

AGILYSYS INC
Form DEF 14A
February 19, 2009

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

**SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11c or Section 240.14a-12

AGILYSYS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:

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AGILYSYS, INC.

28925 FOUNTAIN PARKWAY, SOLON, OHIO 44139

February 20, 2009

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of Agilysys, Inc., which will be held at 8:00 a.m., local time, on Thursday, March 26, 2009, at the Company's headquarters at 28925 Fountain Parkway, Solon, Ohio 44139. Your Board of Directors and management look forward to greeting personally those shareholders able to attend.

The matters to be addressed at the meeting include the election of three Class B Directors and ratification of the appointment of Ernst & Young LLP by the Company as its independent registered public accounting firm.

It is important that your shares are represented and voted at the meeting, whether or not you plan to attend. Accordingly, please sign, date and mail the enclosed WHITE proxy card, in the envelope provided, at your earliest convenience.

Thank you for your cooperation and continued support.

/s/ KEITH M. KOLERUS
Keith M. Kolerus
Chairman of the Board

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AGILYSYS, INC.

28925 FOUNTAIN PARKWAY, SOLON, OHIO 44139

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders (the *Annual Meeting*) of Agilysys Inc. (the *Company*), will be held at the Company's headquarters at 28925 Fountain Parkway, Solon, Ohio, 44139, on Thursday March 26, 2009, at 8:00 a.m., local time, for the following purposes:

1. To elect three Class B members of the Board of Directors of the Company to hold office for a term expiring in 2011;
2. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm; and
3. To transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

Only shareholders of record at the close of business on February 12, 2009 are entitled to notice of the Annual Meeting and to vote at the Annual Meeting.

The Board of Directors intends to nominate for election as Directors the three (3) persons named in Proposal No. 1 in the Proxy Statement accompanying this Notice, each of whom is currently serving as a Director of the Company. Please note that certain entities affiliated with Ramius Advisors, LLC (the *Ramius Group*) have provided notice that they intend to nominate their own slate of three (3) nominees for election as Directors at the Annual Meeting and solicit proxies for use at the Annual Meeting to vote in favor of their own slate in opposition to all of the nominees named in Proposal No. 1. We do not endorse the election of any of the Ramius Group's nominees as Director. You may receive proxy solicitation materials from the Ramius Group or other persons or entities affiliated with them, including an opposition proxy statement and proxy card. **THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF ALL OF THE BOARD'S NOMINEES ON THE ENCLOSED WHITE PROXY CARD, AND URGES YOU NOT TO SIGN OR RETURN ANY PROXY CARD SENT TO YOU BY THE RAMIUS GROUP.** Even if you have previously signed a proxy card sent by the Ramius Group, you have the right to change your vote by using the enclosed **WHITE** proxy card to vote by telephone, by Internet or by signing, dating and returning the enclosed **WHITE** proxy card in the postage-paid envelope provided. Only the latest dated proxy you submit will be counted. We urge you to disregard any proxy card sent to you by the Ramius Group or any person other than Agilysys, Inc.

By Order of the Board of Directors.

Lawrence N. Schultz
Secretary
February 20, 2009

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on March 26, 2009.

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The Proxy Statement and Annual Report to Shareholders are available at
<http://www.Agilysys.com/ProxyMaterials>.

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AGILYSYS, INC.

28925 FOUNTAIN PARKWAY, SOLON, OHIO 44139

Mailed to Shareholders on or about February 20, 2009

PROXY STATEMENT

Annual Meeting of Shareholders to be held on March 26, 2009

The WHITE proxy card enclosed with this Proxy Statement is solicited by the Board of Directors of Agilysys, Inc. (the Company), and is to be used at the Annual Meeting of Shareholders (the Annual Meeting) to be held on March 26, 2009, and any adjournments of the Annual Meeting. The time, place and purposes of the Annual Meeting are stated in the Notice of Annual Meeting of Shareholders which is provided with this Proxy Statement. Without affecting any vote previously taken, a shareholder may revoke his, her or its Proxy by giving notice to the Company in writing at any time before the Proxy's exercise or in the open meeting. Unless so revoked, shares represented by a valid Proxy (in the form enclosed and properly signed) received in time for voting will be voted according to the directions given in the Proxy.

