

MAXWELL TECHNOLOGIES INC

Form S-3

September 08, 2004

Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3

REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

MAXWELL TECHNOLOGIES, INC.*

(Exact name of registrant as specified in its charter)

Delaware
(State or other
jurisdiction of
incorporation or
organization)

9244 Balboa Avenue
San Diego, California 92123
(858) 503-3300

95-2390133
(I.R.S. Employer
Identification No.)

(Address and telephone number, principal executive offices)

Richard D. Balanson, Ph.D
President and Chief Executive Officer
Maxwell Technologies, Inc.
9244 Balboa Avenue
San Diego, California 92123
(858) 503-3300

(Name, address and telephone number, including area code, of agent for service)

with copies to:

Kenneth D. Polin, Esq.
Foley & Lardner LLP
402 W. Broadway, Suite 2300
San Diego, California 92101
(619) 234-6655

Deepak Nanda, Esq.
Foley & Lardner LLP
2029 Century Park East, Suite 3500
Los Angeles, California 90067
(310) 277-2223

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement, as determined by the Registrants.

Edgar Filing: MAXWELL TECHNOLOGIES INC - Form S-3

*The companies listed below are also included in this Registration Statement on Form S-3 as additional Registrants.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act of 1933 registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) of the Securities Act of 1933, check the following box and list the Securities Act of 1933 registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Number/Amount of Securities to be Registered	Proposed Maximum Offering Price Per Unit/Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$.10 per share	(1)(2)			
Debt Securities	(1)(2)			
Warrants to purchase any of the foregoing securities	(1)(2)			
Guarantees of Debt Securities by subsidiary guarantors	(1)(3)			
Total	\$ 16,500,000(4)	(5)	\$ 16,500,000(5)	\$2090.55

- (1) Such indeterminate number or amount of common stock, warrants, and senior and subordinated debt securities and junior subordinated debentures, as may from time to time be issued at indeterminate prices, with an aggregate initial offering price not to exceed \$16,500,000 or the equivalent thereof in one or more foreign currencies, foreign currency units or composite currencies. Securities registered hereunder may be sold separately, together or as units with other securities registered hereunder.
- (2) Subject to note (4) below, this Registration Statement also covers the indeterminate amount of securities as may be issued upon conversion of debt securities registered hereunder. No separate consideration will be received for any securities registered hereunder that are issued in upon conversion of the debt securities.
- (3) Pursuant to Rule 457(n) under the Securities Act, no separate fee is payable with respect to the guarantees being registered hereby.

- (4) In no event will the aggregate initial offering price of all securities issued from time to time pursuant to this Registration Statement exceed \$16,500,000 or the equivalent thereof in one or more foreign currencies, foreign currency units or composite currencies. The amount represents the offering price of any common stock, the principal amount of any debt securities issued at their stated principal amount and the issue price rather than the principal amount of any debt securities issued at an original issue discount. The aggregate principal amount of the debt securities may be increased if any debt securities are issued at an original issue discount by an amount such that the offering price to be received by the Registrant shall be equal to the above amount to be registered. Any offering of securities denominated other than in U.S. dollars will be treated as the equivalent of U.S. dollars based on the exchange rate applicable to the

Edgar Filing: MAXWELL TECHNOLOGIES INC - Form S-3

purchase of the securities at the time of initial offering. Any securities registered hereunder may be sold separately or as units with other securities registered hereunder. Pursuant to Rule 457(o) under the Securities Act, which permits the registration fee to be calculated on the basis of the maximum offering price of all the securities listed, the table does not specify by each class information as to the amount to be registered, proposed maximum offering price per unit or proposed maximum aggregate offering price.

- (5) The Registrants will determine the proposed maximum offering price per unit/share from time to time in connection with issuance of the securities registered hereunder.

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

TABLE OF ADDITIONAL REGISTRANTS*

The following subsidiaries of Maxwell Technologies, Inc. may guarantee certain debt securities and are additional Registrants under this Registration Statement:

<u>Name of Additional Registrants</u>	<u>Jurisdiction of Formation</u>	<u>I.R.S. Tax Identification Number</u>
Maxwell Technologies SA	Switzerland	N/A
Maxwell Technologies Systems Division, Inc.	California	33-0727677
PurePulse Technologies, Inc.	Delaware	33-0313235
I-Bus/Phoenix, Inc.	California	33-0727679
MML Acquisition Corp.	Delaware	33-0932618

* The address for each of the additional Registrants is 9244 Balboa Avenue, San Diego, California 92123, telephone number (858) 503-3300. The primary standard industrial classification number for each of the additional Registrants is 3571.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

Subject to Completion Dated September 7, 2004

PROSPECTUS

\$16,500,000

MAXWELL TECHNOLOGIES, INC.

**COMMON STOCK
DEBT SECURITIES
WARRANTS**

This prospectus is part of a shelf registration statement which Maxwell Technologies, Inc. has filed with the Securities and Exchange Commission (the Commission). Under the shelf registration statement, we may offer: shares of our common stock; unsecured debentures, notes, bonds or other evidences of indebtedness; and warrants to purchase shares of our common stock or debt securities (the Registered Securities). The Registered Securities will have an aggregate initial offering price of not more than \$16,500,000, including the U.S. dollar equivalent if the offering is denominated in one or more foreign currencies, foreign currency units or composite currencies.

Edgar Filing: MAXWELL TECHNOLOGIES INC - Form S-3

Under the shelf registration process, we may sell the Registered Securities from time to time in one or more separate offerings, in amounts, at prices and on terms to be determined at the time of sale. Our debt securities may be issuable in global form, in registered form without coupons attached, or in bearer form with or without coupons attached.

Our common stock is traded on the Nasdaq National Market under the symbol MXWL. The last reported sale price for our common stock on September 1, 2004 was \$9.45 per share.

This prospectus provides a general description of the securities we may offer. Each time we sell shares of our common stock, a particular series of debt securities or warrants, we will provide a prospectus supplement, which will contain the specific terms of the securities being offered at that time.

This prospectus does not contain all of the information included in the Registration Statement. For a more complete understanding of the offering of the Registered Securities, you should refer to the Registration Statement, including its exhibits. The prospectus supplement may also add, update or change information contained in this prospectus. The prospectus supplement may also contain information about any material federal income tax considerations relating to the Registered Securities. You should read both this prospectus and any prospectus supplement together with additional information under the heading Information We Are Incorporating By Reference.

The Registered Securities may be offered directly, through agents designated from time to time by us, or to or through underwriters or dealers. If any agents or underwriters are involved in the sale of any of the Registered Securities, their names and any applicable purchase price, fee, commission or discount arrangement between or among them will be set forth in or will be calculable from the information set forth in the applicable prospectus supplement. None of the Registered Securities may be sold without delivery of the applicable prospectus supplement describing the method and terms of the offering of those securities. See Plan of Distribution for possible indemnification arrangements with underwriters, dealers and agents.

You should rely only on the information contained or incorporated by reference in this prospectus and any prospectus supplement. We have not authorized anyone to provide you with different information. We are not making offers to sell the Registered Securities in any jurisdiction in which an offer or solicitation is not authorized or in which the person making the offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make an offer or solicitation.

The information in this prospectus is accurate as of the date on the front cover. You should not assume that the information contained in this prospectus is accurate as of any other date.

In this prospectus, unless otherwise indicated, the words Maxwell, our, us and we refer to Maxwell Technologies, Inc. and its subsidiaries.

Our business and an investment in the Registered Securities involves significant risks. You should carefully consider each of the risk factors described under the caption Risk Factors beginning on page 20 of this prospectus.

Neither the Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2004

TABLE OF CONTENTS

	<u>Page</u>
Special Note Regarding Forward-Looking Statements	1
Business	2
Risk Factors	20
Use of Proceeds	36
	36

	<u>Page</u>
Ratio of Earnings to Fixed Charges	
Dilution	37
Description of Common Stock	38
Description of Debt Securities	42
Description of Guarantees	57
Description of Warrants	57
Plan of Distribution	60
Legal Matters	61
Experts	61
Where You Can Find More Information	62
Information We Are Incorporating by Reference	62

POWERCACHE , RADPAK , RADSTAK , RADCOAT , XRAYPAK , BOOSTCAP , D Cell , C Cell , AA Cell , and AAA C trademarks. This prospectus also contains trademarks and trade names of other companies. All trademarks and trade names appearing in this prospectus are the property of their respective holders.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this prospectus and incorporated by reference herein discuss our plans and strategies for our business or make other forward-looking statements, as this term is defined in the Private Securities Litigation Reform Act. The words anticipates, believes, estimates, expects, plans, intends, may, could, will, continue, seek, should, would and similar expressions are forward-looking statements, but are not the exclusive means of identifying them. These forward-looking statements reflect the current views of our management; however, various risks, uncertainties and contingencies could cause our actual results, performance or achievements to differ materially from those expressed in, or implied by, these statements, including the following:

further decline in the domestic and global economy that may delay the development and introduction by our customers of products that incorporate our components and systems;

success in the introduction and marketing of new products into existing and new markets;

ability to manufacture existing and new products in volumes demanded by our customers and at competitive prices with adequate gross margins;

market success of the products into which our products are integrated;

ability in growing markets to increase our market share relative to our competitors;

ability to successfully integrate our business with operations of businesses we may acquire;

ability to finance the growth of our business with internal resources or through outside financing at reasonable rates; and

ability to produce our products at quality levels demanded by our customers.

Many of these factors are beyond our control. There can be no assurance that we will not incur new or additional unforeseen costs in connection with the ongoing conduct of our business. Accordingly, any forward-looking statements included herein do not purport to be predictions of future events or circumstances and may not be realized.

For a discussion of important risks of an investment in our securities, including factors that could cause actual results to differ materially from results referred to in the forward-looking statements, see Risk Factors beginning on page 20 of this prospectus. We do not have any obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

1

BUSINESS

Introduction

We are a developer, manufacturer and marketer of highly reliable, cost-effective energy storage and power delivery solutions. They are designed and manufactured to provide failure-free, maintenance-free performance over the life of the applications into which they are integrated. By satisfying the stringent specifications of such high-value applications, we believe that our products will be able to command much higher profit margins than commodity products.

We focus on the following three discrete lines of high-reliability products:

Ultracapacitors: Our primary focus, ultracapacitors, are energy storage devices that possess a unique combination of high power density, the ability to rapidly charge and discharge and an extremely long operational life. Our BOOSTCAP® ultracapacitor cells and multi-cell modules and POWERCACHE® backup power systems provide highly reliable energy storage and power delivery solutions for applications in multiple industries, including consumer and industrial electronics, transportation and telecommunications.

High-Voltage Capacitors: Our CONDIS® high-voltage capacitors are extremely robust devices that are designed and manufactured to perform reliably for decades in all climates. These products include grading and coupling capacitors and capacitive voltage dividers that are used to ensure the safety and reliability of electric utility infrastructure and other applications involving transport, distribution and measurement of high-voltage electrical energy.

Radiation-Mitigated Microelectronic Products: Our RADPAK® radiation-mitigated microelectronic products include high-performance, high-density power modules, memory modules and single board computers that incorporate proprietary packaging and shielding technology and novel architecture that enable them to withstand environmental radiation effects and perform reliably in space.

In keeping with this exclusive strategic focus on high-value, high-margin product lines, over the past several years we have exited several non-strategic, low-margin businesses. These efforts culminated in the sale of our Winding Equipment product line in December 2003, and our phase-out of a low-margin magnetics-based power systems product line, which was completed in the first quarter of 2004. As a result of these actions, as well as other divestitures throughout 2002 and 2003, we have reduced operating expenses, improved efficiency and increased our focus on our core high-reliability product lines.

2

General Overview

Each of our high-reliability electronic component product lines addresses a distinct industry or, in the case of our ultracapacitor products, a group of distinct industry segments.

Ultracapacitors

Ultracapacitors are an enabling technology that offers novel power solutions for a myriad of electronic applications by bringing together in a single hybrid device energy storage characteristics generally found in batteries and power delivery characteristics generally found in traditional capacitors. For example, although batteries store far more electrical energy than ultracapacitors, they cannot deliver that energy as rapidly and efficiently as an ultracapacitor. Conversely, although conventional electrolytic capacitors can deliver bursts of high power very rapidly, they cannot sustain that power delivery even for a full second because they have extremely limited energy storage capacity. Also, unlike batteries, which produce electrical energy through a chemical reaction that depletes their energy generation capability within hundreds or up to a few thousand charge/discharge cycles, ultracapacitors' energy storage and power delivery mechanisms involve no chemical reaction, so they can be charged and discharged hundreds of thousands of times with minimal performance degradation. This ability to store energy, deliver bursts of power and perform reliably for years without maintenance makes ultracapacitors an attractive option for a wide range of power-hungry devices and systems.

Ultracapacitors already have achieved multi-million-unit sales volumes for digital cameras and other consumer electronic applications, and have been designed into and are ramping to commercial production volumes in industrial electronics applications, including automated meter reading systems and other devices that incorporate wireless transmitters. Potential end-users in the telecommunications and cable television industries currently are testing and evaluating multi-cell ultracapacitor systems to replace batteries as the short-term bridge power element of uninterruptible power supply (UPS) back-up power systems. Based on potential volumes, we believe that the transportation industry ultimately represents the largest market opportunity for ultracapacitors. These applications include distributed power nodes to support electronic subsystems including door switches, power steering and brakes and electric air-conditioning as well as braking energy recapture and torque-assist systems for hybrid-electric buses, trucks and autos and electric trains.

High-Voltage Capacitors

High-voltage grading and coupling capacitors are used mainly in the electric utility industry. These devices prevent high-voltage arcing that can damage switches, circuit breakers, step-down transformers and other equipment responsible for the transport, distribution and measurement of high-voltage electrical energy in electric utility infrastructure. The market for these products consists of expansion and upgrading existing infrastructure and the installation of new infrastructure in developing countries. Such installations are capital intensive and frequently are subject to regulatory directives, availability of government funding and general economic conditions. For example, while North America has the world's largest installed base of electric utility infrastructure, and has begun to experience more frequent power interruptions and supply problems, utility deregulation, government budget deficits, and other factors have depressed capital spending in what normally would be expected to be a very large market for utility infrastructure components. However, projects to meet growing demand for electrical energy in developing countries, such as the Three Gorges Dam in China, continue to drive global demand for high-voltage capacitors.

3

Radiation-Mitigated Microelectronics

Radiation-mitigated microelectronic products are used almost exclusively in the space and satellite industry. Because satellites and spacecraft are extremely expensive to manufacture and launch and are required to perform missions that span years or even decades, and because it is impractical or impossible to repair or replace malfunctioning parts, the industry demands electronic components that are virtually failure-free. As satellites and spacecraft routinely encounter ionizing radiation from solar flares and other natural sources, these components must be able to perform reliably in radiation-intense space environments. For that reason, until recently, suppliers of components for space applications used only special radiation-hardened silicon in the manufacture of such components. However, since the space market is relatively small and the process of producing rad-hard silicon is very expensive, only a few government-funded wafer fabrication facilities are capable of producing this material. In addition, because it takes several years to produce a rad-hard version of a new semiconductor, components using rad-hard silicon typically are several generations behind their current commercial counterparts in terms of density, processing power, and enhanced functionality.

To address the performance gap between rad-hard and commercial silicon and provide components that can provide both increased functionality and much higher processing power, a few specialty components suppliers have developed shielding, packaging, and other novel mitigation techniques that allow sensitive commercial semiconductors to withstand radiation effects and perform as reliably as rad-hard parts. Although this market is limited in size, the value proposition for high-performance, radiation-tolerant components enables these specialty suppliers to generate profit margins much higher than those for commodity electronic components.

Business Strategy

Our primary objective is to make ultracapacitors an accepted and often preferred energy storage and power delivery option for a wide variety of applications. To accomplish this, we focus on:

Providing a standard energy storage and power delivery option by:

Facilitating the integration of ultracapacitors into a wide range of devices and systems that require highly reliable electrical energy through: training engineers in the purpose and function of ultracapacitors; using educational techniques including publications, seminars and white papers; and integrating ultracapacitor mathematical models into broadly accepted simulation software, among other efforts;

Initiating and participating in a broad array of industry standards committees to foster the knowledge and use of ultracapacitors;

4

Demonstrating the broad application universe of ultracapacitors, including through government sponsored projects, competitions and demonstrations; and

Partnering with key customers in strategic application fields.

Becoming a leading ultracapacitor company by:

Becoming a low-cost producer and focusing on price-enabled markets;

Designing products for the "life-of-the-application";

Being a highly reliable supplier through global sourcing;

Maintaining the highest level of technological performance without sacrificing product cost;

Developing and deploying enabling technologies and systems, including cell balancing smart modules and charging systems, among others;

Demonstrating through extensive in-house and third party tests, the extremely high durability of our ultracapacitors in a range of applications;

Designing products that are more environmentally friendly than conventional battery storage options; and

By maintaining broad and deep protections of key intellectual property.

In addition to our strategy for ultracapacitors, we seek to expand revenue and market opportunities for our high-voltage capacitors and radiation-mitigated microelectronic products. While these are niche businesses with highly specialized applications, they also are based on high-margin products for which we are a leading technology provider. Going forward, we plan to maintain and expand this competitive position by leveraging our technological expertise to develop new products that not only meet the demands of our current markets, but also address additional applications as well. For example, our microelectronic group recently introduced a new single-board computer for the space and satellite market. This product, which leverages our expertise in reliability and radiation-mitigation, provides access to a new market opportunity by addressing an application that we did not previously serve.

Products and Applications

Our products incorporate our expertise and proprietary power and microelectronics technology at both the component and system level for specialized, high-value applications for which customers require ultra-high reliability.

Ultracapacitors

An ultracapacitor, also known as a supercapacitor, stores energy electrostatically by polarizing an organic salt solution. Although it is an electrochemical device, there are no chemical reactions involved in its energy storage mechanism. The mechanism is highly reversible, allowing the ultracapacitor to be rapidly charged and discharged hundreds of thousands of times without noticeable degradation even in very high peak power applications.

