

ACI WORLDWIDE, INC.
Form SC 13G/A
January 10, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No. 2)

ACI Worldwide Inc. (formerly Transaction Systems Architects Inc.)

(Name of Issuer)

Common Stock

(Title of Class of Securities)

004498101

(CUSIP Number)

December 31, 2007

(Date of Event Which Requires Filing of this Statement)

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Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page. The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1745 (3-06)

CUSIP No. 004498101

1. Names of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only).

Westfield Capital Management Company, LLC

#30-0027188

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) ..

(b) ..

3. SEC Use Only

4. Citizenship or Place of Organization

Massachusetts

Number of 5. Sole Voting Power

Shares *1,817,974*

6. Shared Voting Power

Beneficially

0

Owned by

7. Sole Dispositive Power

Each *2,383,314*

8. Shared Dispositive Power

Reporting

0

Person

With:

9. Aggregate Amount Beneficially Owned by Each Reporting Person

2,383,314

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) ..

11. Percent of Class Represented by Amount in Row (9)

6.68%

12. Type of Reporting Person (See Instructions)

IA

Item 1. (a) Name of Issuer
ACI Worldwide Inc (formerly Transaction Systems Architects Inc.).

(b) Address of Issuer's Principal Executive Offices
*120 Broadway, Suite 3350
New York, NY 10271*

Item 2. (a) Name of Person Filing
Westfield Capital Management Company, LLC

(b) Address of Principal Business Office or, if none, Residence
1 Financial Center, Boston, Massachusetts 02111

(c) Citizenship
Massachusetts

(d) Title of Class of Securities
Common Stock

(e) CUSIP Number
004498101

Item 3. If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

- (a) Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).
- (b) Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
- (c) Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
- (d) Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).
- (e) An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);
- (f) An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);
- (g) A parent holding company or control person in accordance with § 240.13d-1(b)(ii)(G);
- (h) A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i) A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j) Group, in accordance with §240.13d-1(b)(1)(ii)(J).

Item 4. Ownership.

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

- (a) Amount beneficially owned:
2,383,314
- (b) Percent of class:
6.68%
- (c) Number of shares as to which the person has:
 - (i) Sole power to vote or to direct the vote.
1,817,974
 - (ii) Shared power to vote or to direct the vote.
0
 - (iii) Sole power to dispose or to direct the disposition of.

2,383,314

(iv) Shared power to dispose or to direct the disposition of.

0

Instruction. For computations regarding securities which represent a right to acquire an underlying security *see* §240.13d-3(d)(1).

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following " ".

Instruction: Dissolution of a group requires a response to this item.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

If any other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities, a statement to that effect should be included in response to this item and, if such interest relates to more than five percent of the class, such person should be identified. A listing of the shareholders of an investment company registered under the Investment Company Act of 1940 or the beneficiaries of employee benefit plan, pension fund or endowment fund is not required.

None of the shares listed above are owned of record by Westfield Capital Management Company, LLC (Westfield Capital). The shares listed above are owned of record by certain mutual funds, institutional accounts and/or separate accounts managed by Westfield Capital as investment advisor. Westfield Capital disclaims any beneficial interest in such shares.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company

If a parent holding company has filed this schedule, pursuant to Rule 13d-1(b)(ii)(G), so indicate under Item 3(g) and attach an exhibit stating the identity and the Item 3 classification of the relevant subsidiary. If a parent holding company has filed this schedule pursuant to Rule 13d-1(c) or Rule 13d-1(d), attach an exhibit stating the identification of the relevant subsidiary.

Not Applicable

Item 8. Identification and Classification of Members of the Group

If a group has filed this schedule pursuant to §240.13d-1(b)(1)(ii)(J), so indicate under Item 3(j) and attach an exhibit stating the identity and Item 3 classification of each member of the group. If a group has filed this schedule pursuant to §240.13d-1(c) or §240.13d-1(d), attach an exhibit stating the identity of each member of the group.

Not Applicable

Item 9. Notice of Dissolution of Group

Notice of dissolution of a group may be furnished as an exhibit stating the date of the dissolution and that all further filings with respect to transactions in the security reported on will be filed, if required, by members of the group, in their individual capacity. See Item 5.