The holders of Common Shares of the Company (the only class of shares outstanding) can vote at the Annual Meeting. At the close of business on February 12, 2009 the date fixed for purpose of determining which shareholders can vote there were 22,672,040 Common Shares outstanding and entitled to vote at the Annual Meeting, each share being entitled to one vote. Under Ohio law and the Company's Amended Code of Regulations, if a quorum is present at the Annual Meeting, the three nominees for election as Directors will be elected as Directors if they receive the greatest number of votes cast for the election of Directors at the Annual Meeting by the holders of Common Shares present in person or represented by Proxy and entitled to vote (Proposal 1). Abstentions and broker non-votes will count as votes present for purposes of determining whether a quorum is present at the Annual Meeting. Abstentions and broker non-votes will have no effect on Proposal 1. By Nasdaq and SEC rule, appointment of the Company's independent auditor is the direct responsibility of the Company's Audit Committee. The Company's Board of Directors has determined, however, to seek shareholder ratification of that selection as a good practice to provide shareholders an avenue to express their views on this important matter. If the affirmative vote of a majority of the shareholders voting fail to ratify the appointment by the Company of Ernst & Young LLP (Proposal 2), the Audit Committee will seek to understand the reasons for such failure and will take those views into account in this and future appointments. Even if the current selection is ratified by shareholders, the Audit Committee reserves to itself the right to appoint a different independent auditor at any time during the year if the Audit Committee determines that such change would be in the best interests of the Company and its shareholders.

If not less than 48 hours before the start time of the Annual Meeting any shareholder gives written notice to the Chief Executive Officer, a Senior Vice President or the Secretary of the Company that he, she or it wants the voting for the election of Directors to be cumulative, the shareholder giving notice or a representative of that shareholder, the Chairman or the Secretary will make an announcement about such notice at the start of the Annual Meeting. Cumulative voting means that each shareholder may cumulate his, her or its voting power for the election by distributing a number of votes, determined by multiplying the number of Directors to be elected in this meeting times the number of the shareholder's Common Shares. The shareholder may distribute all of the votes to one individual Director nominee, or distribute his, her or its votes among two or more Director nominees, as the shareholder chooses. As of the date of this Proxy Statement, neither the Ramius Group (as hereinafter defined) nor

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any other shareholder has notified us of its intention for voting to be cumulative. The Ramius Group has indicated, however, in its revised preliminary proxy statement relating to the Annual Meeting that it intends to give notice that it wants cumulative voting used at the Annual Meeting for the election of Directors. If the Company receives such a notice, it will advise shareholders that cumulative voting will be in effect for the Annual Meeting.

The Company has received notice from certain entities affiliated with Ramius Advisors, LLC, namely, Ramius Value and Opportunity Master Fund Ltd, Parche, LLC, Ramius Enterprise Master Fund Ltd, RCG PB, Ltd., Ramius Advisors, LLC, RCG Starboard Advisors, LLC, Ramius LLC, C4S & Co., L.L.C., Peter A. Cohen, Morgan B. Stark, Thomas W. Strauss, Jeffrey M. Solomon, John Mutch, Steve Tepedino and James Zierick (collectively, the Ramius Group) of their intention to nominate three (3) nominees (collectively, the Ramius Nominees) for election to the Company's Board of Directors at the Annual Meeting.

The Ramius Nominees are not endorsed by the Company's Board of Directors. We urge shareholders NOT to vote any proxy card that you may receive from the Ramius Group. The Company's Board of Directors urges you to vote the enclosed WHITE proxy card FOR ALL of our nominees for Director: Thomas A. Commes, R. Andrew Cueva and Howard M. Knically.

The Company is not responsible for the accuracy of any information provided by or relating to the Ramius Group contained in any proxy solicitation materials filed or disseminated by, or on behalf of, the Ramius Group or any other statements that the Ramius Group may otherwise make. The Ramius Group will choose which shareholders receive the Ramius Group's proxy solicitation materials.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain information contained in this Proxy Statement that does not relate to historical information may be deemed to constitute forward-looking statements. The words or phrases will likely result, are expected to, will continue, is anticipated, estimate, project, believe or similar expressions identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the Securities Act), Section 21E of the Securities Exchange Act of 1934 (the Exchange Act) and the Private Securities Litigation Reform Act of 1995. This Proxy Statement contains forward-looking statements with respect to the strategic direction, plans, objectives, future performance and business of Agilysys and its subsidiaries, the markets and industry in which our businesses participate. Because such statements are subject to risks and uncertainties, actual results may differ materially from historical results and those presently anticipated or projected. Shareholders are cautioned not to place undue reliance on such statements, which speak only as of the date hereof. Neither Agilysys nor any of its subsidiaries undertakes any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Background of Discussions with the Ramius Group

On May 12, 2008, members of the Company's management team, including Martin Ellis, met with members of the Ramius Group to discuss matters relating to the Company, including the potential nomination of directors to the Company's Board of Directors by the Ramius Group. On May 15, 2008, Mr. Ellis and others at the Company held a conference call with members of the Ramius Group to negotiate a letter agreement to extend the Company's discretionary voting deadline in connection with the Annual Meeting with respect to proposals submitted by the Ramius Group (the Letter Agreement), and on May 16, 2008, the Ramius Group and the Company entered into the Letter Agreement.