Compared with traditional capacitors which have very little energy storage capacity and discharge power too rapidly to be suitable for many power delivery applications, ultracapacitors have much greater energy storage capacity and can discharge power over time periods ranging from fractions of a second to several minutes.

Unlike conventional batteries, ultracapacitors recharge in as little as fractions of a second from any electrical energy source. They operate reliably through hundreds of thousands to millions of discharge/recharge cycles with minimal degradation of performance, compared with only a few thousand cycles for conventional batteries. Although they contain only about ten percent of the energy of a conventional battery, they can deliver it with over 100 times the power.

Our ultracapacitors can be linked together in modules to satisfy higher energy storage and power delivery requirements, and can be charged from any primary energy source, such as a battery, generator, fuel cell or electrical outlet. Virtually any device that has peak power demands greater than its average power requirement is a candidate for our ultracapacitors as part of its energy storage and power delivery system.

Our ultracapacitor products have significant advantages over batteries, including:

delivery of up to 100 times more instantaneous power;

significantly lower weight per unit of electrical energy stored;

the ability to discharge deeper and recharge much faster and more efficiently, thus producing less wasted energy in the form of heat;

the ability to operate reliably in extreme temperatures (-40 degrees C to +75 degrees C);

minimal to no maintenance requirements;

operational reliability for the life of the device or system; and

minimal environmental issues associated with disposal because they have no heavy metals.

Any device or system that requires storage of electrical energy and repeated discharges of variable amounts of power represents a potential application for ultracapacitors. With no moving parts and no chemical reactions, ultracapacitors provide a simple, solid state-like, highly reliable solution to buffer short-term mismatches between power available and power required.

New power-hungry electronic products, such as digital cameras and wireless communication devices, the increasing use of electric power in vehicles and the growing demand for highly reliable, maintenance-free, back-up power systems are creating significant markets for new energy storage and power delivery solutions. In many applications, power demand varies widely from moment to moment, with peak power demand

typically being much greater than the average power requirement. For example, automobiles require much more power to accelerate than to maintain a constant speed, and digital cameras require more power to display images on a screen than to store images in memory.

Engineers historically have addressed power requirements by over-designing the engine, battery or other primary energy source to satisfy all of a system's power demands, including demand peaks that occur infrequently and may last only a few seconds. Sizing the primary power source to meet such infrequent peak power requirements, rather than average power requirements, is costly and inefficient. Systems can be designed to be smaller, lighter and less costly by coupling conventional power sources with specialized energy storage components or modules that can deliver or absorb brief bursts of high power on demand for periods of time ranging from fractions of a second to several minutes.

The following diagram depicts the separation of a primary energy storage source from a peak power delivery component. Highly reliable components that enable this separation permit new designs to optimize the efficiency and cost effectiveness of the entire electrical power system.

Peak Power Application Model

Although conventional batteries historically are the most widely used component for both primary energy sourcing and peak power delivery, ultracapacitors, advanced batteries and flywheels increasingly are being used to separate and optimize these functions. Based in part on our products rapidly declining cost, high performance and life-of-the-application durability, we believe that our ultracapacitors are positioned to become a preferred solution for many energy storage and peak power delivery applications.

We offer our BOOSTCAP® ultracapacitors in several form factors, ranging from postage stamp size 5-Farad small cells to cylindrical 2,600-Farad large cells approximately two inches in diameter and six inches long. We are supplying our BOOSTCAP® ultracapacitors in volumes and at price points that are opening additional market opportunities for us. We also offer our POWERCACHE® back-up power systems, which are rack-mounted energy storage modules containing multiple BOOSTCAP® ultracapacitors.

Our smaller sized ultracapacitors have been designed into digital cameras and other consumer electronic devices, industrial electronics such as actuators, remote transmitting devices, high-intensity scanners, computer memory boards and transportation applications such as subway car alarm systems and electric actuators that replace mechanical latches in aircraft, train and automobile doors. Many products into which our small cell ultracapacitors have been designed now are in commercial production. Our large cell ultracapacitors have been designed into industrial applications such as uninterruptible power supply systems and transportation applications such as hybrid buses, trucks and autos, electric rail systems and capacitive starting systems for diesel trucks and locomotives. We received our first commercial production order to supply ultracapacitors for hybrid gasoline-electric transit buses in February 2004 and there has been an additional transit bus application since. Other large cell design-ins are progressing through the field test and evaluation phase.

The charts below describe a number of current applications for our BOOSTCAP® ultracapacitors that are now in commercial production or are in the field-testing or prototyping and evaluation phase.

5-Farad to 100-Farad Ultracapacitors

<u>Market</u>	<u>Application</u>	<u>Stage of Commercialization</u>
Consumer Electronics Digital cameras	Battery enhancement and peak power supply	Commercial production
Industrial Electronics		

Edgar Filing: MAXWELL TECHNOLOGIES INC - Form S-3

<u>Market</u>	<u>Application</u>	<u>Stage of Commercialization</u>
Scanners Utility meters Actuators Memory boards	Energy storage, back-up power and peak power supply	Commercial production
Energy Generation Windmill power generators	System control and optimization as well as energy storage and peak power supply	Commercial production
Fuel Cell Augmentation Stationary fuel cell systems	Startup and peak load buffering to optimize system size and cost	Field testing and evaluation
Fuel cell drive trains	Initial starting and braking energy recapture and reuse in vehicles	Field testing and evaluation
Transportation Helicopter airbags	Energy storage, back up power and peak power supply	Commercial preproduction and production, except automobile door actuators which are in the prototyping and evaluation phase
Airplane door actuators Pilot transponders Automobile door actuators		

350-Farad to 2,600-Farad Ultracapacitors

<u>Market</u>	<u>Application</u>	<u>Stage of Commercialization</u>
Industrial & Telecommunications Uninterruptible power supply systems	Short-term bridge power for uninterruptible power supply systems that incorporate fuel cells or generators as the long-term back up power source for telecommunication base stations	Field testing and evaluation of Maxwell proprietary POWERCACHE® rack mount systems underway
	Energy storage and peak power supply for automated industrial equipment	Prototyping and evaluation of integrated systems
Transportation Rail systems	Recapture of braking energy and initial acceleration for electric trains	Field testing and evaluation of in-station as well as on-board modules developed by third party system integrators
	Capacitive starting systems	Prototyping and evaluation of

Edgar Filing: MAXWELL TECHNOLOGIES INC - Form S-3

<u>Market</u>	<u>Application</u>	<u>Stage of Commercialization</u>
	for diesel locomotives	capacitive starting subsystems developed by third party integrators
Bus and truck systems	Recapture of braking energy and initial acceleration for internal combustion/hybrid-electric and fuel cell drive trains	Initial production for gasoline-electric bus drive trains and field testing and evaluation of truck diesel-electric hybrid drive trains developed by third party integrators
	Capacitive starting systems for diesel engines	Prototyping and evaluation of capacitive starting subsystems developed by third party integrators
	All-electric short-haul buses, fork lifts, vans and other high stop/start vehicles	Prototyping and evaluation of vehicles developed by third party integrators
Automobile systems (12 and 42 volts)	Recapture of braking energy	Prototyping and evaluation of modules developed by Maxwell and by third party integrators, and of electrical subsystems developed by third party integrators
	Initial acceleration for internal combustion/electric and fuel cell drive trains	
	Distributed power for all electric power steering and braking and other subsystems	

10

Applications such as bus, truck and auto drive trains, electric rail systems and uninterruptible power supplies require integrated modules consisting of up to several hundred ultracapacitor cells. To facilitate adoption of ultracapacitors for these larger systems, we are complementing our internal capabilities with those of third parties who possess the systems integration and power and thermal management capabilities to provide fully integrated systems and modules.

We have also developed integration technologies to accelerate the adoption by our customers of multi-cell ultracapacitor modules and systems. These include proprietary electrical balancing, thermal management systems and interconnect technologies. We have applied for patents for certain of these technologies, and we are in the process of applying for patents for certain other of these technologies.

High-Voltage Capacitors

Electric utility grids have switches, circuit breakers, step-down transformers and measurement instruments responsible for the transport, distribution and measurement of high-voltage electricity. High-voltage capacitors are used to protect these systems from high-voltage arcing. In addition to performance, these applications require extremely high reliability and durability, with failure rates of less than a few percent measured in decades.

Maxwell, through its acquisition in 2002 of Montena Components Ltd., or Montena (now known as Maxwell Technologies SA), and its CONDIS® line of high-voltage capacitor products, is the world's largest producer of such products for use in utility infrastructure, with more than 20 years of experience in the industry. Engineers who have specific expertise in high-voltage systems develop and test our capacitors in our high-voltage facility in Rossens, Switzerland. Our high-voltage capacitors are produced through a proprietary, automated winding and assembly process to ensure consistent quality and reliability. We are upgrading our high-voltage capacitor production facility in 2004 to double its output capacity and significantly shorten order delivery intervals. This upgraded facility is currently in the debug phase and has successfully produced revenue generating products.

Edgar Filing: MAXWELL TECHNOLOGIES INC - Form S-3

Currently, we sell our high-voltage capacitors to large systems integrators, such as ABB Ltd., Alstom Corporation and Siemens AG, who install and service electrical utility infrastructure around the world.

Radiation-Mitigated Microelectronic Products

Manufacturers of commercial and military satellites and other spacecraft require on-board microelectronic devices and systems that meet very specific functional requirements and can withstand exposure to radio active energy encountered in space, including gamma rays and hot electrons and protons. In the past, microelectronic components and systems for these special applications have used only specifically fabricated radiation-hardened silicon. However, the process of designing and producing radiation-hardened silicon is lengthy and expensive and there are only a few specialty semiconductor fabricators; thus, supplies of radiation-hardened silicon are limited. As a result, demand for components made with the latest commercial silicon, protected by shielding and other radiation mitigation techniques, is growing. Commercial silicon provides higher functionality and costs significantly less than radiation-hardened silicon. Producing components and systems incorporating radiation-mitigated commercial silicon requires expertise in power electronics, circuit design, silicon selection, radiation shielding and extensive expertise in quality assurance testing.

11

We design, manufacture and market radiation-mitigated microelectronic products, including power modules, memory modules and single-board computers, for the space and satellite markets. Using highly adaptable, proprietary, packaging and shielding and other radiation mitigation techniques, we custom design products that allow original equipment manufacturers, or OEMs, to use powerful, low cost, commercial silicon protected with the level of radiation shielding required for reliable performance in the harsh environments in which they are to be deployed.

Manufacturing

We have consolidated the manufacturing of our ultracapacitors, high-voltage capacitors and radiation-mitigated microelectronic products into two production facilities located in San Diego, California, and Rossens, Switzerland. Over the past four years, we have made substantial capital investments to build and outfit production facilities incorporating the latest available technologies, which include both mechanization, as well as automation. We have trained most of our personnel in advanced operational techniques including demand-based manufacturing. We have also added advanced information technology infrastructures and have implemented new business processes and systems to increase our manufacturing capacity and improve efficiency, planning and product quality. Our production facilities have been designed with flexible overhead power grids and modular manufacturing cells and equipment that allow factory operations to be reconfigured rapidly at minimal expense. After completion of our current upgrades, we believe that our manufacturing facilities and resources give us sufficient capacity to meet 2005 demand for all of our current product lines without significant additional capital expenditure.

Acceptance of our ultracapacitor products and high-voltage capacitor products depends in part on compliance and certification with a number of U.S. and foreign standards for electronic components and systems. Among the entities that promulgate such standards are Underwriters Laboratories, Canadian Standards Association and Committee European. We incorporate compliance with such standards into our quality assurance protocols in building and testing these products.

Ultracapacitors

In 2001, we installed an automated assembly line for our 5-Farad and 10-Farad small cell ultracapacitors at our San Diego production facility. This line can produce approximately 40,000 to 50,000 small cells per 24-hour production day. Current production is approximately 20,000 to 25,000 small cells per day based on a 12-hour production day.

We produce our large cell ultracapacitors on a pilot production line in our Rossens, Switzerland facility. We expect to complete by year end 2004 our first high-volume, semi-automated manufacturing lines for our 350-Farad to 2,600-Farad ultracapacitors in our Swiss facility. We are also redesigning our large cell products to facilitate this automation and to incorporate much lower cost materials. In addition to significantly reducing material cost, the new designs are contemplated to reduce both the number of parts in a finished cell and the number of manufacturing process steps.

12

In February 2003, we formed an ultracapacitor manufacturing and marketing alliance with Yeong-Long Technologies Co., Ltd., or YEC. YEC is a \$200 million revenue per annum manufacturer of electrolytic components headquartered in Taichung, Taiwan, with manufacturing and sales operations in mainland China. We entered into this alliance in order to commercialize our proprietary BOOSTCAP® ultracapacitors in China, and to help position us as a global supplier of ultracapacitors with production facilities in North America and Europe, and access to facilities in Asia. This alliance allows YEC to produce and sell our ultracapacitor products on a non-exclusive basis in the Chinese market, under

a royalty-bearing agreement. It also provides for YEC to develop products in new form factors, and it permits us to utilize YEC's manufacturing capacity for our distribution outside of China.

High-Voltage Capacitors

We produce our high-voltage grading and coupling capacitors at our Rossens, Switzerland facility. We believe we are the only high-voltage capacitor producer that manufactures its products with automated winding and stacking, and assembly processes. This enables us to produce consistent, high quality and highly reliable products, and gives us sufficient capacity to satisfy global customer demand. Using advanced demand-based techniques, we are upgrading the assembly portion of the process to a cell-based, just-in-time design this year, in order to double our current production capacity without additional direct labor, and shorten order-to-delivery times. Our new production facility is currently in the debug phase and has successfully produced revenue producing products. This production facility has already demonstrated significant reductions in manufacturing cycle time. We expect to complete this project by the end of 2004. We believe this upgrade will allow us to expand our market penetration into capacitive voltage divider products, which we believe could materially increase the size of the market we currently serve.

Radiation-Mitigated Microelectronics Products

We produce our radiation-mitigated microelectronics products at our San Diego production facility. We have reengineered our production processes for radiation-mitigated microelectronics, resulting in dramatic reductions in cycle time and a significant increase in yield. Customer audits have confirmed our belief that we have top-tier manufacturing capabilities for highly reliable, radiation-mitigated power modules, memory modules and single-board computers, and that we have ample capacity to meet the demands of our customers in the space and satellite markets. This facility has recently been granted QML-V certification by the Department of Defense procurement agency. There are approximately one dozen QML-V certified companies in the world.

Our radiation-mitigated microelectronics production operations include die characterization, packaging, electrical, environmental and life testing. During 2002 and 2003, manufacturing cycle times were reduced and operator productivity increased, such that the current facility is capable of doubling production volumes without the need for additional direct labor or capital.

Suppliers

We generally purchase components and materials, such as electronic components, dielectric materials and metal enclosures from a number of suppliers. For certain products, such as our radiation-mitigated microelectronic products and our high-voltage capacitors, we rely on a limited number of suppliers or a single supplier. Although we believe there are alternative sources for some of the components and materials that we currently obtain from a single source, there can be no assurance that we will be able to identify and qualify alternative suppliers in a timely manner. Therefore, in critical component areas, we bank, or store, critical high value materials, especially silicon die. We are working to reduce our dependence on sole and limited source suppliers through an extensive global sourcing effort.

Marketing and Sales

We market and sell all of our components and systems products through both direct and indirect sales organizations in North America, Europe and Asia for integration by OEM customers into a wide range of electronic systems and products. Because the introduction of emerging technologies requires customer acceptance of new and different technical approaches, and because many of our OEM customers have rigorous vendor qualification processes, the initial sale of our products can take months or even years.

Our principal marketing strategy is to cultivate long-term relationships by becoming a preferred supplier with an opportunity to compete for multiple supply agreements and follow-on contracts with our key OEM customers. As these design-in sales tend to be technical and engineering-intensive, we organize customer-specific teams composed of sales, engineering, research and development and other technical personnel to work closely with our customers across multiple disciplines to satisfy their requirements for form, fit, function and environmental needs. As time-to-market often is the primary consideration in our customers' decisions to use our components, the initial sale and design-in process frequently evolves into ongoing account management to ensure on-time delivery and responsive technical support and problem-solving.

Because of the nature of each of our three product lines, we conduct discrete marketing programs intended to position and promote our products. These include trade shows, seminars, advertising, public relations, distribution of product literature and Internet websites. We employ marketing communications specialists and outside consultants to develop and implement our marketing programs, design and develop marketing materials, negotiate advertising media purchases, write and place product news releases and manage our marketing websites.

We have an alliance with YEC to manufacture and market our proprietary BOOSTCAP® ultracapacitor products in China. Through this alliance, we seek to expand our ultracapacitor product line and increase sales in China.

Competition

Each of our product lines has competitors, many of whom have longer operating histories, significantly greater financial, technical, marketing and other resources, greater name recognition and larger installed customer bases than we do. In some of the target markets for our emerging technologies, we face competition both from products utilizing well-established, existing technologies and other alternative novel technologies.

Ultracapacitors

Our ultracapacitor products have two types of competitors: other ultracapacitor suppliers, and developers of alternative technologies. Although a number of companies are developing ultracapacitor technology, we currently have two principal competitors in ultracapacitor or supercapacitor products: Panasonic, a division of Matsushita Electric Industrial Co., Ltd., and EPCOS AG. The key competitive factors in the ultracapacitor market are price, performance (energy stored and power delivered per unit volume), durability and reliability, form factor, operational lifetime and overall breadth of product offerings. We believe that our products compete favorably with respect to these competitive factors.

Ultracapacitors also compete with other technologies, including advanced batteries in power quality and peak power applications, and with flywheels and batteries in back-up energy storage applications. We believe that ultracapacitors' high durability, long life, high performance and value proposition give them a competitive advantage over these alternative choices in many applications. In addition, a coupling of ultracapacitors with some of these alternative solutions may provide an optimized solution for the customer that neither alone can provide.