Not Applicable

Item 10. Certification

(a) The following certification shall be included if the statement is filed pursuant to §240.13d-1(b):

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By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

(b) The following certification shall be included if the statement is filed pursuant to §240.13d-1(c):

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

January 10, 2008
Date

/s/ Brandi McMahon
Signature

Brandi McMahon/Senior Compliance Associate
Name/Title

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized representative other than an executive officer or general partner of the filing person, evidence of the representative's authority to sign on behalf of such person shall be filed with the statement, provided, however, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties for whom copies are to be sent.

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (See 18 U.S.C. 1001)

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2"> 66,000 6,200

Donald L. Tatzin(3)

2001 \$150,365 \$7,000 80,000 \$7,197 Senior Vice President, 2000 88,129 1,800 90,000 6,200 Chief Financial Officer 1999

- (1) Bonuses are based on performance of the Company as well as each executives individual contribution. See Report of the Compensation Committee on Executive Compensation.
- (2) Represents premiums paid by us for life insurance coverage and 401K matching contributions.
- (3) The salary amount shown for Donald L. Tatzin for 2000 reflects amounts earned from April 1, 2000, his initial date of employment with us, to December 31, 2000, and is based on his 2000 annual salary of \$143,500.

OPTION GRANTS IN LAST FISCAL YEAR

The following table provides the specified information concerning grants of options to purchase our common stock made during the fiscal year ended December 31, 2001 to the persons named in the Summary Compensation Table. All of these options were granted under our 1997 Stock Option Plan and have a term of ten years. All options are subject to early termination in the event the optionee's services to the Company cease:

Individual Grants		Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for
Number of Shares	% of Total Options Granted to	

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Name	Underlying Options Granted(1)	Employees in Fiscal Year(2)	Exercise Price Per Share(3)	Expiration Date	Option Term(4)	
					5%	10%
Morris S. Young(5)	60,000	3.57%	\$ 14.89	April 9, 2011	\$ 561,854	\$ 1,423,850
	60,000	3.57%	\$ 12.12	November 7, 2011	\$ 457,332	\$ 1,158,970
Davis Zhang(6)	120,000	7.15%	\$ 14.89	April 9, 2011	\$ 1,123,709	\$ 2,847,699
	40,000	2.38%	\$ 12.12	November 7, 2011	\$ 304,888	\$ 772,646
Donald L. Tatzin(7)	40,000	2.38%	\$ 14.89	April 9, 2011	\$ 374,570	\$ 949,233
	40,000	2.38%	\$ 12.12	November 7, 2011	\$ 304,888	\$ 772,646

(1) Shares subject to options generally vest and become exercisable in installments, subject to the optionee's continued employment or service. We have a repurchase right on unvested shares. Under the terms of our 1997 Stock Option Plan, the administrator retains discretion, subject to limits, to modify the terms of outstanding options and to reprice outstanding options.

(2) Based on total options to purchase 1,678,070 shares of our common stock granted to all employees and consultants during the fiscal year ended December 31, 2001.

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- (3) All options were granted at an exercise price equal to the fair market value of our common stock on the date of grant, as determined by reference to the closing sales price as reported on the Nasdaq National Market on the date of grant.
- (4) Potential realizable values are net of exercise price, but before taxes associated with exercise, and are based upon the assumption that our common stock appreciates at the annual rate shown (compounded annually) from the date of grant until the expiration of the ten-year option term. These amounts represent hypothetical gains that could be achieved for the respective options if exercised at the exercise price and sold at the end of the option term, at the appreciated price. The assumed 5% and 10% rates of stock price appreciation are provided in accordance with rules of the Securities and Exchange Commission and do not represent our estimate or projection of the future common stock price. Actual gains, if any, on stock option exercises are dependent on the future performance of the common stock, overall market conditions and the option holders' continued employment through the vesting period. This table does not take into account any appreciation in the price of the common stock from the date of grant to the current date.
- (5) Options from first grant listed vest 20% on July 26, 2002, 40% over 24 months beginning August 26, 2002 and the remaining 40% over 12 months beginning August 26, 2004. Options from the second grant listed vest 25% over 12 months beginning January 31, 2002 and the remaining 75% over 12 months beginning September 1, 2005.
- (6) Options from first grant listed vest 20% on July 26, 2002, 40% over 24 months beginning August 26, 2002 and the remaining 40% over 12 months beginning August 26, 2004. Options from the second grant listed vest 25% over 12 months beginning January 31, 2002 and the remaining 75% over 12 months beginning September 1, 2005.
- (7) Options from first grant listed vest 20% on July 26, 2002, 40% over 24 months beginning August 26, 2002 and the remaining 40% over 12 months beginning August 26, 2004. Options from the second grant listed vest 25% over 12 months beginning January 31, 2002 and the remaining 75% over 12 months beginning September 1, 2005.