On May 20, 2008, members of the Company's management team held a conference call with members of the Ramius Group to discuss candidates proposed by Ramius to be appointed to the Board and certain other issues, including the

Ramius Group's desire to reconfigure the composition of the Board. Thereafter, on May 21, 2008, the Ramius Group sent a letter to the Company's Board asking the Company to broaden the scope of the Company's engagement with its financial advisor to assist the Board in reviewing strategic alternatives, including divesting the Company's hospitality business, divesting the Company's retail business, significantly reducing corporate overhead or selling the Company to a strategic or financial buyer. In its letter, the Ramius Group also asked the Company's Board to meet and interview the Ramius Group's potential Board appointees.

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On May 23, 2008, the Company and the Ramius Group held a conference call to negotiate a letter agreement to further extend the Company's discretionary voting deadline in connection with the Annual Meeting, and on May 30, 2008, the Ramius Group and the Company entered into a letter agreement that superseded, in all respects, the Letter Agreement and further extended the Company's discretionary voting deadline in connection with the Annual Meeting with respect to proposals submitted by the Ramius Group (the May 30 Letter Agreement).

On June 5, 2008, Messrs. Robert Bailey and Peter Coleman of the Company met with members of the Ramius Group at the Company's Boca Raton offices to give members of the Ramius Group the opportunity to gain a better understanding of the Company's individual businesses. On June 13, 2008, the Company and the Ramius Group entered into a letter agreement that superseded, in all respects, the May 30 Letter Agreement and further extended the Company's discretionary voting deadline in connection with the Annual Meeting with respect to proposals submitted by the Ramius Group. During this time, Company representatives participated in a number of conference calls with members of the Ramius Group to discuss possible settlement options, including an offer by the Company to appoint a principal of the Ramius Group to the Board.

On June 20, 2008, as part of the ongoing conversations, the Ramius Group delivered a letter to the Company nominating John Mutch, Steve Tepedino and James Zierick for election as directors on the Company's Board. On June 25, 2008, the Company issued a press release in which it announced that the Board had formed a special committee of five Directors to oversee an evaluation of the Company's strategic alternatives.

On October 10, 2008, the Ramius Group issued a public letter to the Board concerning the Ramius Group's views about the Company's performance, and expressing its desire for the prompt completion of the Company's strategic alternatives review process. On October 22, 2008, the Company announced that the Board had completed its review of strategic alternatives with the assistance of JPMorgan and, as a result of the review, had concluded that the best course of action to maximize shareholder value is to remain as an independent company, realign its cost and overhead structure, and drive value creation.

On October 28, 2008 members of the Ramius Group met with Mr. Ellis and Mr. Curtis Stout, treasurer and a vice president of the Company, to discuss matters relating to the Company's performance. On November 12, 2008, the Ramius Group filed preliminary proxy materials with the Securities and Exchange Commission in which it proposed its three nominees for election as Directors of the Company. On November 17, 2008, the Company's Chairman of the Board of Directors, Mr. Kolerus, and Mr. Stout met with members of the Ramius Group. The Company and the Ramius Group have since engaged in a number of discussions regarding, among other things, recent management changes at the Company, the current restructuring that is taking place at the Company, the Board's perspective on the Company's position in the market-place and the Company's desire to resolve the Ramius Group's issues with the Company.

The Company has attempted and continues to attempt to negotiate a reasonable, cost-effective resolution of the Ramius Group's proxy process without engaging in a costly proxy contest. As a result of these discussions to date, the Company's Nominating and Corporate Governance Committee has reviewed each of the three candidates proposed by the Ramius Group and, based upon the Company's prudent and customary corporate governance and conflict of interest policies, has indicated that two of the three candidates - Mr. John Mutch and Mr. James Zierick - are qualified and acceptable. Subject to final interviews, the Nominating and Corporate Governance Committee has indicated its willingness to recommend and support these two candidates for election to the Company's Board at, prior to or after the Company's 2009 Annual Meeting to fill anticipated vacancies on the Board. The Nominating and Corporate Governance Committee also has offered to similarly consider and recommend alternative candidates if the Ramius Group desires. The Ramius Group and the Company have discussed filling two Board positions in exchange for a standstill agreement with the Ramius Group through the Company's 2010 fiscal year ending March 31, 2010.

Despite a proposal by the Company to invite two of the Ramius Group's three nominees to join the Company's Board, the Ramius Group has insisted on continuing its proxy solicitation. After waiting as long as it deemed appropriate to file its preliminary proxy materials in the hopes that a settlement might be reached with the Ramius Group, the Company filed its preliminary proxy materials on January 28, 2009. On February 5, 2009, the Company issued a press release in which it reiterated its desire to work cooperatively with the Ramius Group to address the Ramius Group's concerns while also avoiding a proxy contest.