High-Voltage Capacitors

Maxwell, through its acquisition in 2002 of Montena (now known as Maxwell Technologies SA) and its CONDIS® line of high-voltage capacitor products, is the world's largest producer of such products for use in utility infrastructure. Our principal competitors in the high-voltage capacitor markets are in-house production groups of certain of our customers and other independent manufacturers, such as the Coil Product Division of Trench Limited in Canada and Europe and Hochspannungsgeräte Porz GmbH in Germany. We believe that we compete favorably with respect to being a consistent supplier of highly reliable high-voltage capacitors, and with respect to our expertise in high-voltage systems design. Over the last ten years, our largest customer, ABB Ltd., has evolved from predominantly in-house production of grading and coupling capacitors to outsourcing substantially all of their needs to us.

Radiation-Mitigated Microelectronic Products

Our radiation-mitigated power modules, memory modules and single-board computers compete with the products of traditional radiation-hardened integrated circuit suppliers such as Honeywell Corporation, Lockheed Martin Corporation and BAE Systems. We also compete with commercial integrated circuit suppliers with product lines that have inherent radiation tolerance characteristics, such as National Semiconductor Corporation, Analog Devices Inc. and Temic Instruments B.V. (in Europe). Our proprietary radiation-mitigation technologies enable us to provide flexible, high function, low-cost, radiation protection solutions utilizing the most advanced commercial electronic circuits and processors. In addition, we compete with component product offerings from high reliability packaging houses such as Austin Semiconductor, Inc., White Microelectronics, Inc. and Teledyne Microelectronics, a unit of Teledyne Technologies, Inc.

Research and Development

We maintain active research and development programs to improve existing products and to develop new products. For the year ended December 31, 2003, our research and development expenditures totaled approximately \$5.9 million, compared with \$8.4 million and \$11.5 million in the years ended December 31, 2002 and December 31, 2001, respectively. The decrease reflects the divestiture of several non-core business lines and the elimination of associated research and development expense.

Edgar Filing: MAXWELL TECHNOLOGIES INC - Form S-3

In general, we focus our research and product development activities on:

designing and producing products that perform reliably for the life of the end product into which they are integrated;

making our products less expensive to produce, to enable market growth through competitive pricing;

designing our products to have superior technical performance;

designing new products that provide novel solutions to expand our market opportunities; and

designing our products to have small size and light weight.

Most of the current research, development and engineering activity for our products is focused on material science, including electrically conducting and dielectric materials, ceramics and radiation-tolerant silicon and ceramic composites, to improve performance, reliability, ease of manufacture and cost. Efforts also are focused on product design for high-volume manufacturing, manufacturing engineering and manufacturing processes.

The principal focus of our ultracapacitor development activities is to increase power and energy density and power delivery, ensure long operational life and dramatically reduce the cost of producing our products. Our ultracapacitor designs focus on low-cost, high-capacity devices in standard sizes ranging from 5-Farad to over 2,600-Farad cells. We seek to penetrate cost-sensitive applications at multi-million unit volumes.

The principal focus of our high-voltage capacitor development efforts is to enhance reliability, reduce the weight and size of the capacitors while improving high-voltage performance characteristics and reduce manufacturing cost. We also are directing our design efforts to develop high-voltage capacitors for additional applications.

16

The principal focus of our microelectronics product development activities is on circuit design, shielding and other radiation-mitigation techniques that allow the use of powerful commercial silicon components in space and satellite applications where ultra high reliability is an absolute requirement. We are also focused on the creation of system solutions which overcome the basic failure rate of individual components through architectural approaches, including redundancy, mitigation and correction. This involves expertise in system architecture, including algorithm and micro-code development, circuit design and the physics of radiation effects on silicon electronic components.

Intellectual Property

We continue to place an increased emphasis on inventing proprietary processes and designs that significantly increase the value and uniqueness of our product portfolio, and on obtaining patents to provide the broadest possible protection for those products and related technologies. Our ultimate success will depend in part on our ability to protect existing patents, pursue patent protection and develop new processes and designs not protected by the patents of third parties. As of August 31, 2004, we held 48 issued patents, and had 28 pending patent applications and numerous provisional applications. Of the issued patents, 14 issued patents relate to our ultracapacitor products, and 12 relate to our microelectronics technology products. Our subsidiary, PurePulse Technologies, Inc. (PurePulse), which suspended operations in 2002, holds the remaining 22 issued patents. Our issued patents have various expiration dates ranging from 2014 to 2024.

Our pending patent applications and any future patent applications may not be allowed. We routinely seek to protect our new developments and technologies through obtaining patents in the U.S. and corresponding foreign patents in the principal countries of Europe and Asia. At present, with the minor exception of microcode architectures within our radiation-mitigated microelectronics product line, we do not rely on licenses from any third parties to produce or commercialize our products.

The existing patent portfolios and pending patent applications covering the technologies associated with our ultracapacitor and microelectronic products relate primarily to:

Ultracapacitors

the physical composition of the electrode and its design and fabrication;

the physical cell package design and the process used in its production;

cell-to-cell interconnect technologies that increase the power performance and lifetime of BOOSTCAP(R) products; and

module and system designs that facilitate applications of ultracapacitor technology.

Microelectronics

system architectures that enable commercial silicon products to be used in harsh radiation environments;

technologies and designs that improve packaging densities while mitigating the effect of radiation on commercial silicon; and

radiation-mitigation techniques that improve performance while protecting the silicon from the effects of harsh radiation.

Historically, our high-voltage capacitor products have been based on our know-how and trade secrets rather than on patents. We filed our first patent application covering our high-voltage capacitor technology in the first quarter of 2003, and we will continue to pursue patent protection in addition to trade secret protection of certain aspects of the products' design and their production.

Establishing and protecting proprietary products and technologies is a key element of our strategy. Although we attempt to protect our intellectual property rights through patents, trademarks, copyrights, trade secrets and other measures, there can be no assurance that these steps will be adequate to prevent infringement, misappropriation or other misuse by third parties, or will be adequate under the laws of some foreign countries, which may not protect our intellectual property rights to the same extent as do the laws of the U.S.

We use employee and third party confidentiality and nondisclosure agreements to protect our trade secrets and unpatented know-how. We require each of our employees to enter into a proprietary rights and nondisclosure agreement in which the employee agrees to maintain the confidentiality of all our proprietary information and, subject to certain exceptions, to assign to us all rights in any proprietary information or technology made or contributed by the employee during his or her employment with us. In addition, we regularly enter into nondisclosure agreements with third parties, such as potential product development partners and customers.

Backlog

Backlog for continuing operations for the year ended December 31, 2003 was at approximately \$10.2 million and as of August 31, 2004 was approximately \$8.5 million. Backlog consists of firm orders for products that will be delivered within 12 months. Because we have dramatically reduced production cycle times, our customers are less likely to commit firm purchase orders as far in advance of their production needs as they did in the past.

Significant Customers

Sales of high-voltage capacitors to ABB Ltd. amounted to approximately \$5.8 million, or 13%, of our total revenue for the year ended December 31, 2003. We have a long term supply agreement with ABB Ltd. that was renewed in April 2004 and expires in April 2007. Sales of magnetics-based power systems products to General Electric Medical Systems amounted to approximately \$11.6 million, or 20%, of our total revenue for the year ended December 31, 2002. Our magnetics-based power systems products operations were phased-out in the first quarter of 2004.

Government Regulation

Due to the nature of our operations and the use of hazardous substances in some of our ongoing manufacturing and research and development activities, we are subject to stringent federal, state and local laws, rules, regulations and policies governing workplace safety and protection of the environment, including the use, generation, manufacturing, storage, air emission, effluent discharge, handling and disposal of certain materials and wastes. In the course of our historical operations, materials or wastes may have spilled or been released from properties owned or leased by us or on or under other locations where these materials and wastes have been taken for disposal. These properties and the materials and wastes spilled, released, or disposed thereon are subject to environmental laws that may impose strict liability, without regard to fault or the legality of the original conduct, for remediation of contamination resulting from such releases. Under such laws and regulations, we could be required to remediate previously spilled, released, or disposed substances or wastes or to make capital improvements to prevent future contamination. Failure to comply with such laws and regulations also could result in the assessment of substantial administrative, civil and criminal penalties and even the issuance of injunctions restricting or prohibiting our activities. Moreover, it is possible that implementation of stricter environmental laws and regulations in the future could result in additional costs or liabilities to us as well as the industry in general. While we believe we are in substantial compliance with existing environmental laws and regulations, we cannot assure you that we will not incur substantial costs in the future.

In addition, certain of our microelectronics products are subject to International Traffic in Arms export regulations when shipping outside of the U.S. We routinely obtain export licenses for our product shipments outside of the U.S. for these products.

Legal Proceedings

From time to time we are involved in litigation arising out of our operations. We maintain liability insurance, including product liability coverage, in amounts we believe to be adequate. We have been named as a defendant in a suit filed on March 4, 2004 in the Superior Court of the State of California for the County of San Luis Obispo. This suit, *Edmonds vs. I-Bus/Phoenix, Inc.*, was filed by the plaintiff on his behalf and alleges damages concerning the repurchase of *I-Bus/Phoenix, Inc.* shares. While the Company's legal counsel cannot express an opinion on this matter, management believes that any liability of the Company that may arise out of or with respect to this matter will not materially adversely affect the financial position, results of operations or cash flows of the Company.

Employees

At August 31, 2004, we had 203 employees, consisting of 112 full-time employees and two temporary employees in the U.S., and 79 full-time employees plus 10 temporary employees in Switzerland. None of our U.S. employees are members of a labor union. We believe that approximately 30% of our employees in Switzerland are members of a labor union. According to Swiss law, employers cannot inquire into the union status of employees. We consider our relations with our employees to be good.

Facilities

Our headquarters and principal research, manufacturing and marketing facilities occupy approximately 45,000 square feet in San Diego, California, under a renewable lease that expires in July 2007. In addition, we lease research, manufacturing and marketing facilities occupying 68,620 square feet in Rossens, Switzerland, under a renewable lease that expires in June 2009.

We have the capacity to meet increases to our forecasted production requirements and, therefore, we believe our facilities are adequate to meet our needs in the foreseeable future.

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before making an investment in our common stock, you should carefully consider the following Risk Factors, in addition to the other information included in or incorporated by reference into this prospectus. The risks set out below are not the only risks we face. If any of the following risks occur, our business, financial condition or results of operations would likely suffer. In that case, the trading price of our common stock could decline, and you may lose all or part of the money you paid to buy our common stock.

Risks Related to Our Business

We have a history of losses and we may not achieve or maintain profitability in the future, which may decrease the market value of our common stock.

We have incurred net losses in our last five fiscal years. We cannot assure you that we will become profitable in the foreseeable future, if ever. Even if we do achieve profitability, we may experience significant fluctuations in our revenues and we may incur net losses from period to period as a result of a number of factors, including but not limited to the following:

the amounts invested in developing, manufacturing and marketing our products in any period compared with the volume of sales of our products in the same period;

fluctuations in demand for our products by our OEM customers;

loss of sales to our largest customers;

the prices at which we sell our products and services compared with the prices of our competitors;

the timing of our product introductions may lag behind those of our competitors;

any decrease in our profit margins; and

any negative impacts resulting from acquisitions we have made or may make.

In addition, because our business is focused on new technologies, we incur significant costs developing and marketing our products and, in order to increase our market share, we may sell our products at profit margins below those we ultimately expect to achieve and/or significantly reduce the prices of our products and services in a particular quarter or quarters. The impact of the foregoing may cause our operating results to be below the expectations of public market analysts and investors, which may result in a decrease in the market value of our common stock.

20

We have recently changed our business focus and business strategy, and we may not be able to continue to develop or market our products successfully.

Historically, we relied in part upon government contracts relating to our defense contracting business to fund our research and development, and we derived a significant portion of our revenues from the government sector. In March 2001, we sold our defense contracting business and we now generate revenue solely from developing, manufacturing and marketing commercial products, many of which have been developed since 2000. If we are unable to continue to develop or to market our products successfully, we may not achieve or maintain profitability in the future.

We have recently introduced many of our products into commercial markets, some of which are new or developing, and we must demonstrate our capabilities to be a reliable supplier of these products. Some of our products are alternatives to established products or provide capabilities that do not presently exist in the marketplace. The success of our products is significantly affected by their cost, performance, technology standards and end-user preferences, and if we are not successful in implementing our new business strategy, our business, operating results and financial position could be materially harmed.

Our large cell ultracapacitors designed for transportation and industrial applications may not gain widespread commercial acceptance.

We have designed our large cell ultracapacitor products primarily for use in transportation and industrial applications. Currently, most of the major automotive companies are pursuing initiatives to develop alternative power sources for cars and trucks and eventually to replace the current 12-volt electrical system with a 42-volt electrical system. We believe our ultracapacitors provide an innovative alternative power solution for both of these applications. However, the current per unit cost of ultracapacitors has prevented them from gaining widespread commercial acceptance. In addition, there are other competing technologies presently available to automotive manufacturers and suppliers, such as nickel metal hydride and other advanced batteries, engines using alternative fuels and competing ultracapacitors. We believe that the long-term success of our ultracapacitors will be determined by our ability to reduce the cost of production, consistently produce quality products on a commercial scale, outperform the competing technologies, demonstrate long-term durability and safety, and to have our ultracapacitors widely designed into the next generation of the power drive trains in hybrid powered cars and trucks and the first generation of 42-volt electrical

systems. If our ultracapacitors fail to achieve widespread commercial acceptance in the next generation of automotive products, our revenues and growth opportunities will be adversely impacted in future periods and our overall business prospects will be significantly impaired.

We may be unable to produce our large cell ultracapacitors in commercial quantities or reduce the cost of production enough to be commercially viable for widespread applications.

If we are not able to produce large quantities of our large cell ultracapacitors in the near future at a dramatically reduced per unit price, our large cell ultracapacitors may not be a commercially viable alternative to traditional or other alternative energy storage and power delivery devices. Although we have already begun selling a new type of BOOSTCAP® large cell ultracapacitor designed for transportation and industrial applications, we have only produced this ultracapacitor in limited quantities and at a relatively high cost as compared with traditional energy storage and power delivery devices. We are currently investing significant resources in improving the cell design for higher performance at lower cost and in automating and scaling up our manufacturing capacity to permit us to produce this product in commercial quantities sufficient to meet the needs of our potential customers. Furthermore, we believe, based on discussions with potential customers in the automotive and transportation industry, that our ultracapacitors will not provide a commercially viable solution for our customers' needs unless we are able to reduce the per unit cost dramatically below our current per unit cost. If we are not successful in the near future in reducing our cost of production and establishing the capability to produce large quantities of ultracapacitors, we may not be able to generate commercial acceptance of, and sufficient revenue from, this product to recover our significant investment in the development and manufacturing scale-up of this product, and our overall business prospects will be significantly impaired.

We may experience difficulty manufacturing our products on a commercial scale.

We may experience difficulty in manufacturing our products in increased quantities, outsourcing the manufacturing of selected products and improving our manufacturing processes. If we are unable to manufacture our products in increased quantities, or if we are unable to outsource the manufacturing of selected products or improve our manufacturing processes, we may be unable to increase sales and market share for our products and could also lose existing customers. We have limited experience in manufacturing our products in high volume and, therefore, it may be difficult for us to achieve the following results:

- increase the quantity of the new products we manufacture, especially those products that contain new technologies;
- reach satisfactory outsourcing arrangements with manufacturing partners;
- reduce our manufacturing costs to a level needed to produce adequate profit margins; and
- design and procure additional automated manufacturing equipment.

It may also be difficult for us to solve management, technological, engineering and other problems which may arise in connection with our manufacturing processes. These problems may include production volumes and yields, quality assurance, adequate and timely supply of materials and shortages of qualified management and other personnel. In addition, we may elect to have some of our products manufactured by third parties. If we outsource the manufacture of our products, we will face risks with respect to quality assurance, product delivery schedules, cost and the lack of close engineering support.

We face risks associated with the marketing, distribution and sale of our products internationally.

We derive a significant portion of our revenues from sales to customers located outside the U.S. We expect our international sales to continue to represent a significant and increasing portion of our future revenues. As a result, our business will continue to be subject to certain risks, such as foreign government regulations, export controls, changes in tax laws, tax treaties, tariffs and freight rates. If we are unable to manage these risks effectively, it could impair our ability to increase international sales.

We have substantial operations in Switzerland. Since we are relatively inexperienced in managing our international operations, we may be unable to effectively operate and expand our worldwide business and to manage cultural, language and legal differences inherent in international operations. In addition, to the extent we are unable to respond to political, economic and other conditions in these countries effectively, our business, results of operations and financial condition could be materially adversely affected. Moreover, changes in the mix of income from our foreign subsidiaries, expiration of tax holidays and changes in tax laws and regulations could increase our tax rates.

As a result of our international operations and related revenue generated outside of the U.S., the dollar amount of our revenue and expenses may be materially affected by fluctuations in foreign currency exchange rates.

Our alliance to promote our products and technology in China poses special risks for our business, any one of which could materially and adversely affect our business, financial condition and results of operations.

We intend to conduct business in the People's Republic of China, or PRC, through our ultracapacitor manufacturing and marketing alliance with Yeong-Long Technologies Co., Ltd., or YEC, a manufacturer of electrolytic capacitors headquartered in Taichung, Taiwan. YEC has manufacturing and sales operations in mainland China. We have entered into a license agreement with YEC to use our technology in China, including:

the licensing of our BOOSTCAP(R) ultracapacitors to YEC pursuant to a royalty-bearing license agreement; and

the utilization of YEC's manufacturing capacity for the distribution of our products outside of China.

Changes in the political environment in the PRC could harm our business there.

The value of our alliance in the PRC and the profitability of that alliance may be adversely affected by changes in the political environment in the PRC. Since 1949 the PRC has been a socialist state and has been and is expected to continue to be controlled by the Communist Party of China. Changes in the political leadership in the PRC or the Communist Party of China could lead to changes in legal and business regulation and the general political, economic and social environment in that country. In addition, past relations between the PRC and Taiwan have been marked by political and economic tension. Any negative changes in the political environment in the PRC or in its relations with Taiwan could adversely affect our business, financial condition and results of operations.

23

We may have difficulty in protecting our intellectual property rights in the PRC.