AGGREGATE OPTION EXERCISES FOR FISCAL 2001 AND FISCAL 2001 YEAR-END VALUES

The following table provides specified information concerning exercises of options to purchase our common stock during fiscal 2001, and unexercised options held at December 31, 2001, by the persons named in the Summary Compensation Table:

Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at 12/31/01(1)		Value of Unexercised in- the-Money Options at 12/31/01(2)	
			Vested	Unvested	Vested	Unvested
Morris S. Young	30,000	\$ 395,625	34,583	215,417	\$ 242,649	\$ 228,271
Davis Zhang	20,000	\$ 175,000	103,750	252,250	\$ 921,644	\$ 194,521
Donald L. Tatzin	9,500	\$ 64,125	43,750	138,750	\$ 46,438	\$ 101,688

- (1) We have a right of repurchase as to any unvested shares upon optionee's termination of employment at its original exercise price.
- (2) Calculated on the basis of the fair market value of the underlying securities as of December 31, 2001 of \$14.43 per share, as reported as the closing price of our common stock on the Nasdaq National Market, less the aggregate exercise price.

Shares Acquired on Exercise includes all shares underlying the option, or portion of the option, exercised, without deducting shares withheld to satisfy tax obligations sold to pay the exercise price, or otherwise disposed of. Value Realized is calculated by multiplying the difference between the market value (closing market price) at the exercise date and the exercise price by the number of shares acquired upon exercise. Value of Unexercised in-the-Money Options is calculated by multiplying the difference between the market

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value (closing market price) and exercise price at fiscal year end by the number of options held at fiscal year end.

No compensation intended to serve as incentive for performance to occur over a period longer than one fiscal year was paid pursuant to a long-term incentive plan during fiscal 2001 to any persons named in the Summary Compensation Table. We do not have any defined benefit or actuarial plan under which benefits are determined primarily by final compensation or average final compensation and years of service with any of the persons named in the Summary Compensation Table.

Compensation of Non-Employee Directors

Each of our non-employee directors receives \$1,500 per board or committee meeting, and is reimbursed for reasonable expenses. The non-employee directors are eligible to receive option grants pursuant to our 1997 Stock Option Plan.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers, directors and persons who beneficially own more than 10% of our common stock to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission. These persons are required by Securities and Exchange Commission regulations to furnish us with copies of all Section 16(a) forms that they file.

Based solely on our review of the forms furnished to us and written representations from certain reporting persons, we believe that all filing requirements applicable to our executive officers, directors and persons who beneficially own more than 10% of our common stock were complied with in fiscal 2001.

REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

The compensation committee is comprised of David C. Chang, Jesse Chen, and B. J. Moore, each a non-employee member of the board of directors. The compensation committee is responsible for setting and monitoring policies governing compensation of executive officers. The compensation committee reviews the performance and compensation levels for executive officers and sets salary and bonus levels and option grants under our 1997 Stock Option Plan. The objectives of the committee are to correlate executive compensation with our business objectives and performance, and to enable us to attract, retain and reward executive officers who contribute to our long-term success.

As the industry in which the Company operates can be extremely competitive, the compensation committee believes that the compensation programs for executive officers should be designed to retain and motivate talented executives responsible for the success of the Company, and should be determined within the competitive environment within which the Company is situated and based on the achievement of business objectives, individual contribution, and financial performance. The committee's goals are to provide a total compensation package that considers the compensation practices of companies with which the Company competes for executive officers, provides variable compensation that is linked to achievement of financial, division, and individual performance goals, and aligns the interests of the executive officers with those of the company by providing them with an equity stake in the Company. The components of the Company's compensation policies for executive officers consists of base salary and benefits, bonuses and long-term stock option incentives.

