination without Cause or Resignation following a Trigger Event after a Change in Control \$	Change in Control (no termination of employment) \$
David J. Schramm	Severance (1)	—	495,000	495,000	495,000	—
	Restricted Stock Acceleration (3)	—	—	718,900	718,900	718,900
	Health and Welfare (4)	—	13,500	13,500	13,500	—
	Vacation Payout (1)	134,100	134,100	134,100	134,100	—
	Total Value	134,100	642,600	1,361,500	1,361,500	718,900
Kevin S. Royal	Severance (1)	—	155,600	155,600	155,600	—
	Option Acceleration (2)	—	—	319,200	319,200	—
	Restricted Stock Acceleration (3)	—	—	393,500	393,500	393,500
	Health and Welfare (4)	—	9,200	9,200	9,200	—
	Vacation Payout (1)	61,500	61,500	61,500	61,500	—
	Total Value	61,500	226,300	939,000	939,000	393,500
George Kreigler III	Severance (1)	—	159,100	159,100	318,300	—
	Option Acceleration (2)	—	—	103,000	103,000	—
	Restricted Stock Acceleration (3)	—	—	319,300	319,300	319,300
	Health and Welfare (4)	—	—	—	9,200	—
	Vacation Payout (1)	90,600	90,600	90,600	90,600	—
	Other (5)	—	55,000	55,000	55,000	—
	280G Gross-up (6)	—	—	—	—	—
	Total Value	90,600	304,700	727,000	895,400	319,300
Van Andrews	Option Acceleration (2)	—	—	7,400	—	—
	Restricted Stock Acceleration (3)	—	—	245,600	—	245,600
	Vacation Payout (1)	45,400	45,400	45,400	45,400	—
	Total Value	45,400	45,400	298,400	45,400	245,600

- (1) For purposes of valuing the severance and vacation payments in the table above, the computation is based on each executive's base salary in effect at the end of 2011 and the number of accrued but unused vacation days at the end of 2011.
- (2) The value of option acceleration shown in the table above was calculated based on the assumption that the officer's employment termination and the change in control (if applicable) occurred on December 31, 2011. The value of the option acceleration was calculated by multiplying the number of unvested shares subject to each option by the excess of \$16.24, which was the closing sales price of the Company's common stock on December 30, 2011, over the exercise price of the option.
- (3) The value of restricted stock acceleration shown in the table above was calculated based on the assumption that the officer's employment and the change in control (if applicable) occurred on December 31, 2011. The value of the restricted stock acceleration was calculated by multiplying the number of unvested shares subject to each restricted stock grant by the closing sales price of the Company's common stock on December 30, 2011.
- (4) Amounts reflect the current cost to the Company of the individual's health and welfare benefits per year, which was then multiplied by the applicable multiple pursuant to the change in control set forth in each individual executive's employment agreement.
- (5) Mr. Kreigler would receive up to \$15,000 in reimbursement of relocation costs upon termination of employment and could receive up to \$40,000 in real estate closing costs if he sells his California home within three months after termination.
- (6) Based on the benefits that would be payable to Mr. Kreigler upon the above hypothetical change in control and termination scenarios as of December 31, 2011, no gross-up payment would be due to Mr. Kreigler.

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### SECURITIES RESERVED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information regarding outstanding options and shares reserved for future issuance under our equity compensation plans as of December 31, 2011.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available
			for Future Issuance Under Equity Compensation Plans (excluding Securities Reflected in the First Column)
Equity compensation plans approved by security holders	1,205,695(1)	\$ 11.18	1,193,258(2)
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>1,205,695</b>	<b>\$ 11.18</b>	<b>1,193,258</b>

- (1) Includes 917,220 stock options and 22,036 restricted stock units outstanding under the 2005 Omnibus Equity Incentive Plan, 260,439 stock options outstanding under the 1995 Stock Option Plan, and 6,000 stock options outstanding under the 1999 Director Stock Option Plan.
- (2) Includes 205,790 shares available for future issuance under the 2004 Employee Stock Purchase Plan and 987,468 shares available for future issuance under the 2005 Omnibus Equity Incentive Plan.