YEC is licensed to use our patented ultracapacitor technology to manufacture and market ultracapacitor products in the PRC. Patent and other intellectual property rights receive substantially less protection in the PRC than is available in the United States. We cannot assure you that we will be able to protect our proprietary rights in the PRC or elsewhere. The unauthorized use of our technology by others, particularly in the PRC where labor costs are low, could have a material adverse effect on our business, financial condition and results of operation.

Enforcement of our legal rights may be difficult in the PRC.

The PRC does not have a well-developed, consolidated body of laws governing foreign investment enterprises. As a result, the administration of laws and regulations by government agencies may be subject to considerable discretion and variation. As the legal system in the PRC develops, our alliance may be adversely affected by new laws, changes to existing laws (or interpretations thereof) and preemption of provincial or local laws by national laws. In circumstances where adequate laws exist, we may not be able to obtain timely and equitable enforcement of those laws.

If our OEM customers fail to purchase our components or to sell sufficient quantities of their products incorporating our components, or if our OEM customers' sales timing and volume fluctuates, it could prevent us from achieving our sales and marketshare goals.

Virtually all of our revenues are derived from sales to a relatively small number of OEM customers, as opposed to direct sales to many retail customers. Our ability to make sales to OEM customers depends on our ability to compete effectively, primarily on price, delivery and quality. The timing and volume of these sales depend upon the sales levels and shipping schedules for our OEM customers' own products. Thus, even if we develop a successful component, our sales will not increase unless the product into which our component is incorporated is successful. If our OEM customers fail to sell a sufficient quantity of products incorporating our components, or if the OEM customers' sales timing and volume fluctuate, it could prevent us from achieving our sales targets and negatively impact our market share. Our OEM customers typically require a long development and engineering process before incorporating our products and services into their systems and products. This period of time is in addition to the time we spend on basic research and product development. As a result, we are vulnerable to changes in technology or end user preferences.

Our opportunity to sell our products to our OEM customers typically occurs at infrequent intervals, depending on when the OEM customer designs a new product or enhances an existing one. Because our products have lengthy sales cycles, we may experience substantial delays between incurring expenses related to research and development, and the generation of revenue. In addition, if we are not aware of an OEM's

product development schedule, or if we cannot provide components or technologies when they develop their products, we may miss a sales opportunity that may not reappear for some time.

If we are unable to protect our intellectual property adequately, we could lose our competitive advantage in the product areas in which we do business.

Our success depends on establishing and protecting our intellectual property rights. Although we try to protect our intellectual property rights through patents, trademarks, copyrights, trade secrets and other measures, these steps may not prevent infringement, misappropriation or other misuse by third parties. We have taken steps to protect our intellectual property rights under the laws of the United States and certain foreign countries, but our efforts may not be effective to the extent that foreign laws are not as protective as the laws of the U.S. In addition, we face the possibility that third parties might reverse engineer our products to discover how they work and introduce competing products that are designed to avoid our patents, or that third parties might independently develop products and intellectual property competitive with or superior to ours.

We face the following risks in protecting our patents:

our patents may be circumvented or challenged and held unenforceable or invalid;

our pending or future patent applications, if any, may not be issued in a timely manner and may not provide the protections we seek; and

others may claim rights in the patented and other proprietary technology that we own or license.

If our patents are invalidated or if it is determined that we or the licensor of a patent that is licensed to us do not hold sole rights to the patent, we could lose our competitive advantage in the product areas dependent on such patents.

Competing research and patent activity in our product areas is substantial. Conflicting patent and other proprietary rights claims may result in disputes or litigation. Although we do not believe that our products or proprietary rights infringe on third party rights, infringement claims could be asserted against us in the future. Also, we may not be able to stop a third party product from infringing on our proprietary rights without litigation. If we are subject to such claims, or if we are forced to bring such claims, we could face time-consuming, costly litigation that may result in product shipment delays and possible damage payments or injunctions that could prevent us from making, using or selling infringing products. We may also be required to enter into royalty or licensing agreements on unfavorable terms as part of a judgment or settlement which could have a negative impact on the amount of revenue derived from our products or proprietary rights.

Our ability to enter into successful alliances or other strategic arrangements may affect our success.

We anticipate licensing our technology to others in targeted applications or geographic sectors. Our ability to generate revenue from these activities may be affected by the performance of the companies to which we license our technology. Our licenses may grant exclusivity with respect to certain uses or geographic areas. As a result, we will be wholly dependent on the success of the licensee for success with respect to any exclusive use or geographical area. For example, our manufacturing and marketing alliance with YEC is with a foreign partner and we anticipate that future licensing agreements and alliances may be made with other foreign partners or entities. As a result, these future business relationships may be subject to the political climate and economies of the foreign countries where our business partners reside or where we do business. We cannot assure you that our licensing or alliance partners will provide us with the support we anticipate, that any of the alliances or other relationships will be successful in developing our technology for use with their intended products, or that any of the alliances or other relationships will be successful in manufacturing and marketing products incorporating our technologies. Any of our international operations will also be subject to certain external business risks such as exchange rate fluctuations, political instability and a significant weakening of a local economy in which a foreign entity with which we have an affiliation operates or is located. Certain provisions of the alliance agreements that are for our benefit may be subject to restrictions in foreign laws that limit our ability to enforce those contractual provisions. Failure of these alliances to be successful could have a material adverse effect on our business and prospects.

If we are unable to secure qualified and adequate sources for our materials, components and sub-assemblies, we may not be able to make our products at competitive costs and we may have difficulty meeting customer demand, which could damage our relationships with our customers.

Our ability to manufacture products depends in part on our ability to secure qualified and adequate sources of materials, components and sub-assemblies at prices and on schedules that will enable us to make our products at competitive costs and deliver them in a timely fashion. We purchase a small, select number of products or parts used in our products from single-source suppliers. Upon occasion, we have experienced difficulty in obtaining timely delivery of supplies from other third-party suppliers, which has adversely affected our delivery times to our customers. There can be no assurance that such supply problems will not recur in the future. Because we have no direct control over third-party suppliers, interruptions or delays in deliveries of supplies and parts from these sources could be difficult to remedy in a timely fashion. In addition, if such suppliers become unable or unwilling to deliver the necessary parts or products to us, we may be unable to redesign or adapt our technology to work without such parts or find alternative suppliers or manufactures. In any of such events, we could experience interruptions, delays, increased costs or quality control problems in manufacturing and delivering our products.

Our strategic alliances, joint ventures and acquisitions may distract our management and produce unexpected financial results.

In the normal course of business, we engage in discussions with third parties relating to possible strategic alliances, joint ventures and acquisitions. Acquisitions and strategic alliances may require us to closely interact with or integrate a different company culture, management team and business infrastructure. We may also have difficulty developing, manufacturing and marketing the products of a newly-acquired company in a way that enhances the performance of our combined businesses or product lines to realize the value from expected synergies. Depending on the size and complexity of an acquired business, our successful integration of the entity depends on a variety of factors, including:

- the retention of key employees;
- the management of facilities and employees in different geographic areas;
- the retention of key customers; and
- the integration or coordination of different research and development, product manufacturing and sales programs and facilities.

We have had mixed results from our prior acquisitions. Although we believe the acquisition of our Swiss subsidiary in 2002 has been highly successful, other acquisitions of companies or technologies in recent years have not produced positive results for us. Any impairment of the value of purchased assets or goodwill could have a significant negative impact on our future operating results.

All of these efforts require varying levels of management resources, which may divert our attention from other business operations. Furthermore, if market conditions or other factors lead us to change our strategic direction, we may not realize the expected value from such transactions. If we do not realize the expected benefits or synergies of such transactions, our consolidated financial position, results of operations, cash flows and stock price could be negatively impacted.

We might be faced with products liability or warranty claims, either directly or indirectly through our customers, and we have no historical experience as to our potential liability.

We offer our customers a warranty for our products. Any defects that may occur in our products could, in turn, lead to defects in our customers' products that incorporate our products. The occurrence of defects in our products could give rise to warranty claims against us or to liability for damages caused by such defects to our customers or to the customers of our customers. Such defects could also lead to liability for consequential damages, or product liability claims. Defects in our products could, moreover, impair the market's acceptance of our products. We have no historical experience in evaluating the potential liability that could be created by claims under our warranty. If the claims made under such warranty exceed expected levels against which we have reserved, our results of operations and financial condition could be materially adversely affected.

If we are unable to retain and attract key employees, we could lose our technological and competitive advantage in some product areas and we may be unable to successfully market our products.

Since many of our products employ emerging technologies, our success depends upon the continued service of our key technical and senior management personnel. Some of our engineers are the key developers of our products and technologies. The loss of such engineers to our competitors could threaten our technological and competitive advantage in some product areas. Our performance also depends on our ability to identify, hire, train, retain and motivate qualified personnel, especially key operations executives and highly skilled engineers. The industries in which we compete are characterized by a high level of employee mobility and aggressive recruiting of skilled personnel; thus we cannot assure you that we will be able to retain and attract key personnel.

Because many of our products are new, we have limited experience marketing and selling them. The highly technical nature of the products we offer requires that we attract and retain qualified marketing and sales personnel, and we may have difficulty doing that in a highly competitive employment market. Our marketing and sales employees must demonstrate the advantages of our new technologies and products over those offered by our competitors. As part of our sales and marketing strategy, we also enter into arrangements with distributors and sales representatives and depend upon their efforts to sell our products. Our arrangements with outside distributors and sales representatives may not be successful.

We may not be able to obtain sufficient capital to successfully develop our business strategy, which could require us to change such strategy and result in increased losses and a loss of customers.

We believe that in the future we will need a substantial amount of additional capital to successfully implement our business strategy, including the following:

- to meet potential volume production requirements for several of our product lines, in particular our ultracapacitors, which require high-speed automated production lines to achieve targeted customer volume and price requirements;
- to expand our manufacturing capabilities and develop viable out-source partners and other production alternatives;
- to fund our continuing expansion into commercial markets and compete effectively in those markets;
- to achieve our long-term strategic objectives;
- to maintain and enhance our competitive position; and
- to acquire new or complementary businesses, product lines and technologies.

There can be no assurance that any necessary additional financing will be available to us on acceptable terms or at all. If adequate funds are not available, we may be required to change or delay our planned growth which could result in decreased revenues, increased losses from operations and a loss of customers.

Our credit agreements contain various restrictions and covenants that limit management's discretion in the operation of our business and could limit our ability to grow and compete.

The credit agreements governing our bank credit facilities contain various provisions that limit our ability to:

- incur additional debt, including any debt which we may issue in this offering;
- make loans, pay dividends and make other distributions;
- create certain liens on, or sell, our assets;
- merge or consolidate with another corporation or entity, or enter into other transactions outside the ordinary course of business;
- and

make certain changes in our capital structure.

These provisions restrict management's ability to operate our business in accordance with management's discretion and could limit our ability to grow and compete. Our credit agreements also require us to maintain our compliance with certain financial covenants and ratios. We have been required on several occasions in the recent past to seek waivers from our lenders to avoid defaulting under certain of our banking covenants relating to maintenance of financial ratios. If we fail to comply with any of such financial covenants or ratios, or otherwise default under our credit agreements, and if the lenders elect to not waive such defaults, they could:

accelerate and declare all amounts borrowed to be immediately due and payable, together with accrued and unpaid interest; and/or terminate their commitments, if any, to make further extensions of credit to us.

In the event that amounts due under our credit agreements are declared immediately payable, we may not have, or be able to obtain, sufficient funds to make such accelerated payments.

Our product lines may be subject to increased or intense competition, and if our competitors develop and commercialize products faster than we do, or commercialize products that are superior to our products, our commercial opportunities will be reduced or eliminated.

The extent to which any of our products achieve market acceptance will depend in large part on competitive factors, many of which are beyond our control. Competition in our markets is intense and has been accentuated by the rapid pace of technological development. Our competitors include large fully-integrated electronics companies. We may not be able to develop, fund or invest in one or more of our product lines to the same degree as our competitors, or we may not be able to do so in a timely manner or at all. Many of these competing entities have substantially greater research and development capabilities and financial, manufacturing, technological, marketing and sales resources than we have, as well as more experience in research and development, product testing, manufacturing, marketing and sales. These organizations also compete with us to:

29

secure business partners for collaborations or joint ventures;

license their proprietary technology that is competitive with our technology; and

attract and hire highly skilled scientific personnel.

Our competitors may succeed in developing and commercializing products earlier than we do. Our competitors may also develop products or technologies that are superior to those we are developing, and render our product candidates or technology obsolete or non-competitive. If we cannot successfully compete with new or existing products, our sales and revenue will suffer and we may never become profitable.

Risks Related to Our Industry

Unfavorable economic conditions in the U.S. and abroad may adversely affect our OEM customers and prevent us from achieving sales and profit growth.

Many of our new products are components designed to be integrated into new products and systems to be introduced to the marketplace by our OEM customers. Unfavorable economic conditions in 2003 slowed capital spending on U.S. electric utility infrastructure and delayed the introduction of certain new products by our OEM customers. Continued unfavorable economic conditions may adversely affect our ability to market and sell our new products.

A prolonged economic downturn could materially harm our business.

Any negative trends in the general economy, including trends resulting from actual or threatened military action by the United States and threats of terrorist attacks on the United States and abroad, could cause a decrease in capital spending in many of the markets we serve. In particular, a downward cycle affecting the technology, automotive and industrial, and military and aerospace markets would likely result in a

reduction in demand for our products. In addition, if our customers' own markets and financial performance decline, we may not be able to collect outstanding amounts due to us. Any of these circumstances could harm our consolidated financial position, results of operations and cash flows.

We could be affected by government regulation and other legal uncertainties.

We manufacture our products in the United States and Europe, and sell our products and purchase parts, components and sub-assemblies in a number of countries. We are therefore subject to various significant international, federal, state and local regulations, including but not limited to import/export regulations. These regulations are complex, change frequently and have tended to become more stringent over time. We may be required to incur significant expenses to comply with these regulations or to remedy violations of these regulations. Any failure by us to comply with applicable government regulations could also result in cessation of our operations or portions of our operations, product recalls or impositions of fines and restrictions on our ability to carry on or expand our operations. In addition, because many of our products are regulated or sold into regulated industries, we must comply with additional regulations in those industries in marketing our products.

30

Risks Related to This Offering and our Capital Structure

Our stock price may be volatile in the future.

The market price of our common stock fluctuates significantly. The stock price could fluctuate in the future due to a number of factors, some of which are beyond our control. These factors include:

- historically low trading volume in our stock;
- announcements of developments related to our business;
- announcements of technological innovations or new products or enhancements by us or our competitors;
- sales by competitors, including sales to our customers;
- sales of common stock into the public market, including by directors and members of management;
- material developments in our relationships with our customers, partners, distributors, and suppliers;
- shortfalls or changes in revenue, gross margins, earnings or losses, or other financial results that differ from analysts' expectations;
- regulatory developments;
- fluctuations in results of operations;
- trends in the seasonality of our sales; and
- general conditions in our market or the markets served by our customers.

In addition, in recent years the stock market in general and the market for shares of technology stocks in particular have experienced extreme price fluctuations, which have often been due largely to factors other than the operating performance of the affected companies. We cannot ensure that the market price of our common stock will not decline substantially, or otherwise continue to experience significant fluctuations in the future, including fluctuations that are unrelated to our operating performance.

31

Our common stock experiences limited trading volume.

Our common stock is traded on the Nasdaq National Market. The trading volume of our common stock each day is relatively low. This means that sales or purchases of relatively small blocks of stock can have a significant impact on the price at which our stock is traded. We believe that factors such as quarterly fluctuations in financial results, announcements of new technologies impacting our products, announcements by competitors or changes in securities analysts' recommendations could cause the price of our stock to fluctuate substantially. These fluctuations, as well as general economic conditions such as recessions or higher interest rates, may adversely affect the market price of our common stock.

Our management team may invest or spend the proceeds of this offering in ways with which you may not agree or in ways which may not yield a return.

We cannot specify with certainty how we will use the net proceeds of this offering. Accordingly, our management will have considerable discretion in the application of the net proceeds, and you will not have the opportunity to assess whether the proceeds are being used appropriately. The net proceeds may be used for corporate purposes that do not increase our operating results or market value. Until the net proceeds are used, they may be placed in investments that do not produce income or that lose value.

Investors in our common stock in this offering will incur immediate substantial dilution in the book value of their investment in our common stock.

The offering price of our common stock is considerably more than the net tangible book value per share of our outstanding common stock. As of June 30, 2004, we had approximately 14.5 million shares of common stock outstanding and a net tangible book value of approximately \$21.4 million, or \$1.48 per share. Assuming the sale of 1,000,000 shares at an offering price of \$9.00 (the closing price of our common stock on August 20, 2004), our pro forma net tangible book value as of June 30, 2004 would have been approximately \$30.4 million, or \$1.96 per share, with 15.5 million shares outstanding. This represents an immediate dilution of \$7.04 per share in pro forma net tangible book value to new investors purchasing shares at the assumed offering price.

Issuance of shares in connection with financing transactions or under stock plans and warrants will dilute current stockholders.

Pursuant to our stock plans, our management is authorized to grant stock awards to our employees, directors and consultants. In addition, from time to time, we may issue warrants to purchase shares of our common stock. Holders of our common stock will incur dilution upon exercise of any outstanding stock awards or warrants. In addition, if we raise additional funds by issuing additional common stock, or securities convertible into or exchangeable or exercisable for common stock, further dilution to our existing stockholders will result, and new investors could have rights superior to existing stockholders.

We may be restricted in issuing the Registered Securities under the terms of certain agreements.

Before we may issue certain of the Registered Securities, we will have to obtain the consent or approval of other parties under the terms of our bank credit facility or other agreements to which we are or may become a party. If we cannot obtain such consents or approvals, our ability to engage in a transaction for which we wish to issue such Registered Securities could be impeded or prevented.

Subordination The right to receive payment on any subordinated debt securities we may issue and the guarantees thereunder will be junior to all of our senior debt and all of the senior debt of our guarantors.