Salary

The compensation committee annually assesses the performance and sets the salary of the Company's president and chief executive officer, Morris S. Young, and the other executive officers. At the beginning of the fiscal year, base salaries were established by the board of directors based on competitive compensation data, top executive's job responsibilities, experience, individual performance and contributions to the business. No specific formula was applied to determine the weight of each factor.

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The board's decision with regard to Dr. Young's compensation as president and chief executive officer was based on compensation paid to presidents and chief executive officers of comparably sized companies. In addition, the compensation committee considers certain incentive objectives based on the Company's performance as it relates to revenue levels and earnings per share levels.

In determining executive officer salaries, the compensation committee reviews recommendations from Dr. Young, which includes information from salary surveys, performance evaluations and the financial condition of the Company. The compensation committee also establishes both financial and operational-based objectives and goals in determining executive officer salaries. These goals and objectives include sales and spending forecasts for the upcoming year and published executive compensation literature for comparably sized companies.

For more information regarding the compensation and employment arrangements of Dr. Young and other executive officers, see EXECUTIVE COMPENSATION AND OTHER MATTERS.

Bonuses

Incentive bonuses are intended to reflect the board's belief that a significant portion of the compensation of each executive officer should be contingent on the performance of the Company, as well as the individual contribution of each executive officer. In consultation with the chief executive officer, the compensation committee annually determines the total amount of cash bonuses available for executive officers and certain other management employees. For fiscal 2001, bonus awards were contingent on the Company's attainment of revenue and operating profit targets, set by the compensation committee in consultation with the chief executive officer. Additionally, awards may be weighted so that executives would receive proportionately higher awards when performance targets are met and proportionately smaller awards when performance targets are not met.

Stock Options

The compensation committee believes that employee equity ownership provides significant motivation to executive officers to maximize value for our stockholders and, therefore, periodically grants stock options under our stock option plan. Stock options are granted at the current market price and will only have value if our stock price increases over the exercise price. It is the belief of the board that stock options directly motivate an executive to maximize long-term stockholder value.

The compensation committee determines the size and frequency of option grants for executive officers, after consideration of recommendations from the chief executive officer. Recommendations for options are based upon the relative position and responsibilities of each executive officer, previous and expected contributions of each officer to the Company and previous option grants to each executive officer.

Compensation of Chief Executive Officer

Morris S. Young has served as the Company's president and chief executive officer since 1989. Early in 2001, the compensation committee reviewed Dr. Young's performance with regard to performance objectives set by the board of directors in 2000, weighted among specific personal and corporate objectives, in determining his eligibility for bonus compensation. Dr. Young's bonus compensation for fiscal 2001 was \$14,000. In addition, the board of directors granted Dr. Young options to purchase 120,000 shares of AXT's common stock based on attainment of predetermined financial and other corporate goals.

Section 162(m) of the Internal Revenue Code

The Company has considered the provisions of Section 162(m) of the Internal Revenue Code and related Treasury Department regulations which restrict deductibility of executive compensation paid to the Company's chief executive officer and each of the four other most highly compensated executive officers holding office at the end of any year to the extent such compensation exceeds \$1,000,000 for any of such officers in any year and does not qualify for an exception under the statute or regulations. Income from options granted under

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the 1997 Option Plan would generally qualify for an exemption from these restrictions so long as the options are granted by a committee whose members are non-employee directors. The Company expects that the compensation committee will generally be comprised of non-employee directors, and that to the extent such committee is not so constituted for any period of time, the options granted during such period will not be likely to result in compensation exceeding \$1,000,000 in any year.

Respectfully submitted by the compensation
committee

David C. Chang
Jesse Chen
B.J. Moore

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The audit committee oversees the Company's financial reporting process on behalf of the board of directors. Management has the primary responsibility for the financial statements and the reporting process, including internal control systems. PricewaterhouseCoopers LLP is responsible for expressing an opinion as to the conformity of our audited financial statements with generally accepted accounting principles.