### RELATED PARTY TRANSACTION

Maxwell SA's pension plan provided a long term loan of 700,000 Swiss Francs to Montena Properties SA. Montena Properties SA is 100% owned by Montena SA. A member of Maxwell Technologies, Inc.'s Board of Directors, José Cortes, is also a director and indirect minority stockholder of Montena SA. The loan was provided to Montena Properties SA prior to Mr. Cortes becoming a director of Maxwell and Montena. The loan was repaid in full in March 2011.

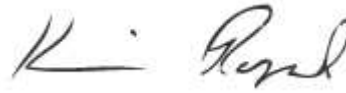
## **OTHER BUSINESS**

The Board does not intend to present any other business at the Annual Meeting and knows of no other matters which will be presented at the Annual Meeting.

## **INCORPORATION BY REFERENCE**

The rules of the SEC allow the Company to “incorporate by reference” certain information into this Proxy Statement, which means that the Company can disclose important information to you by referring you to another document the Company is providing to you. This Proxy Statement incorporates by reference the consolidated financial statements and the notes related thereto contained in the Company’s 2011 Annual Report on Form 10-K, a copy of which is being furnished to you with this Proxy Statement. Copies of all documents incorporated by reference may be obtained by written request of the Company’s Corporate Secretary at Maxwell Technologies, Inc., 5271 Viewridge Court, Suite 100, San Diego, California 92123.

By Order of the Board of Directors,



Kevin S. Royal  
*Secretary*

March 30, 2012  
San Diego, California

YOU ARE CORDIALLY INVITED TO ATTEND THE MEETING. IF YOU DO NOT EXPECT TO ATTEND THE MEETING, PLEASE MARK, SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT IN THE ENCLOSED ENVELOPE AS SOON AS POSSIBLE. YOU ARE ENCOURAGED TO VOTE BY INTERNET.

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**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** The Notice & Proxy Statement, Form 10-K is/are available at [www.proxyvote.com](http://www.proxyvote.com).

**MAXWELL TECHNOLOGIES, INC.**  
**This proxy is solicited on behalf of the Board of Directors**  
**For the Annual Meeting of Stockholders**  
**May 9, 2012 11:00 A.M PDT**

The stockholder(s) hereby appoint(s) David J. Schramm and Kevin S. Royal, or either of them as proxies each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common stock of MAXWELL TECHNOLOGIES, INC. that the stockholders(s) is/are entitled to vote at the Annual Meeting of Stockholders(s) to be held at 11:00 a.m, PDT on May 9, 2012, at the Courtyard Marriott Hotel, 8651 Spectrum Center Boulevard, San Diego, California 92123, and any adjournment or postponement thereof.

**THIS PROXY WILL BE VOTED AS DIRECTED. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED “FOR ALL” THE NOMINEES FOR DIRECTOR LISTED ON THE REVERSE SIDE AND “FOR” PROPOSALS 2 AND 3.**

The proxies (or, if only one, then that one proxy) or their substitutes acting at the meeting may exercise all powers hereby conferred. The undersigned hereby revokes any prior proxy and ratifies and confirms all that the above-named proxies or their substitutes, and each of them, shall lawfully do or cause to be done by virtue hereof. The undersigned hereby acknowledges receipt of the Notice of the 2012 Annual Meeting of Stockholders and accompanying Proxy Statement dated March 30, 2012.

**Address change/comments:**


(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

**Continued and to be signed on reverse side**

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MAXWELL TECHNOLOGIES, INC  
5271 Viewridge Court  
Suite 100  
San Diego, CA 92123

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

Electronic Delivery of Future PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

DETACH AND RETURN THIS PORTION ONLY

<b>The Board of Directors recommends you vote FOR the following:</b>	<b>For All</b>	<b>Withhold All</b>	<b>For All Except</b>	To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.
1. Election of Directors Nominees	..	..	..	
01 José L. Cortes      02 Roger Howsmon				
<b>The Board of Directors recommends you vote FOR proposals 2 and 3.</b>				
2. Ratification of the appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.	..	..	..	
3. To approve, on an advisory basis, our named executive officer compensation.	..	..	..	
<b>NOTE:</b> Such other business as may properly come before the meeting or any adjournment thereof.				
For address change/comments, mark here. (see reverse for instructions)	<b>Yes</b>	<b>No</b>	..	
Please indicate if you plan to attend this meeting	..	..		
Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.				
<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date	