Unless we inform you otherwise in the applicable prospectus supplement, any subordinated debt securities we may issue will be general unsecured obligations, junior in right of payment to all of our existing and future senior debt and to that of each guarantor, including obligations under our bank credit facility. Any subordinated debt securities we issue may not be secured by any of our or the guarantors' assets, and as such will be effectively subordinated to any secured debt that we or the guarantors have now including all of the borrowings under our bank credit facility, or may incur in the future to the extent of the value of the assets securing that debt.

In the event that Maxwell or a guarantor is declared bankrupt, becomes insolvent or is liquidated or reorganized, any debt that ranks ahead of the senior debt and the guarantees will be entitled to be paid in full from our assets or the assets of the guarantors, as applicable, before any payment may be made with respect to any subordinated debt securities we issue or the affected guarantees. In any of the foregoing events, we cannot assure you that we would have sufficient assets to pay amounts due on our debt securities. As a result, holders of our debt securities may receive less, proportionally, than the holders of debt senior to any subordinated debt securities we may issue and the guarantees. The subordination provisions of the documents governing any subordinated debt securities we may issue may also provide that we can make no payment to the holders of any subordinated debt securities during the continuance of payment defaults on our senior debt.

The guarantees may be released under certain circumstances.

Unless we inform you otherwise in the applicable prospectus supplement, any guarantee of a guarantor, if granted, may be released at any time if we sell, exchange or transfer the stock of that guarantor or substantially all of the assets of that guarantor to a non-affiliate. Unless we inform you otherwise in the applicable prospectus supplement, under the indenture governing the debt securities, the net cash proceeds of any asset sale will be required to be applied to the repayment of any indebtedness senior to the debt securities offered hereby or to the purchase of properties and assets for use in our businesses existing on the date of the indenture or reasonably related thereto. Unless we inform you otherwise in the applicable prospectus supplement, any guarantee of any of the guarantors may also be released at such time as such guarantor no longer guarantees any of our other debt.

If debt securities are guaranteed, they may be guaranteed by less than all of our subsidiaries, and your right to receive payments on guaranteed debt securities could be adversely affected if any of our non-guarantor subsidiaries declare bankruptcy, liquidate or reorganize.

If debt securities are guaranteed by our subsidiaries, they may be guaranteed by less than all of our subsidiaries. In addition, certain of our subsidiaries are non-operational or currently own no assets. If any non-guarantor subsidiaries become insolvent, liquidate, reorganize, dissolve or otherwise wind up, holders of their indebtedness and their trade creditors will generally be entitled to payment on their claims from the assets of those subsidiaries before any of those assets are made available to us. Consequently, your claims in respect of guaranteed debt securities will be effectively subordinated to all of the liabilities (including trade credit) of our non-guarantor subsidiaries.

Fraudulent Conveyance Matters Federal and state statutes allow courts, under specific circumstances, to void guarantees, subordinate claims in respect of debt securities and require the holders of debt securities to return payments received from guarantors.

Under federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee could be voided, or claims in respect of debt securities or a related guarantee could be subordinated to our other debts or other debts of a guarantor if, among other things, we or the guarantor was insolvent or rendered insolvent by reason of such incurrence, or we or the guarantor were engaged in a business or transaction for which our or the guarantors' remaining assets constituted unreasonably small capital, or we or the guarantor intended to incur or believed that we or it would incur, debts beyond our or its ability to pay those debts as they mature. In addition, any payment by us or that guarantor in accordance with its guarantee could be voided and required to be returned to us or the guarantor, or to a fund for the benefit of our creditors or the creditors of the guarantors.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if the sum of its debts, including contingent liabilities, were greater than the fair saleable value of all of its assets, or if the present fair saleable value of its assets were less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature, or if it could not pay its debts as they become due.

We depend in part on the cash flow of our subsidiaries to satisfy our obligations, including obligations under any securities offered by this prospectus.

A significant amount of our operations are conducted through our direct and indirect wholly-owned subsidiaries, certain of which may guarantee the debt securities offered by this prospectus. We are dependent to a significant degree upon the cash flow of our subsidiaries to meet our obligations. Accordingly, our ability to make interest and principal payments when due to holders of any debt securities offered by this prospectus, and our ability to purchase any securities upon a change of control (if the terms of the debt securities require this) will be dependent upon the receipt of sufficient funds from our subsidiaries, which may be restricted by the terms of existing and future senior indebtedness of our subsidiaries, including the terms of existing and future guarantees of our indebtedness given by our subsidiaries. Unless we inform you

otherwise in the applicable prospectus supplement, subordinated debt securities and any subsidiary guarantees effectively will be subordinated to all existing and future senior indebtedness and guarantor senior indebtedness and other liabilities and commitments of our non-guarantor subsidiaries.

An active trading market may not develop for any of our debt securities. The trading price of our debt may be volatile.

There is no established trading market for any of our debt securities. Although the purchasers of debt securities may intend to make a market in our debt securities, the purchasers of our debt securities would have no obligation to do so and, if they do so, they may discontinue making a market at any time without notice.

The liquidity of any market for our debt securities will depend upon the number of holders of our debt securities, our performance, the market for similar securities, the interest of securities dealers in making a market in our debt securities and other factors. A liquid trading market may not develop for our debt securities.

The trading price of our debt securities could be subject to significant fluctuation in response to, among other factors, variations in operating results, developments in industries in which we do business, general economic conditions, changes in securities analysts recommendations regarding our securities and changes in the market for non-investment grade securities generally. This volatility may adversely affect the market price of our debt securities.

Anti-takeover provisions in our certificate of incorporation and bylaws could prevent certain transactions and could make a takeover more difficult.

Some provisions in our certificate of incorporation and bylaws could make it more difficult for a third party to acquire control of Maxwell, even if such change in control would be beneficial to our stockholders. We have a staggered board of directors, which means that our directors are divided into three classes. The directors in each class are elected to serve three-year terms. Since the three-year terms of each class overlap the terms of the other classes of directors, the entire board of directors cannot be replaced in any one year. Furthermore, our certificate of incorporation contains a fair price provision which may require a potential acquirer to obtain the consent of our board to any business combination involving Maxwell.

We have adopted a program under which our stockholders have rights to purchase our stock directly from us at a below-market price if a company or person attempts to buy us without negotiating with the board. This program is intended to encourage a buyer to negotiate with us, but may have the effect of discouraging offers from possible buyers.

The provisions of our certificate of incorporation and bylaws could delay, deter or prevent a merger, tender offer, or other business combination or change in control involving us that some, or a majority, of our stockholders might consider to be in their best interests. This includes offers or attempted takeovers that could result in our stockholders receiving a premium over the market price for their shares of our common stock.

USE OF PROCEEDS

Unless we inform you otherwise in the applicable prospectus supplement, we expect to use the net proceeds from the sale of the Registered Securities for general corporate purposes. These purposes may include, but are not limited to:

reduction or refinancing of debt or other obligations;

acquisitions;

capital expenditures; and

working capital.

Edgar Filing: MAXWELL TECHNOLOGIES INC - Form S-3

Pending any specific application, we may initially invest funds in short-term marketable securities, or apply them to the reduction of short-term indebtedness.

We may borrow additional funds from time to time from public and private sources on both a long-term and short-term basis to fund our future capital and working capital requirements in excess of internally generated funds.

We have no commitments or agreements to make any acquisitions as of the date of this prospectus or to engage in any other transaction which would result in the issuance of any Registered Securities to any person.

RATIO OF EARNINGS TO FIXED CHARGES

Our consolidated ratios of earnings to fixed charges for each of the periods indicated are set forth below:

	Six Months Ended June 30, 2004	2003	2002	Fiscal Year Ended December 31, 2001	2000	Year Ended July 31, 1999	Five Months Ended December 31, 1999
Ratio of Earnings to Fixed Charges:	(a)	(a)	(a)	12.66	(a)	(a)	(a)

(a) Earnings were inadequate to cover fixed charges for the six month period ended June 30, 2004, for three of the past four fiscal years, the year ended July 31, 1999, and the five month period ended December 31, 1999. Additional earnings (in thousands) of \$2,303, \$7,387, \$35,215, \$22,558, \$2,478 and \$9,223 would have been required to cover fixed charges in the six months ended June 30, 2004, in each of fiscal years 2003, 2002, and 2000, in the year ended July 31, 1999, and in the five months ended December 31, 1999, respectively.

Earnings available for fixed charges equals income (loss) from continuing operations before income taxes and minority interest, plus fixed charges, less minority interest in net income (loss) of subsidiaries. Fixed charges consist of interest expense and estimated interest portion of rental expense.

As of the date of this Registration Statement, we have no commitments to issue any Registered Securities. Therefore, for the purposes of this Registration Statement and computation of earnings to fixed charges, the proceeds from the issuance of debt securities are assumed to be utilized for other than reduction or refinancing of debt or other obligations.

DILUTION

Purchasers of our common stock offered by this prospectus will suffer an immediate and substantial dilution in net tangible book value per share. Dilution is the amount by which the offering price paid by the purchasers of the shares of common stock will exceed the net tangible book value per share of our common stock after this offering. The net tangible book value per share of our common stock is determined by subtracting total liabilities from total tangible assets (defined as total assets less goodwill, other intangible assets, and prepaid pension asset) and dividing the difference by the number of shares of our common stock outstanding on the date the net tangible book value is determined. As of June 30, 2004, we had approximately 14.5 million shares of common stock outstanding and a net tangible book value of \$21.4 million, or \$1.48 per share. Assuming the sale of 1,000,000 shares at an offering price of \$9.00 (the closing price of our common stock on August 20, 2004), our pro forma net tangible book value as of June 30, 2004 would have been approximately \$29.8 million, or \$1.93 per share, with 15.5 million shares outstanding. This represents an immediate increase in adjusted net tangible book value of \$0.45 per share to existing stockholders (after deduction of the estimated underwriting discount and other offering expenses to be paid by the Company) and an immediate dilution of \$6.47 per share to new investors purchasing shares at the assumed offering price. The following table illustrates this per share dilution:

Assumed public offering price per share(1)	\$ 9.00
Net tangible book value per share as of June 30, 2004	\$ 1.48
Increase per share attributable to new investors	\$ 0.45

Pro forma net tangible book value per share as adjusted for this offering	\$ 1.93
Dilution per share to new investors	\$ 6.47

- (1) Based on the closing price of our common stock on August 20, 2004.
- (2) As of the date of this Registration Statement, we have no commitments to make any acquisitions or to engage in any other transaction which would result in the issuance of any Registered Securities to any person. Therefore, for the purposes of this Registration Statement, we have assumed that the proceeds attributable to new investors will be utilized for the acquisition of tangible assets, working capital or repayment of existing debt. Additionally, the above dilution calculation does not include an estimate of expenses which may be incurred in connection with any such an offering of securities. As a result, these proceeds result in an increase in net tangible book value.

DESCRIPTION OF COMMON STOCK

The following is a description of the material terms of our common stock. Because it is a summary, the following description is not complete and is subject to and qualified in its entirety by reference to our certificate of incorporation, as amended (the "certificate of incorporation"), and our bylaws, as amended (the "bylaws").

Common Stock

Our authorized common stock consists of 40,000,000 shares of common stock, \$.10 par value. As of August 31, 2004, there were 14,462,411 shares of common stock outstanding, excluding shares issuable upon the exercise of outstanding options to purchase an aggregate of 2,414,432 shares of common stock held by employees, management and directors. Holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. There is no cumulative voting for the election of directors. Holders of common stock are entitled to receive ratably such dividends as may be declared by the Board of Directors out of funds legally available. In the event of our liquidation, dissolution or winding up, holders of common stock are entitled to share ratably in all assets remaining after payment to all creditors. Holders of common stock have no preemptive rights and have no rights to convert their common stock into any other securities. All of the outstanding shares of common stock are, and the shares being offered hereby will upon issuance and sale be, fully paid and nonassessable.

Rights Plan

On October 22, 1999, our Board declared a dividend of one common share purchase right (a "Right") for each share of our common stock outstanding of record on November 8, 1999 (the "Record Date") and for each share of our common stock that shall become outstanding between the Record Date and the expiration date of the Rights. The description and terms of the Rights are set forth in a Rights Agreement dated as of November 5, 1999, amended as of July 5, 2002 (the "Rights Agreement"), between us and Mellon Investor Services LLC (formerly ChaseMellon Shareholder Services, L.L.C.), as Rights Agent (the "Rights Agent").

Each Right initially entitles the registered stockholder to purchase from us one share of common stock at a price of \$75 per share of common stock, subject to adjustment (the "Purchase Price"); provided, however, that the Rights are not exercisable until the Distribution Date (defined below).

Until the earlier to occur of (i) 10 days following a public announcement that a person or group of affiliated or associated persons (with certain exceptions, an "Acquiring Person") has acquired beneficial ownership of 20% or more of the outstanding shares of common stock or (ii) 10 business days (or such later date as may be determined by action of our Board prior to such time as any person or group of affiliated persons becomes an Acquiring Person) following the commencement of, or announcement of an intention to make, a tender offer or exchange offer the consummation of which would result in the beneficial ownership by a person or group of 20% or more of the outstanding shares of our common

stock (the earlier of such dates being called the Distribution Date), the Rights will be evidenced, with respect to any of the common stock certificates outstanding as of the Record Date, by such common stock certificate together with a Summary of Rights to Purchase Shares of Common Stock (Summary of Rights).

38

The Rights Agreement provides that, until the Distribution Date (or earlier expiration of the Rights), the Rights will be transferred with and only with the common stock. Until the Distribution Date (or earlier expiration of the Rights), new common stock certificates issued after the Record Date upon transfer or new issuances of common stock will contain a notation incorporating the Rights Agreement by reference. Until the Distribution Date (or earlier expiration of the Rights), the surrender for transfer of any certificates for shares of common stock outstanding as of the Record Date, even without such notation or a copy of this Summary of Rights, will also constitute the transfer of the Rights associated with the shares of common stock represented by such certificate. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights (Right Certificates) will be mailed to holders of record of our common stock as of the close of business on the Distribution Date and such separate Right Certificates alone will evidence the Rights.

In the event that any person or group of affiliated or associated persons becomes an Acquiring Person, each holder of a Right, other than Rights beneficially owned by the Acquiring Person (which will thereupon become void), will thereafter have the right to receive upon exercise of a Right that number of shares of common stock equal to the result obtained by dividing the Purchase Price of the Right in effect at that time by 50% of the then current per share price of our common stock.

In the event that, after a person or group has become an Acquiring Person, we are acquired in a merger or other business combination transaction or 50% or more of our consolidated assets or earning power are sold, proper provisions will be made so that each holder of a Right (other than Rights beneficially owned by an Acquiring Person which will have become void) will thereafter have the right to receive upon the exercise of a Right that number of shares of common stock of the person with whom we have engaged in the foregoing transaction (or its parent) that at the time of such transaction is equal to the result obtained by dividing the Purchase Price of the Right in effect at that time by 50% of the then current market price of a share of common stock of the person with whom we have engaged in the foregoing transaction (or its parent).

At any time after any person or group becomes an Acquiring Person and prior to the earlier of one of the events described in the previous paragraph or the acquisition by such Acquiring Person of 50% or more of the outstanding shares of common stock, our Board of Directors may exchange the Rights (other than Rights owned by such Acquiring Person which will have become void), in whole or in part, for shares of common stock at an exchange ratio of one share of common stock per Right.

At any time prior to the time an Acquiring Person becomes such, our Board may redeem the Rights in whole, but not in part, at a price of \$.01 per Right (the Redemption Price) payable, at our option, in cash, shares of common stock or such other form of consideration as our Board shall determine. The redemption of the Rights may be made effective at such time, on such basis and with such conditions as our Board in its sole discretion may establish. Immediately upon any redemption of the Rights, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

39

For so long as the Rights are then redeemable, we may, except with respect to the Redemption Price, amend the Rights Agreement in any manner. After the Rights are no longer redeemable, we may, except with respect to the Redemption Price, amend the Rights Agreement in any manner that does not adversely affect the interests of holders of the Rights.

The Rights will expire on October 21, 2009 (the Final Expiration Date), unless the Final Expiration Date is advanced or extended or unless the Rights are earlier redeemed or exchanged by us, in each case as described above.

The Purchase Price payable, and the number of shares of common stock or other securities or property issuable, upon exercise of the Rights is subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, our common stock, (ii) upon the grant to holders of our common stock of certain rights or warrants to subscribe for or purchase common stock at a price, or securities convertible into common stock with a conversion price, less than the then-current market price of our common stock or (iii) upon the distribution to holders of our common stock of evidences of indebtedness or assets (excluding regular periodic cash dividends or dividends payable in common stock) or of subscription rights or warrants (other than those referred to above).

In addition, the number of outstanding Rights is subject to adjustment in the event of a stock dividend on our common stock payable in shares of common stock or subdivisions, consolidations or combinations of our common stock occurring, in any such case, prior to the Distribution Date.

Edgar Filing: MAXWELL TECHNOLOGIES INC - Form S-3

With certain exceptions, no adjustment in the Purchase Price will be required until cumulative adjustments require an adjustment of at least 1% in such Purchase Price. No fractional shares of common stock will be issued, and in lieu thereof an adjustment in cash will be made based on the current market price of our common stock.

Until a Right is exercised or exchanged, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

The foregoing description of the Rights Plan is a summary. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description of the Rights Plan, you should refer to the actual provisions of the Rights Agreement, which is incorporated by reference into the Registration Statement that includes this prospectus.

Additional Anti-Takeover Provisions

The provisions of our certificate of incorporation and bylaws having possible anti-takeover effects are those that: (i) form a classified Board of Directors with staggered terms of office, eliminate cumulative voting and permit the removal of directors only for cause; (ii) impose supermajority shareholder vote or disinterested director approval requirements in connection with certain mergers, acquisitions and other business combinations, unless specified minimum price and procedural requirements are satisfied in the proposed transaction (a fair price provision); (iii) eliminate the right of stockholders to call special stockholders' meetings and limit their right to take action without a meeting by written consent and (iv) impose supermajority shareholder vote or disinterested director approval requirements for amendments to a number of provisions in our charter documents, including the provisions described in clauses (i) through (iii) above.