The audit committee consists of three directors, each of whom, in the judgment of the board, is an independent director as defined in the listing standards for The Nasdaq Stock Market. The audit committee acts pursuant to a written charter that has been adopted by the board of directors.

The committee has discussed and reviewed with the auditors all matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees). The committee has met with PricewaterhouseCoopers LLP, with and without management present, to discuss the overall scope of PricewaterhouseCoopers LLP's audit, the results of its examinations, its evaluations of the Company's internal controls and the overall quality of its financial reporting.

The audit committee has received from the auditors a formal written statement describing all relationships between the auditors and the Company that might bear on the auditors' independence consistent with Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), discussed with the auditors any relationships that may impact their objectivity and independence, and satisfied itself as to the auditors' independence.

Based on the review and discussions referred to above, the committee recommended to the board of directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001.

Respectfully submitted by the audit committee

David C. Chang
Jesse Chen
B.J. Moore

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Since January 1999, there has not been, nor is there currently proposed, any transaction or series of similar transactions to which we were or are to be a party in which the amount involved exceeds \$60,000, and in which any director, executive officer or holder of more than 5% of any class of our voting securities or members of that person's immediate family had or will have a direct or indirect material interest other than the transactions described below.

Equipment & Materials, a California corporation engaged in international trading and quartzware fabrication, supplies us with various raw materials from China and has manufactured quartzware for us. Christina X. Li, the sole shareholder and president of Equipment & Materials, is the wife of Davis Zhang, the president of our substrate division. Purchases from Equipment & Materials were approximately \$4.7 million for the year ended December 31, 2001, \$8.9 million for 2000 and \$3.6 million for 1999. There was no balance due to Equipment & Materials at December 31, 2001.

We have entered into an operating lease for warehouse space in Fremont, California with 4160 Business Center, LLC, a real estate holding company, in which Davis Zhang, the president of our substrate division, is the sole shareholder. Lease payments to 4160 Business Center, LLC were approximately \$188,000 for the year ended December 31, 2001.

In August 2000, we entered into a business transfer and acquisition agreement with Demeter Technologies, Inc., a Delaware corporation founded by Theodore S. Young, the former president of our fiber optic division and a former member of our board of directors, and Robert Shih, the former chief technology officer of our opto-electronics division. Under this agreement, we agreed to transfer certain non-core rights to Demeter relating to our research and development activities in the field of fiber optics. We have entered into non-compete agreements with Messrs. Shih and Young that prohibit them from certain activities, including the manufacture of certain VCSEL devices. We have leased to Demeter a portion of our owned facility in El Monte, California, subleased a portion of our rented facility in El Monte, California, leased certain equipment, including an MOCVD machine, and sold certain inventory relating to fiber optics. In exchange, Demeter granted to us a warrant to purchase up to 4.5 million shares of its Series A convertible preferred stock at a price of \$0.5714 per share which we exercised in November 2000.

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Set forth below is a line graph comparing the annual percentage change in the cumulative total return to the stockholders of the Company on our common stock with the CRSP Total Return Index for the Nasdaq Stock Market (U.S. Companies) and the Nasdaq Electronic Components Index for the period commencing May 20, 1998, and ending December 31, 2001.

Comparison of Cumulative Total Return From May 20, 1998 to December 31, 2001:**AXT, Inc., Nasdaq Stock Market and Nasdaq Electronic Components**

	5/20/98	12/31/98	12/31/99	12/31/00	12/31/01
AXT, Inc.	100.0	83.4	159.4	302.3	131.9
Nasdaq Stock Market (US Companies)	100.0	125.0	232.2	139.6	110.8
Nasdaq Electronic Components	100.0	147.8	274.7	225.3	153.9

- (1) Assumes that \$100.00 was invested in our common stock and in each index on May 20, 1998, and that all dividends have been reinvested. No cash dividends have been declared on our common stock. Stockholder returns over the indicated period should not be considered indicative of future stockholder returns.

The information contained above under the captions Report of the Compensation Committee on Executive Compensation, Report of the Audit Committee of the Board of Directors, and Comparison of Stockholder Return shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate it by reference into such filing.