40

In general, the fair price provisions may have the effect of requiring payment in cash for shares of common stock by an acquiror having accumulated 10% or more of the common stock at a price no less than the highest market price of the common stock within a recent date. Such a 10% or more stockholder must also meet certain procedural requirements intended to prevent accumulations of additional stock below the fair price.

Delaware Law

Pre-Emptive Rights

Under Delaware law, a stockholder is not entitled to pre-emptive rights to subscribe for additional issuances of common stock or any security convertible into such stock in proportion to the shares that are owned unless there is a provision to the contrary in the certificate of incorporation. Our certificate of incorporation does not provide that our stockholders are entitled to pre-emptive rights.

Delaware Anti-Takeover Law

We are subject to Section 203 of the Delaware General Corporation Law ("Section 203"). Under this provision, we may not engage in any business combination with any interested stockholder for a period of three years following the date the stockholder became an interested stockholder, unless:

prior to that date our board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock outstanding at the time the transaction began; or

on or following that date, the business combination is approved by our board of directors and authorized at an annual or special meeting of stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines "business combination" to include:

any merger or consolidation involving the corporation and the interested stockholder;

any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;

subject to some exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or

the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by the entity or person.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is:

Mellon Investor Services LLC
85 Challenger Road
Ridgefield Park, New Jersey 07660
(201) 296-4000

DESCRIPTION OF DEBT SECURITIES

General

Subject to compliance with our bank credit facility, we may issue debt securities from time to time in one or more series, under one or more indentures, each dated as of a date on or prior to the issuance of the debt securities to which it relates. Senior debt securities and subordinated debt securities may be issued pursuant to separate indentures, a senior indenture and a subordinated indenture, respectively, in each case between us and a trustee qualified under the Trust Indenture Act of 1939, as amended (the Trust Indenture Act). The senior indenture and the subordinated indenture, as amended or supplemented from time to time, are sometimes referred to individually as an indenture and collectively as the indentures. Each indenture will be subject to and governed by the Trust Indenture Act. The aggregate principal amount of debt securities which may be issued under each indenture will be unlimited and each indenture will set forth the specific terms of any series of debt securities or provide that such terms shall be set forth in, or determined pursuant to, an authorizing resolution, as defined in the applicable prospectus supplement, and/or a supplemental indenture, if any, relating to such series.

The statements made below relating to the debt securities and the indentures are summaries of the anticipated provisions thereof, do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the applicable indenture and any applicable U.S. federal income tax considerations as well as any applicable modifications of or additions to the general terms described below in the applicable prospectus supplement. The applicable prospectus supplement may also state that any of the terms set forth herein are inapplicable to such series of debt securities.

Terms

The debt securities will be our unsecured obligations.

The senior debt securities will rank equal in right of payment with all our other unsecured and unsubordinated indebtedness.

The subordinated debt securities will be subordinated in right of payment to the prior payment in full of all our senior indebtedness, which is defined in the section Ranking of Debt Securities below.

Edgar Filing: MAXWELL TECHNOLOGIES INC - Form S-3

The specific terms of each series of debt securities will be set forth in the applicable prospectus supplement relating thereto, including the following, as applicable:

the title of such debt securities and whether such debt securities are senior debt securities or subordinated debt securities and, if subordinated debt securities, the specific subordination provisions applicable thereto;

the aggregate principal amount of such debt securities and any limit on such aggregate principal amount;

the price (expressed as a percentage of the principal amount thereof) at which such debt securities will be issued and, if other than the principal amount thereof, the portion of the principal amount thereof payable upon declaration of acceleration of the maturity thereof;

if convertible into shares of our common stock or other securities, the terms on which such debt securities are convertible, including the initial conversion price, the conversion period, any events requiring an adjustment of the applicable conversion price and any requirements relating to the reservation of such shares of our common stock or other securities for purposes of conversion;

the date(s), or the method for determining such date or dates, on which the principal of such debt securities will be payable and, if applicable, the terms on which such maturity may be extended;

the rate(s) (which may be fixed or floating), or the method by which such rate or rates shall be determined, at which such debt securities will bear interest, if any;

the date(s), or the method for determining such date or dates, from which any such interest will accrue, the dates on which any such interest will be payable, the record dates for such interest payment dates, or the method by which such dates shall be determined, the persons to whom such interest shall be payable, and the basis upon which interest shall be calculated if other than that of a 360-day year of twelve 30-day months;

43

the place(s) where the principal of and interest, if any, on such debt securities will be payable, where such debt securities may be surrendered for registration of transfer or exchange and where notices or demands to or upon us in respect of such debt securities and the applicable indenture may be served;

the period(s), if any, within which, the price or prices at which and the other terms and conditions upon which such debt securities may, pursuant to any optional or mandatory redemption provisions, be redeemed, as a whole or in part, at our option;

our obligation, if any, to redeem, repay or purchase such debt securities pursuant to any sinking fund (as defined in the applicable indenture) or analogous provision or at the option of a holder thereof, and the period or periods within which, the price or prices at which and the other terms and conditions upon which such debt securities will be redeemed, repaid or purchased, as a whole or in part, pursuant to such obligations;

if other than U.S. dollars, the currency or currencies in which the principal of and interest, if any, on such debt securities are denominated and payable, which may be a foreign currency or units of two or more foreign currencies or a composite currency or currencies, and the terms and conditions relating thereto;

whether the amount of payments of principal of or interest, if any, on such debt securities may be determined with reference to an index, formula or other method (which index, formula or method may, but need not be, based on the yield on or trading price of other securities, including United States Treasury securities, or on a currency, currencies, currency unit or units, or composite currency or currencies) and the manner in which such amounts shall be determined;

whether the principal of or interest, if any, on the debt securities of the series are to be payable, at our election or a holder thereof, in a currency or currencies, currency unit or units or composite currency or currencies other than that in which such debt securities are denominated or stated to be payable and the period or periods within which, and the terms and conditions upon which, such election may be made;

provisions, if any, granting special rights to the holders of debt securities of the series upon the occurrence of such events as may be specified;

any deletions from, modifications of or additions to the events of default or our covenants with respect to debt securities of the series, whether or not such events of default or covenants are consistent with the events of default or covenants described herein;

44

whether debt securities of the series are to be issuable initially in temporary global form and whether any debt securities of the series are to be issuable in permanent global form and, if so, whether beneficial owners of interests in any such security in permanent global form may exchange such interests for debt securities of such series and of like tenor of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in the applicable indenture, and, if debt securities of the series are to be issuable as a global security, the identity of the depository for such series;

the applicability, if any, of the defeasance and covenant defeasance provisions of the applicable indenture to the debt securities of the series;

if exchangeable into another series of debt securities, the terms on which such debt securities are exchangeable; and

any other terms of the series of debt securities and any additions, deletions or modifications to the applicable indenture.

If the applicable prospectus supplement provides, the debt securities may be issued at a discount below their principal amount and provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity thereof. In such cases, all material U.S. federal income tax considerations will be described in the applicable prospectus supplement.

The applicable prospectus supplement will contain information with respect to any deletions from, modifications of or additions to the events of default or covenants described below.

Denomination, Interest, Registration and Transfer

We will issue the debt securities of each series only in registered form, without coupons, in denominations of \$1,000, or in such other currencies or denominations as may be set forth in the applicable indenture or specified in, or pursuant to, an authorizing resolution and/or supplemental indenture, if any, relating to such series of debt securities.

The principal of and interest, if any, on any series of debt securities will be payable at the corporate trust office of the trustee, the address of which will be stated in the applicable prospectus supplement. However, at our option, interest payments may be made by check mailed to the address of the person entitled thereto as it appears in the applicable register for such debt securities.

Subject to certain limitations imposed upon debt securities issued in book-entry form, the debt securities of any series:

will be exchangeable for any authorized denomination of other debt securities of the same series and of a like aggregate principal amount and tenor upon surrender of such debt securities at the trustee's corporate trust office or at the office of any registrar designated by us for such purpose; and

45

may be surrendered for registration of transfer or exchange thereof at the corporate trust office of the trustee or at the office of any registrar designated by us for such purpose.

No service charge will be made for any registration of transfer or exchange, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with certain transfers and exchanges. We may act as registrar and may change any registrar without notice.

Certain Covenants

The applicable prospectus supplement will describe any material covenants in respect of a series of debt securities that are not described in this prospectus.

Unless otherwise indicated in the applicable prospectus supplement, senior debt securities and the subordinated debt securities will include the provisions described below.

Merger, Amalgamation, Consolidation or Sale of Assets

We may not (1) consolidate or amalgamate with or merge into any other person or convey, transfer, sell or lease our properties and assets substantially as an entirety to any person, (2) permit any person to consolidate with or merge into us or (3) permit any person to convey, transfer, sell or lease that person's properties and assets substantially as an entirety to us unless:

in the case of (1) and (2) above, if we are not the surviving person, the surviving person assumes the payment of the principal of, premium, if any, and interest on the debt securities and the performance of our other covenants under the applicable indenture, and

in all cases, immediately after giving effect to the transaction, no event of default, and no event that, after notice or lapse of time or both, would become an event of default, will have occurred and be continuing.

If we consolidate with or merge into any other corporation or entity, or convey, transfer or lease all or substantially all of our properties and assets as described in the preceding paragraph, the successor corporation or entity shall succeed to and be substituted for us, and may exercise our rights and powers under the indentures, and thereafter, except in the case of a lease, we will be relieved of all obligations and covenants under the indentures and all outstanding debt securities.

Ranking of Debt Securities

General

We currently conduct a significant amount of our operations through our subsidiaries and our subsidiaries generate a significant amount of our operating income and cash flow. As a result, distributions and advances from our subsidiaries are, and will continue to be, a significant source of funds necessary to meet our debt service obligations. Contractual provisions or laws, as well as our subsidiaries' financial condition and operating and regulatory requirements, may limit our ability to obtain cash from our subsidiaries that we require to pay our debt service obligations. In addition, holders of the debt securities will have a junior position to the claims of creditors of our subsidiaries on their assets and earnings.

Senior debt securities

The senior debt securities will be our unsecured unsubordinated obligations and will:

rank equal in right of payment with all our other unsecured and unsubordinated indebtedness;

be effectively subordinated in right of payment to all our secured indebtedness to the extent of the value of the assets securing such indebtedness; and

be effectively subordinated to all of our subsidiaries' indebtedness.

Except as otherwise set forth in the applicable senior indenture or specified in an authorizing resolution and/or supplemental indenture, if any, relating to a series of senior debt securities to be issued, there will be no limitations in any senior indenture on the amount of additional

indebtedness which may rank equal with the senior debt securities or on the amount of indebtedness, secured or otherwise, which may be incurred by any of our subsidiaries.

Subordinated debt securities

The subordinated debt securities will be our unsecured subordinated obligations. Unless otherwise provided in the applicable prospectus supplement, the payment of principal of, interest on and all other amounts owing in respect of the subordinated debt securities will be subordinated in right of payment to the prior payment in full in cash of principal of, interest on and all other amounts owing in respect of all of our senior indebtedness. Upon any payment or distribution of our assets of any kind or character, whether in cash, property or securities, to creditors upon any total or partial liquidation, dissolution, winding up, reorganization, assignment for the benefit of creditors or marshaling of our assets or in a bankruptcy, reorganization, insolvency, receivership or other similar proceeding relating to us or our property, whether voluntary or involuntary, all principal of, interest on and all other amounts due or to become due shall be paid, first, to all senior indebtedness in full in cash, or such payment duly provided for to the satisfaction of the holders of senior indebtedness, before any payment or distribution of any kind or character is made on account of any principal of, interest on or other amounts owing in respect of the subordinated debt securities, or for the acquisition of any of the subordinated debt securities for cash, property or otherwise.

47

If any default occurs and is continuing in the payment when due, whether at maturity, upon any redemption, by declaration or otherwise, of any principal of, interest on, unpaid drawings for letters of credit issued in respect of, or regularly accruing fees with respect to, any senior indebtedness, no payment of any kind or character shall be made by or on behalf of us or any other person on our or their behalf with respect to any principal of, interest on or other amounts owing in respect of the subordinated debt securities or to acquire any of the subordinated debt securities for cash, property or otherwise.

If any other event of default occurs and is continuing with respect to any senior indebtedness, as such event of default is defined in the instrument creating or evidencing such senior indebtedness, permitting the holders of such senior indebtedness then outstanding to accelerate the maturity thereof and if the representative (as defined in the applicable indenture) for the respective issue of senior indebtedness gives written notice of the event of default to the trustee (a default notice), then, unless and until all events of default have been cured or waived or have ceased to exist or the trustee receives notice from the representative for the respective issue of senior indebtedness terminating the blockage period (as defined below), during the 179 days after the delivery of such default notice (the blockage period), neither we nor any other person on our behalf shall:

make any payment of any kind or character with respect to any principal of, interest on or other amounts owing in respect of the subordinated debt securities; or

acquire any of the subordinated debt securities for cash, property or otherwise.

Notwithstanding anything herein to the contrary, in no event will a blockage period extend beyond 179 days from the date the payment on the subordinated debt securities was due and only one such blockage period may be commenced within any 360 consecutive days. No event of default which existed or was continuing on the date of the commencement of any blockage period with respect to the senior indebtedness shall be, or be made, the basis for commencement of a second blockage period by the representative of such senior indebtedness whether or not within a period of 360 consecutive days unless such event of default shall have been cured or waived for a period of not less than 90 consecutive days (it being acknowledged that any subsequent action, or any breach of any financial covenants for a period commencing after the date of commencement of such blockage period that, in either case, would give rise to an event of default pursuant to any provisions under which an event of default previously existed or was continuing shall constitute a new event of default for this purpose).

The subordinated indentures will not restrict the amount of our or our subsidiaries' senior indebtedness or other indebtedness. As a result of the foregoing provisions, in the event of our insolvency, holders of the subordinated debt securities may recover ratably less than our general creditors.

Senior indebtedness, unless otherwise specified in one or more applicable supplemental indentures or approved pursuant to a board resolution in accordance with the applicable indenture, means, with respect to us,

48

the principal (including redemption payments), premium, if any, interest and other payment obligations in respect of (A) our indebtedness for money borrowed and (B) our indebtedness evidenced by securities, debentures, bonds, notes or other similar instruments issued by us, including any such securities issued under any deed, indenture or other instrument to which we are a party (including, for the avoidance of doubt, indentures pursuant to which senior debt securities have been or may be issued);

all of our obligations issued or assumed as the deferred purchase price of property, all of our conditional sale obligations, all of our hedging agreements and agreements of a similar nature thereto and all agreements relating to any such agreements, and all of our obligations under any title retention agreement (but excluding trade accounts payable arising in the ordinary course of business);

all of our obligations for reimbursement on any letter of credit, banker's acceptance, security purchase facility or similar credit transaction;

all obligations of the type referred to in clauses (1) through (3) above of other persons for the payment of which we are responsible or liable as obligor, guarantor or otherwise;

all obligations of the type referred to in clauses (1) through (4) above of other persons secured by any lien on any of our property or asset (whether or not such obligation is assumed by us) and

any deferrals, amendments, renewals, extensions, modifications and refundings of all obligations of the type referred to in clauses (1) through (5) above, in each case whether or not contingent and whether outstanding at the date of effectiveness of the applicable indenture or thereafter incurred,

except, in each case, for the subordinated debt securities and any such other indebtedness or deferral, amendment, renewal, extension, modification or refunding that contains express terms, or is issued under a deed, indenture or other instrument, which contains express terms, providing that it is subordinate to or ranks equal with the subordinated debt securities.

Such senior indebtedness shall continue to be senior indebtedness and be entitled to the benefits of the subordination provisions of the applicable indenture irrespective of any amendment, modification or waiver of any term of such senior indebtedness and notwithstanding that no express written subordination agreement may have been entered into between the holders of such senior indebtedness and the trustee or any of the holders.

Discharge

Under the terms of the indenture, we will be discharged from any and all obligations in respect of the debt securities of any series and the applicable indenture (except in each case for certain obligations to register the transfer or exchange of debt securities, replace stolen, lost or mutilated debt securities, maintain paying agencies and hold moneys for payment in trust) if we deposit with the applicable trustee, in trust, moneys or U.S. government obligations in an amount sufficient to pay all the principal of, and interest on, the debt securities of such series on the dates such payments are due in accordance with the terms of such debt securities.

49

In addition, unless the applicable prospectus supplement and supplemental indenture provide otherwise, we may elect either (1) to defease and be discharged from any and all obligations with respect to such debt securities (*defeasance*) or (2) to be released from our obligations with respect to such debt securities under certain covenants in the applicable indenture, and any omission to comply with such obligations will not constitute a default or an event of default with respect to such debt securities (*covenant defeasance*):

by delivering all outstanding debt securities of such series to the trustee for cancellation and paying all sums payable by it under such debt securities and the indenture with respect to such series; or

after giving notice to the trustee of our intention to defease all of the debt securities of such series, by irrevocably depositing with the trustee or a paying agent

in the case of any debt securities of any series denominated in U.S. dollars, cash or U.S. government obligations sufficient to pay all principal of and interest on such debt securities; and

Edgar Filing: MAXWELL TECHNOLOGIES INC - Form S-3

in the case of any debt securities of any series denominated in any currency other than U.S. dollars, an amount of the applicable currency in which the debt securities are denominated sufficient to pay all principal of and interest on such debt securities.

Such a trust may only be established if, among other things:

the applicable defeasance or covenant defeasance does not result in a breach or violation of, or constitute a default under or any material agreement or instrument to which we are a party or by which we are bound;

no event of default or event which with notice or lapse of time or both would become an event of default with respect to the debt securities to be defeased will have occurred and be continuing on the date of establishment of such a trust after giving effect to such establishment and, with respect to defeasance only, no bankruptcy proceeding with respect to us will have occurred and be continuing at any time during the period ending on the 91st day after such date; and

we have delivered to the trustee an opinion of counsel (as specified in the applicable supplemental indenture) to the effect that the holders will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred, and such opinion of counsel, in the case of defeasance, must refer to and be based upon a letter ruling of the Internal Revenue Service received by us, a Revenue Ruling published by the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the applicable supplemental indenture.

50

In the event we effect covenant defeasance with respect to any debt securities and such debt securities are declared due and payable because of the occurrence of any event of default, other than an event of default with respect to any covenant as to which there has been covenant defeasance, the government obligations on deposit with the trustee will be sufficient to pay amounts due on such debt securities at the time of the stated maturity but may not be sufficient to pay amounts due on such debt securities at the time of the acceleration resulting from such event of default.

Modification and Waiver

We, when authorized by a board resolution, and the trustee may modify, amend and/or supplement the applicable indenture and the applicable debt securities with the consent of the holders of not less than a majority in principal amount of the outstanding debt securities of all series affected thereby (voting as a single class); *provided, however*, that such modification, amendment or supplement may not, without the consent of each holder of the debt securities affected thereby:

change the stated maturity of the principal of or any installment of interest with respect to the debt securities;

reduce the principal amount of, or the rate of interest on, the debt securities;

change the currency of payment of principal of or interest on the debt securities;

change the redemption provisions, if any, of any debt securities in any manner adverse to the holders of such series of debt securities;

impair the right to institute suit for the enforcement of any payment on or with respect to the debt securities;

reduce the above-stated percentage of holders of the debt securities of any series necessary to modify or amend the indenture relating to such series;

modify the foregoing requirements or reduce the percentage of outstanding debt securities necessary to waive any covenant or past default;

Edgar Filing: MAXWELL TECHNOLOGIES INC - Form S-3

in the case of any subordinated indenture, modify the subordination provisions thereof in a manner adverse to the holders of subordinated debt securities of any series then outstanding; or

in the case of any convertible debt securities, adversely affect the right to convert the debt securities into common shares or preference shares in accordance with the provisions of the applicable indenture.

51

Holders of not less than a majority in principal amount of the outstanding debt securities of all series affected thereby (voting as a single class) may waive certain past defaults and may waive compliance by us with any provision of the indenture relating to such debt securities (subject to the immediately preceding sentence); *provided, however*, that:

without the consent of each holder of debt securities affected thereby, no waiver may be made of a default in the payment of the principal of or interest on any debt security; and

only the holders of a majority in principal amount of debt securities of a particular series may waive compliance with a provision of the indenture relating to such series or the debt securities of such series having applicability solely to such series.

We, when authorized by a board resolution, and the trustee may amend or supplement the indentures or waive any provision of such indentures and the debt securities without the consent of any holders of debt securities in some circumstance, including:

to cure any ambiguity, omission, defect or inconsistency;

to make any change that does not, in the good faith opinion of our board of directors and the trustee, adversely affect the interests of holders of such debt securities in any material respect.

to provide for the assumption of our obligations under the applicable indenture by a successor upon any merger, consolidation or asset transfer permitted under the applicable indenture;

to provide any security for or guarantees of such debt securities;

to add events of default with respect to such debt securities;

to add covenants that would benefit the holders of such debt securities or to surrender any rights or powers we have under the applicable indenture;

to make any change necessary for the registration of the debt securities under the Securities Act or to comply with the Trust Indenture Act or any requirement of the Commission in connection with the qualification of the applicable indenture under the Trust Indenture Act; *provided, however*, that such modification or amendment does not, in the good faith opinion of our board of directors and the trustee, adversely affect the interests of the holders of such debt securities in any material respect;

to provide for uncertificated debt securities in addition to or in place of certificated debt securities;

to add to or change any of the provisions of the applicable indenture to such extent as shall be necessary to permit or facilitate the issuance of the debt securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons;

52

to change or eliminate any of the provisions of the applicable indenture, *provided, however*, that any such change or elimination shall become effective only when there is no debt security outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision;

to establish the form or terms of debt securities of any series as permitted by the applicable indenture; or

to evidence and provide for the acceptance of appointment by a successor trustee with respect to the debt securities of one or more series and to add to or change any of the provisions of the applicable indenture as shall be necessary to provide for or facilitate the administration of the trusts under the applicable indenture by more than one trustee, pursuant to the requirements of the applicable indenture.

Events of Default and Notice Thereof

The following events are events of default with respect to any series of debt securities we may issue:

failure to pay interest on any debt securities of such series within 60 days of when due or principal of any debt securities of such series when due (including any sinking fund installment);

failure to perform any other agreement contained in the debt securities of such series or the indenture relating to such series (other than an agreement relating solely to another series of debt securities) for 60 days after notice; and

certain events of bankruptcy, insolvency or reorganization with respect to us.

Additional or different events of default, if any, applicable to the series of debt securities in respect of which this prospectus is being delivered will be specified in the applicable prospectus supplement.

The trustee under such indenture shall, within 90 days after the occurrence of any default (the term *default* to include the events specified above without grace or notice) with respect to any series of debt securities actually known to it, give to the holders of such debt securities notice of such default; *provided, however*, that, except in the case of a default in the payment of principal of or interest on any of the debt securities of such series or in the payment of a sinking fund installment, the trustee for such series shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interest of the holders of such debt securities; and *provided, further*, that in the case of any default of the character specified in clause (2) above with respect to debt securities of such series, no such notice to holders of such debt securities will be given until at least 30 days after the occurrence thereof. We shall certify to the trustee quarterly as to whether any default exists.

53

In the case of an event of default, other than an event of default resulting from bankruptcy, insolvency or reorganization, with respect to any series of debt securities shall occur and be continuing, the trustee for such series or the holders of at least 25% in aggregate principal amount of the debt securities of such series then outstanding, by notice in writing to us (and to the trustee for such series if given by the holders of the debt securities of such series), will be entitled to declare all unpaid principal of and accrued interest on such debt securities then outstanding to be due and payable immediately.

In the case of an event of default resulting from certain events of bankruptcy, insolvency or reorganization, all unpaid principal of and accrued interest on all debt securities of such series then outstanding shall be due and payable immediately without any declaration or other act on the part of the trustee for such series or the holders of any debt securities of such series.

Such acceleration may be annulled and past defaults (except, unless theretofore cured, a default in payment of principal of or interest on the debt securities of such series) may be waived by the holders of a majority in principal amount of the debt securities of such series then outstanding upon the conditions provided in the applicable indenture.

No holder of the debt securities of any series issued thereunder may pursue any remedy under such indenture unless the trustee for such series shall have failed to act after, among other things, notice of an event of default and request by holders of at least 25% in principal amount of the debt securities of such series of which the event of default has occurred and the offer to the trustee for such series of indemnity satisfactory to it; *provided, however*, that such provision does not affect the right to sue for enforcement of any overdue payment on such debt securities.

Conversion and Exchange Rights

The terms and conditions, if any, upon which the debt securities of any series will be convertible into common shares or preference shares or upon which the senior debt securities of any series will be exchangeable into another series of debt securities will be set forth in the prospectus supplement relating thereto. Such terms will include the conversion or exchange price (or manner of calculation thereof), the conversion or exchange period, provisions as to whether conversion or exchange will be at the option of the holders of such series of debt securities or at our option or automatic, the events requiring an adjustment of the conversion or exchange price and provisions affecting conversion or exchange in the event of the redemption of such series of debt securities.

The Trustee

We will choose appropriate banks or trust companies to serve as the trustee for each series of debt securities. The trustee for each series of debt securities will be named in the prospectus supplement relating to each issuance of debt securities. Each indenture will contain certain limitations on a right of the trustee, as our creditor, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The trustee will be permitted to engage in other transactions; *provided, however*, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

54

The holders of a majority in principal amount of all outstanding debt securities of a series (or if more than one series is affected thereby, of all series so affected, voting as a single class) will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy or power available to the trustee for such series or all such series so affected.

In case an event of default shall occur (and shall not be cured) under any indenture relating to a series of debt securities and is actually known to a responsible officer of the trustee for such series, such trustee shall exercise such of the rights and powers vested in it by such indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. Subject to such provisions, the trustee will not be under any obligation to exercise any of its rights or powers under the applicable indenture at the request of any of the holders of debt securities unless they shall have offered to the trustee security and indemnity satisfactory to it.

Governing Law

The indentures and the debt securities will be governed by the laws of the State of New York.

Global Securities; Book-Entry System

We may issue the debt securities of any series in whole or in part in the form of one or more global securities to be deposited with, or on behalf of, a depository (the "depository") identified in the prospectus supplement relating to such series. Global securities, if any, issued in the United States are expected to be deposited with The Depository Trust Company ("DTC"), as depository. Global securities will be issued in fully registered form and may be issued in either temporary or permanent form. Unless and until it is exchanged in whole or in part for the individual debt securities represented thereby, a global security may not be transferred except as a whole by the depository for such global security to a nominee of such depository or by a nominee of such depository to such depository or another nominee of such depository or by such depository or any nominee of such depository to a successor depository or any nominee of such successor.

The specific terms of the depository arrangement with respect to any series of debt securities will be described in the prospectus supplement relating to such series. We expect that unless otherwise indicated in the applicable prospectus supplement, the following provisions will apply to depository arrangements.

Upon the issuance of a global security, the depository for such global security or its nominee will credit on its book-entry registration and transfer system the respective principal amounts of the individual debt securities represented by such global security to the accounts of persons that have accounts with such depository ("participants"). Such accounts will be designated by the underwriters, dealers or agents with respect to such debt securities or by us if such debt securities are offered directly by us. Ownership of beneficial interests in such global security will be limited to participants or persons that may hold interests through participants.

55

We expect that, pursuant to procedures established by DTC, ownership of beneficial interests in any global security with respect to which DTC is the depository will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its

nominee (with respect to beneficial interests of participants) and records of participants (with respect to beneficial interests of persons who hold through participants). Neither we nor the trustee will have any responsibility or liability for any aspect of the records of DTC or for maintaining, supervising or reviewing any records of DTC or any of its participants relating to beneficial ownership interests in the debt securities. The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and laws may impair the ability to own, pledge or transfer beneficial interest in a global security.

So long as the depository for a global security or its nominee is the registered owner of such global security, such depository or such nominee, as the case may be, will be considered the sole owner or holder of the debt securities represented by such global security for all purposes under the applicable indenture. Except as described below or in the applicable prospectus supplement, owners of beneficial interest in a global security will not be entitled to have any of the individual debt securities represented by such global security registered in their names, will not receive or be entitled to receive physical delivery of any such debt securities in definitive form and will not be considered the owners or holders thereof under the applicable indenture. Beneficial owners of debt securities evidenced by a global security will not be considered the owners or holders thereof under the applicable indenture for any purpose, including with respect to the giving of any direction, instructions or approvals to the trustee thereunder. Accordingly, each person owning a beneficial interest in a global security with respect to which DTC is the depository must rely on the procedures of DTC and, if such person is not a participant, on the procedures of the participant through which such person owns its interests, to exercise any rights of a holder under the applicable indenture. We understand that, under existing industry practice, if it requests any action of holders or if an owner of a beneficial interest in a global security desires to give or take any action which a holder is entitled to give or take under the applicable indenture, DTC would authorize the participants holding the relevant beneficial interest to give or take such action, and such participants would authorize beneficial owners through such participants to give or take such actions or would otherwise act upon the instructions of beneficial owners holding through them.

Payments of principal of, and any interest on, individual debt securities represented by a global security registered in the name of a depository or its nominee will be made to or at the direction of the depository or its nominee, as the case may be, as the registered owner of the global security under the applicable indenture. Under the terms of the applicable indenture, we and the trustee may treat the persons in whose name debt securities, including a global security, are registered as the owners thereof for the purpose of receiving such payments. Consequently, neither we nor the trustee has or will have any responsibility or liability for the payment of such amounts to beneficial owners of debt securities (including principal and interest). We believe, however, that it is currently the policy of DTC to immediately credit the accounts of relevant participants with such payments, in amounts proportionate to their respective holdings of beneficial interests in the relevant global security as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in such global security held through such participants will be governed by standing instructions and customary practices, as is the case with securities held for the account of customers in bearer form or registered in street name, and will be the responsibility of such participants. Redemption notices with respect to any debt securities represented by a global security will be sent to the depository or its nominee. If less than all of the debt securities of any series are to be redeemed, we expect the depository to determine the amount of the interest of each participant in such debt securities to be redeemed to be determined by lot. None of us, the trustee, any paying agent or the registrar for such debt securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global security for such debt securities or for maintaining any records with respect thereto.

56

Neither we nor the trustee will be liable for any delay by the holders of a global security or the depository in identifying the beneficial owners of debt securities and we and the trustee may conclusively rely on, and will be protected in relying on, instructions from the holder of a global security or the depository for all purposes. The rules applicable to DTC and its participants are on file with the Commission.

If a depository for any debt securities is at any time unwilling, unable or ineligible to continue as depository and a successor depository is not appointed by us within 90 days, we will issue individual debt securities in exchange for the global security representing such debt securities. In addition, we may at any time and in our sole discretion, subject to any limitations described in the prospectus supplement relating to such debt securities, determine not to have any of such debt securities represented by one or more global securities and in such event we will issue individual debt securities in exchange for the global security or securities representing such debt securities. Individual debt securities so issued will be issued in denominations of \$1,000 and integral multiples thereof.

All moneys paid by us to a paying agent or a trustee for the payment of the principal of or interest on any debt security which remain unclaimed at the end of two years after such payment has become due and payable will be repaid to us, and the holder of such debt security thereafter may look only to us for payment thereof.

DESCRIPTION OF GUARANTEES

Certain of our subsidiaries may guarantee our obligations relating to our debt securities issued under this prospectus.

The specific terms and provisions of each guarantee, including any provisions relating to the subordination of any guarantee, will be described in the applicable prospectus supplement. The obligations of each guarantor under its guarantee will be limited as necessary to seek to

prevent that guarantee from constituting a fraudulent conveyance or fraudulent transfer under applicable federal or state law.

DESCRIPTION OF WARRANTS

We may issue warrants for the purchase of shares of our common stock, any debt securities or junior subordinated debentures. Warrants may be issued independently or together with shares of our common stock, any debt securities or junior subordinated debentures, offered by any prospectus supplement and may be attached to or separate from shares of our common stock, any debt securities or junior subordinated debentures. The warrants will be issued under warrant agreements to be entered into between us and such bank or trust company as is named in the prospectus supplement as warrant agent, relating to the particular issue of warrants. The warrant agent will act solely as our agent in connection with the warrants and will not assume any obligation or relationship of agency or trust for or with any holders of warrants or beneficial owners of warrants. The following description summarizes certain general provisions of the form of warrant agreement to which any prospectus supplement may relate. We will describe the specific terms of any warrants and the extent, if any, to which the general provisions summarized below may apply to any warrants in the prospectus supplement relating to those warrants.

57

General

If warrants are offered, the prospectus supplement will describe the terms of the warrants, including the following:

the offering price;

the currency, currencies or currency units for which warrants may be purchased;

the designation, number of shares and terms of our common stock purchasable upon exercise of the common stock warrants and the price at which our shares of common stock may be purchased upon such exercise;

the designation, aggregate principal amount, currency, currencies or currency units and terms of the debt securities or junior subordinated debentures purchasable upon exercise of the debt warrants and the price at which the debt securities or junior subordinated debentures may be purchased upon such exercise;

if applicable, the designation and terms of our common stock, the debt securities or junior subordinated debentures, with which the warrants are issued and the number of warrants issued with each share of common stock, debt security or junior subordinated debenture upon such exercise;

if applicable, the date on and after which the warrants and the related common stock, debt securities or junior subordinated debentures, will be separately transferable;

the date on which the right to exercise the warrants will commence and the date on which the right will expire;

whether the warrants will be issued in registered or bearer form;

a discussion of federal income tax, accounting and other special considerations, procedures and limitations relating to the warrants; and

any other terms of the warrants.

58

Warrants may be exchanged for new warrants of different denominations, may (if in registered form) be presented for registration of transfer, and may be exercised at the corporate trust office of the warrant agent or any other office indicated in the prospectus supplement. Before the exercise of their warrants, holders of warrants will not have any of the rights of holders of the various securities purchasable upon the exercise of the warrants, including the right to receive payments of dividends, if any, on our common stock purchasable upon the exercise or to exercise any applicable right to vote or to receive payments of principal of, any premium on, or any interest on, the debt securities or junior

subordinated debentures purchasable upon the exercise or to enforce the covenants in the indenture. If we maintain the ability to reduce the exercise price of any stock warrant and the right is triggered, we will comply with the federal securities laws, including Rule 13e-4 under the Exchange Act, to the extent applicable.

Exercise of Warrants

Each warrant will entitle the holder to purchase a number of shares of our common stock or a principal amount of debt securities or junior subordinated debentures at the exercise price as will in each case be set forth in, or calculable from, the prospectus supplement relating to the warrant. Warrants may be exercised at the times that are set forth in the prospectus supplement relating to the warrants. After the close of business on the date on which the warrant expires, or any later date to which we may extend the expiration date, any unexercised warrants will become void.

Subject to any restrictions and additional requirements that may be set forth in a prospectus supplement relating thereto, warrants may be exercised by delivery to the warrant agent of the certificate evidencing the warrants properly completed and duly executed and of payment as provided in the prospectus supplement of the amount required to purchase shares of our common stock, the debt securities or junior subordinated debentures purchasable upon exercise. The exercise price will be the price applicable on the date of payment in full, as set forth in the prospectus supplement relating to the warrants. Upon receipt of the payment and the certificate representing the warrants to be exercised, properly completed and duly executed at the corporate trust office of the warrant agent or any other office indicated in the prospectus supplement, we will, as soon as practicable, issue and deliver shares of our common stock, the debt securities or junior subordinated debentures purchasable upon exercise. If fewer than all of the warrants represented by a certificate are exercised, a new certificate will be issued for the remaining amount of warrants.