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STOCKHOLDER PROPOSALS TO BE PRESENTED AT NEXT ANNUAL MEETING

We have an advance notice provision under our bylaws for stockholder business to be presented at meetings of stockholders. Such provision states that in order for stockholder business to be properly brought before a meeting by a stockholder, such stockholder must have given timely notice thereof in writing to our Secretary. To be timely, such notice must be received at our principal executive offices not less than 120 calendar days in advance of the one year anniversary of the date that our proxy statement was released to stockholders in connection with the previous year's annual meeting of stockholders; except that (i) if no annual meeting was held in the previous year, (ii) if the date of the annual meeting has been changed by more than 30 calendar days from the date contemplated at the time of the previous year's proxy statement or (iii) in the event of a special meeting, then notice must be received not later than the close of business on the tenth day following the day on which notice of the date of the meeting was mailed or public disclosure of the meeting date was made.

Stockholders are entitled to present proposals for action at a forthcoming meeting if they comply with the requirements of the proxy rules established by the Securities and Exchange Commission. Proposals of stockholders intended to be presented at the 2003 annual meeting of the stockholders must be received by us at our offices located at 4281 Technology Drive, Fremont, California 94538, not later than December 17, 2002, in order that they may be considered for inclusion in our proxy statement and form of proxy for that meeting.

TRANSACTION OF OTHER BUSINESS

At the date of this proxy statement, the only business which the board of directors intends to present or knows that others will present at the meeting is as set forth above. If any other matter or matters are properly brought before the meeting, or any adjournment thereof, it is the intention of the persons named in the accompanying form of proxy to vote the proxy on such matters in accordance with their best judgment.

By order of the board of directors

Donald L. Tatzin
*Senior Vice President, Chief Financial Officer
and Secretary*

April 22, 2002

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AXT, INC.
Proxy for 2002 Annual Meeting of Stockholders
Solicited by the Board of Directors

The undersigned hereby constitutes and appoints Morris S. Young and Donald L. Tatzin, and each of them, as his or her true and lawful agents and proxies with full power of substitution to represent the undersigned and to vote all of the shares of stock in AXT, Inc. which the undersigned is entitled to vote at the 2002 annual meeting of stockholders to be held at 4281 Technology Drive, Fremont, California on May 21, 2002 at 10:00 a.m. Pacific Daylight Time, and at any adjournment thereof (1) as hereinafter specified upon the proposals listed below and as more particularly described in AXT's proxy statement, receipt of which is hereby acknowledged and (2) in their discretion upon such other matters as may properly come before the meeting.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, YOU ARE URGED TO SIGN AND PROMPTLY MAIL THIS PROXY IN THE RETURN ENVELOPE SO THAT YOUR STOCK MAY BE REPRESENTED AT THE MEETING.

A vote FOR the following proposals is recommended by the board of directors:

1. Election of directors listed below.

Nominees: Morris S. Young and David C. Chang

FOR

WITHHELD

INSTRUCTION: To withhold authority to vote for any nominee, mark the above box and list the name(s) of the nominee(s) in the space provided.

2. To ratify the appointment of PricewaterhouseCoopers LLP as AXT's independent auditors for the fiscal year ending December 31, 2002.

FOR

WITHHELD

ABSTAIN

3. To transact such other business as may properly come before the meeting or any adjournment thereof.
-

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This proxy when properly executed will be voted in the manner directed herein. If no direction is made, such shares shall be voted FOR the Company's nominees for election to the board of directors, and for ratification of PricewaterhouseCoopers LLP, or as said proxies deem advisable on such other matters as may properly come before the meeting.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF AXT, INC.

Dated _____, 2002
(Be sure to date Proxy)

Signatures(s)

Print Name(s)

Sign exactly as your name(s) appears on your stock certificate. If shares of stock stand on record in the names of two or more persons or in the name of husband and wife, whether as joint tenants or otherwise, both or all of such persons should sign the above proxy. If shares of stock are held of record by a corporation, the proxy should be executed by the President or Vice President and the Secretary or Assistant Secretary, and the corporate seal should be affixed thereto. Executors or administrators or other fiduciaries who execute the above proxy for a deceased stockholder should give their full title. **Please date the proxy.**

Even if you are planning to attend the meeting in person, you are urged to sign and mail the proxy in the return envelope so that your stock may be represented at the meeting.