Additional Provisions

The exercise price payable and the number of shares of our common stock purchasable upon the exercise of each stock warrant may be adjusted to account for certain circumstances, including the issuance of a stock dividend to holders of our common stock, or a combination, subdivision or reclassification of our common stock. In lieu of adjusting the number of shares of our common stock purchasable upon exercise of each stock warrant, we may elect to adjust the number of stock warrants. No adjustment in the number of shares purchasable upon exercise of the stock warrants will be required until cumulative adjustments require an adjustment of at least 1% thereof. We may, at our option, reduce the exercise price at any time. No fractional shares will be issued upon the exercise of stock warrants, but we will pay the cash value of any fractional shares otherwise issuable. In case of any consolidation, merger, or sale or conveyance of our property as an entirety or substantially as an entirety, the holder of each outstanding stock warrant will have the right upon the exercise to the kind and amount of shares of stock and other securities and property, including cash, receivable by a holder of the number of shares of our common stock into which the stock warrants were exercisable immediately prior thereto.

59

No Rights as Stockholders

Holders of stock warrants will not be entitled, by virtue of holding stock warrants, to vote, to consent, to receive dividends, to receive notice as stockholders with respect to any meeting of stockholders for the election of Maxwell's directors or any other matter, or to exercise any rights whatsoever as stockholders.

PLAN OF DISTRIBUTION

We may sell the Registered Securities:

through underwriters or dealers;

directly to one or more purchasers;

through agents; or

through a combination of the foregoing methods of sale.

A prospectus supplement will set forth the terms of the offering of the Registered Securities offered thereby, including the name or names of any underwriters, the purchase price of the Registered Securities, and the proceeds to us from the sale, any underwriting discounts and other

Edgar Filing: MAXWELL TECHNOLOGIES INC - Form S-3

items constituting underwriters' compensation, any public offering price, any discounts or concessions allowed or reallocated or paid to dealers, and any securities exchange or market on which our common stock or other Registered Securities may be listed. Only underwriters so named in such prospectus supplement are deemed to be underwriters in connection with the Registered Securities offered thereby.

We may distribute the Registered Securities from time to time in one or more transactions:

- at a fixed price or prices, which may be changed;
- at market prices prevailing at the time of sale;
- at prices related to such prevailing market prices; or
- at negotiated prices.

We may also, from time to time, authorize dealers, acting as our agents, to offer and sell securities upon the terms and conditions set forth in the applicable prospectus supplement. In connection with the sale of securities, we, or the purchasers of securities for whom the underwriters may act as agents, may compensate underwriters in the form of underwriting discounts or commissions. Underwriters may sell the securities to or through dealers, and those dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agent. Unless otherwise indicated in a prospectus supplement, an agent will be acting on a best efforts basis and a dealer will purchase securities as a principal, and may then resell the securities at varying prices to be determined by the dealer.

60

We will describe in the applicable prospectus supplement any compensation we pay to underwriters or agents in connection with the offering of securities, and any discounts, concessions or commissions allowed by underwriters to participating dealers. Dealers and agents participating in the distribution of securities may be deemed to be underwriters, and any discounts and commissions received by them and any profit realized by them on resale of the securities may be deemed to be underwriting discounts and commissions.

We may enter into agreements to indemnify underwriters, dealers and agents against certain civil liabilities, including liabilities under the Securities Act that may arise from any untrue statement or alleged untrue statement of a material fact or any omission or alleged omission to state a material fact in this prospectus, any supplement or amendment hereto, or in the Registration Statement of which this prospectus forms a part, or to contribution with respect to payments which the agents or underwriters may be required to make in respect thereof. Agents and underwriters may engage in transactions with, or perform services for, the Company, in the ordinary course of business.

LEGAL MATTERS

The law firm of Foley & Lardner LLP will pass upon certain legal matters relating to the validity of the securities offered by this prospectus.

EXPERTS

The consolidated financial statements and the related financial statement schedule, Schedule II, Valuation and Qualifying Accounts, incorporated by reference in this prospectus from Maxwell's Annual Report on Form 10-K for the year ended December 31, 2003 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption of Statement of Financial Accounting Standards No. 87, as amended), which is incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The 2002 and 2001 consolidated financial statements and schedule of Maxwell Technologies, Inc. appearing in Maxwell Technologies, Inc.'s Annual Report (Form 10-K) for the year ended December 31, 2003, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus is part of a Registration Statement on Form S-3 that we filed with the Commission. Certain information in the Registration Statement has been omitted from this prospectus in accordance with the rules of the Commission. We file reports, proxy statements and other information with the Commission. You may read and copy materials that we have filed with the Commission at the Securities and Exchange Commission public reference room located at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the public reference room. We electronically file reports, proxy and information statements, and other information with the Commission. The Commission maintains an Internet website that contains our electronically filed reports, proxy and information statements, and other information at <http://www.sec.gov>.

Our common stock is quoted on the Nasdaq National Market under the symbol **MXWL**. We maintain a website at <http://www.maxwell.com>.

INFORMATION WE ARE INCORPORATING BY REFERENCE

The Commission allows us to incorporate by reference in this prospectus certain information which we file with the Commission. This means we can fulfill our obligations to provide you with certain important information by referring you to other documents which we have filed with the Commission. The information which is incorporated by reference is an important part of this prospectus.

We incorporate by reference into this prospectus the documents listed below and any future filings we will make with the Commission under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 prior to the termination of this offering. The information we file with the Commission later will automatically update and supercede the present information.

Annual Report on Form 10-K for the year ended December 31, 2003 filed on March 30, 2004;

Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 filed on May 10, 2004 and amended by Form 10-Q/A filed on May 21, 2004;

Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 filed on August 9, 2004;

Current Reports on Form 8-K filed on January 15, 2004; March 16, 2004; March 30, 2004 (as amended by Form 8-K/A on March 31, 2004 and April 5, 2004); March 31, 2004 (as amended by Form 8-K/A on May 14, 2004 and May 21, 2004); April 26, 2004; April 29, 2004; May 11, 2004 and July 28, 2004; and

the description of our common stock contained in our registration statement on Form 8-A (File No. 000-10964) filed on March 8, 1983, including any amendments or reports filed for the purpose of updating that description.

All documents which we file under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 between the date of this prospectus and the termination of the offering shall be deemed to be incorporated by reference into this prospectus. We will provide to each person to whom a prospectus is delivered, including any beneficial owner, a copy of any or all of the information which is incorporated by reference in this prospectus but which is not delivered with this prospectus.

You may request a copy of these filings at no cost, other than exhibits unless those exhibits are specifically incorporated by reference herein, by writing to or telephoning us at the following address:

Maxwell Technologies, Inc.
Attention: Corporate Secretary
9244 Balboa Avenue
San Diego, California 92123
(858) 503-3300

Edgar Filing: MAXWELL TECHNOLOGIES INC - Form S-3

This prospectus is part of a registration statement we filed with the Commission. It does not include all of the information that is in the Registration Statement and the additional documents filed as exhibits with it. For more detailed information, you should read the exhibits themselves.

You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement. No one else is authorized to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front of this document. If information in incorporated documents conflicts with information in this prospectus, you should rely on the most recent information. If information in an incorporated document conflicts with information in another incorporated document, you should rely on the most recent incorporated document.

63

No dealer, salesperson or other person has been authorized to give any information or to make any representations not contained in this prospectus in connection with the offering covered by this prospectus. If given or made, such information or representations must not be relied upon as having been authorized by Maxwell Technologies, Inc. or any underwriter. This prospectus does not constitute an offer to sell, or a solicitation of any offer to buy, securities in any jurisdiction to any person to whom, it is unlawful to make such an offer or solicitation in such jurisdiction. Neither the delivery of this prospectus nor any sale made under this prospectus shall, under any circumstances, create any implication that the information contained in this prospectus is correct as of any time after the date of the prospectus or that there has been no change in the affairs of Maxwell Technologies, Inc after the date of this prospectus.

\$16,500,000

MAXWELL TECHNOLOGIES, INC.

**COMMON STOCK
DEBT SECURITIES
WARRANTS**

PROSPECTUS

_____, 2004

PART II INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

The following table sets forth the estimated costs and expenses payable by us, excluding any underwriting discounts and commissions, in connection with the offering described in this Registration Statement. All amounts are estimates except the Commission registration fee.

Edgar Filing: MAXWELL TECHNOLOGIES INC - Form S-3

Securities and Exchange Commission Registration	\$ 2,091
Accountant's Fees and Expenses	\$ 129,122
Legal Fees and Expenses	\$ 289,511
Transfer Agent and Registrar's Fees	\$ 3,000
Miscellaneous Expenses	\$ 176,276
Total	\$ 600,000

Item 15. Indemnification of Directors and Officers

Registrant Incorporated Under Delaware Law

Maxwell Technologies, Inc., PurePulse and MML Acquisition Corp. (MML) are incorporated under the laws of the State of Delaware.

Maxwell Technologies, Inc., PurePulse and MML have adopted the provisions of Section 102(b)(7) of the Delaware General Corporation Law (the Delaware Law), which enables a corporation in its original certificate of incorporation or an amendment thereto to eliminate or limit the personal liability of a director for monetary damages for breach of the director's fiduciary duty, except (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the Delaware law (providing for liability of directors for unlawful payment of dividends or unlawful stock purchases or redemptions) or (iv) for any transaction from which a director will personally receive a benefit in money, property or services to which the director is not legally entitled.

Maxwell Technologies, Inc., PurePulse and MML have also adopted indemnification provisions pursuant to Section 145 of the Delaware Law, which provides that a corporation may indemnify any persons, including officers and directors, who are, or are threatened to be made, parties to any threatened, pending or completed legal action, suit or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), by reason of the fact that such person was an officer, director, employee or agent of the corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such officer, director, employee or agent acted in good faith and in a manner he reasonably believed to be in or not opposed to the corporation's best interests and, with respect to criminal proceedings, had no reasonable cause to believe that his conduct was unlawful. A Delaware corporation may indemnify officers or directors in an action by or in the right of the corporation under the same conditions, except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him against expenses (including attorney's fees) that such officer or director actually and reasonably incurred.

II-1

Maxwell Technologies, Inc. maintains liability insurance for its directors and officers.

Registrant Incorporated Under Swiss Law

Maxwell Technologies SA is incorporated under the laws of Switzerland.

Swiss law does not allow a corporation to limit or to eliminate the liability of members of its board of directors by adopting a provision in its articles of association, as the statutory rule on directors' liability is mandatory and cannot be amended. Article 754 of the Swiss Code of Obligations provides that the members of the board of directors and officers are liable for damages caused by an intentional or negligent violation of their duties. Thus, in order for a director or officer of a corporation to be held liable for damages to the corporation, it must be established that such director caused such damages either intentionally or negligently. Under Swiss law, there is no liability for business decisions taken by directors or officers of a corporation in good faith and on an informed basis.

Edgar Filing: MAXWELL TECHNOLOGIES INC - Form S-3

Article 327a of the Swiss Code of Obligations provides that the employer shall reimburse the employee for all expenses which necessarily arise out of the performance of the employee's duties. Thus, a corporation must bear all costs incurred by the corporation's officers which arise out of the performance of the officer's duties. Legal expenses incurred by officers of a corporation are considered as arising out of the performance of the officer's duties and must be borne by the corporation, as long as the officer acted in good faith and has not willfully or negligently violated the law and caused damages to the corporation.

Registrants Incorporated Under California Law

Maxwell Technologies Systems Division, Inc. and I-Bus/Phoenix, Inc. are incorporated under the laws of the State of California.

Maxwell Technologies Systems Division, Inc. and I-Bus/Phoenix, Inc. have adopted indemnification provisions pursuant to Section 317 of the General Corporation Law of California, which provides that a corporation has the power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding, other than in an action by or in the right of the corporation to obtain a favorable judgment for itself, by reason of the fact that such person is or was an agent of the corporation, against expenses actually and reasonably incurred in connection with the proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in the best interests of the corporation and, in the case of criminal proceedings, had no reasonable cause to believe that the conduct was unlawful. In the case of suits by or on behalf of a corporation to obtain a judgment in its favor, a corporation has the power to indemnify any person who was or is a party or is threatened to be made a party to such proceeding by reason of the fact that the person is or was the corporation's agent, against expenses actually and reasonably incurred, if the person acted in good faith in a manner the person believed to be in the best interests of the corporation and its shareholders, except that no such indemnification may be made for claims as to which the person shall have been adjudged to be liable to the corporation in the performance of that person's duty to the corporation, unless and then only to the extent a court determines otherwise.

II-2

Maxwell Technologies Systems Division, Inc. and I-Bus/Phoenix, Inc. have also adopted indemnification provisions pursuant to Section 204 of the General Corporation Law of California, which provides that a corporation may in its articles of incorporation provide for the indemnification by the corporation of directors and officers while acting in their capacities as such but not involving a breach of duty to the corporation and its shareholders. Such a provision in the articles of incorporation is construed to be a provision for indemnification under both Sections 204 and 317 of the General Corporation Law of California.

II-3

Item 16. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
--------------------	--------------------

1.1**	Form of Underwriting Agreement
-------	--------------------------------

Exhibit No.

Description

51

Edgar Filing: MAXWELL TECHNOLOGIES INC - Form S-3

- 4.1 Rights Agreement dated November 5, 1999 between the Registrant and Chase Mellon Shareholders Services, LLC, as Rights Agent. (Incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form 8-A (SEC File No. 001-15477) filed with the Commission on November 18, 1999)
- 4.2 Amendment of Rights Agreement dated as of July 5, 2002. (Incorporated by reference to the Company's Annual Report on Form 10-K (SEC File No. 001-15477) filed with the Commission on March 30, 2004)
- 4.3 Form of Rights Certificate (Incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form 8-A (SEC File No. 001-15477) filed with the Commission on November 18, 1999)
- 4.4 Form of Summary of Rights to Purchase Common Stock (Incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form 8-A (File No. 001-15477) filed with the Commission on November 18, 1999)
- 4.5* Form of Senior Debt Indenture
- 4.6** Form of Senior Debt Security
- 4.7* Form of Subordinated Debt Indenture
- 4.8** Form of Subordinated Debt Security
- 4.9** Form of Warrant Agreement
- 5* Opinion of Foley & Lardner LLP
- 12* Statement Regarding Ratio of Earnings to Fixed Charges
- 23.1* Consent of Foley & Lardner LLP (included in Exhibit 5 filed herewith)
- 23.2* Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm
- 23.3* Consent of Ernst & Young LLP, Independent Auditors
- 24* Power of Attorney (included on Page II-7)
- 25.1*** Statement of Eligibility on Form T-1 of Trustee under the Senior Debt Indenture
- 25.2*** Statement of Eligibility on Form T-1 of Trustee under the Subordinated Debt Indenture

II-4

* Filed herewith.

** To be filed either by amendment or as an exhibit to a Current Report on Form 8-K, and incorporated herein by reference.

*** To be filed in accordance with the requirements of Section 305(b)(2) of the Trust Indenture Act of 1939.

Item 17. Undertakings

The undersigned registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

Edgar Filing: MAXWELL TECHNOLOGIES INC - Form S-3

2. That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

3. To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

4. That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bonafide* offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

II-5

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, each of the Registrants certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Diego, State of California, on September 7, 2004.

MAXWELL TECHNOLOGIES, INC.

By: /s/ Richard D. Balanson
President and Chief Executive Officer

MAXWELL TECHNOLOGIES, SA

By: /s/ Richard D. Balanson
President

MAXWELL TECHNOLOGIES SYSTEMS DIVISION, INC.

By: /s/ Richard D. Balanson
Chief Executive Officer

PUREPULSE TECHNOLOGIES, INC.

By: /s/ Carlton J. Eibl

Chief Executive Officer

I-BUS PHOENIX, INC.

By: /s/ Richard D. Balanson
Chief Executive Officer

II-6

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated. Each person whose signature appears below constitutes and appoints Richard D. Balanson and Tesfaye Hailemichael, and each of them individually, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

II-7

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Richard D. Balanson</u> Richard D. Balanson	President, Chief Executive Officer and Director (Principal Executive Officer) (1) (2)	September 7, 2004
<u>/s/ Tesfaye Hailemichael</u> Tefsaye Hailemichael	Vice President, Finance, Treasurer and Chief Financial Officer (Principal Financial Officer) (3)	September 7, 2004
<u>/s/ Carlton J. Eibl</u> Carlton J. Eibl	Director (1) (4)	September 7, 2004
<u>/s/ Mark Rossi</u> Mark Rossi	Director (1)	September 7, 2004
<u>/s/ Jean Lavigne</u>	Director (1)	September 7, 2004

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
1.1**	Form of Underwriting Agreement
4.1	Rights Agreement dated November 5, 1999 between the Registrant and Chase Mellon Shareholders Services, LLC, as Rights Agent. (Incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form 8-A (SEC File No. 001-15477) filed with the Commission on November 18, 1999)
4.2	Amendment of Rights Agreement dated as of July 5, 2002. (Incorporated by reference to the Company's Annual Report on Form 10-K (SEC File No. 001-15477) filed with the Commission on March 30, 2004)
4.3	Form of Rights Certificate (Incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form 8-A (SEC File No. 001-15477) filed with the Commission on November 18, 1999)
4.4	Form of Summary of Rights to Purchase Common Stock (Incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form 8-A (File No. 001-15477) filed with the Commission on November 18, 1999)
4.5*	Form of Senior Debt Indenture
4.6**	Form of Senior Debt Security
4.7*	Form of Subordinated Debt Indenture
4.8**	Form of Subordinated Debt Security
4.9**	Form of Warrant Agreement
5*	Opinion of Foley & Lardner LLP
12*	Statement Regarding Ratio of Earnings to Fixed Charges
23.1*	Consent of Foley & Lardner LLP (included in Exhibit 5 filed herewith)
23.2*	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm
23.3*	Consent of Ernst & Young LLP, Independent Auditors
24*	Power of Attorney (included on Page II-7)
25.1***	Statement of Eligibility on Form T-1 of Trustee under the Senior Debt Indenture
25.2***	Statement of Eligibility on Form T-1 of Trustee under the Subordinated Debt Indenture

* Filed herewith.

** To be filed either by amendment or as an exhibit to a Current Report on Form 8-K, and incorporated herein by reference.

*** To be filed in accordance with the requirements of Section 305(b)(2) of the Trust Indenture Act of 1939.

II-10