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The following table shows the number of Common Shares of the Company beneficially owned by each current Director of the Company and Director nominee; the Chief Executive Officer and each of the current and former Executive Officers of the Company named in the Summary Compensation Table below; all Directors and Executive Officers as a group; persons known to the Company to own beneficially in excess of 5% of the total outstanding Common Shares; and the percent of the class so owned as of January 20, 2009 unless otherwise indicated.

Name	Number of Common Shares Beneficially Owned(1)	Percent of Class
Directors and Director Nominees (Excluding Executive and Named Officers)(2)		
Charles F. Christ	55,720(3)	.2
Thomas A. Commes	90,714(4)	.4
R. Andrew Cueva	2,422,932(5)	10.7
Howard V. Knicely	49,214(6)	.2
Keith M. Kolerus	57,714(7)	.3
Robert A. Lauer	60,714(8)	.3
Robert G. McCreary, III	82,491(8)	.4
Eileen M. Rudden	13,200	*
Executive (Named) Officers(2)		
Martin F. Ellis	316,248(9)	1.4
Richard A. Sayers, II	367,327(10)	1.6
All Directors and Executive Officers as a group (10 persons)	1,529,288(11)	6.6
Named Officers(2)		
Arthur Rhein	761,735(12)(13)	3.3
Robert J. Bailey	171,272(14)	*
Peter J. Coleman	128,478(14)	*
Other Persons		
Dimensional Fund Advisors L.P. 1299 Ocean Ave., 11th Floor Santa Monica, California 90401	2,603,777(15)	11.4
MAK Capital One, LLC et al. 6100 Red Hook Quarter, 18B, Suites C, 1-6 St. Thomas, VI 00802	4,047,281(16)	17.9
Goodwood, Inc. 212 King Street West, Suite 201 Toronto, ON, Canada M5H 1K5	1,968,260(17)	8.7
Barclays Global Investors, NA 45 Fremont Street San Francisco, California 94105	1,414,537(18)	6.2
Ramius LLC et al. 599 Lexington Avenue, 20th Floor New York, New York 10022	2,942,994(19)	13

- * Shares owned are less than one-tenth of one percent of class.
- (1) Except where otherwise indicated, beneficial ownership of the Common Shares held by the persons listed in the table above comprises both sole voting and dispositive power, or voting and dispositive power that is shared with the spouses of such persons.

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- (2) The address of each Director and Executive Officer is 28925 Fountain Parkway, Solon, Ohio 44139.
- (3) Includes 37,500 Common Shares which the Director had the right to acquire within 60 days of January 20, 2009, through the exercise of stock options granted to the Director under the 1999 and 2000 Stock Option Plans for Outside Directors, and the 2000 Stock Incentive Plan.
- (4) Includes 52,500 Common Shares which the Director had the right to acquire within 60 days of January 20, 2009, through the exercise of stock options granted to the Director under the 1999 and 2000 Stock Option Plans for Outside Directors, and the 2000 Stock Incentive Plan.
- (5) Comprised entirely of Common Shares beneficially owned by MAK Capital Fund L.P. Mr. Cueva may be deemed to share beneficial ownership in Common Shares that MAK Capital Fund L.P. may be deemed to beneficially own. However, Mr. Cueva disclaims beneficial ownership of the Common Shares, except to the extent of his pecuniary interest in MAK Capital Fund L.P.'s interest in such Common Shares. The inclusion in this table of the shares beneficially owned by MAK Capital Fund L.P. shall not be deemed an admission by Mr. Cueva of beneficial ownership of all of the reported Common Shares.
- (6) Includes 30,000 Common Shares which the Director had the right to acquire within 60 days of January 20, 2009, through the exercise of stock options granted to the Director under the 2000 Stock Option Plan for Outside Directors and the 2000 Stock Incentive Plan.
- (7) Includes 22,500 Common Shares which the Director had the right to acquire within 60 days of January 20, 2009, through the exercise of stock options granted to the Director under the 1999 and 2000 Stock Option Plans for Outside Directors, and the 2000 Stock Incentive Plan.
- (8) Includes 37,500 Common Shares which the Director had the right to acquire within 60 days of January 20, 2009, through the exercise of stock options granted to Directors under the 2000 Stock Option Plan for Outside Directors and the 2000 Stock Incentive Plan.
- (9) Includes (i) 177,000 Common Shares which Mr. Ellis had the right to acquire within 60 days of January 20, 2009, through the exercise of stock options granted to him under the 2000 Stock Incentive Plan; and (ii) 58,000 restricted Common Shares which Mr. Ellis was granted under the 2006 Stock Incentive Plan, as to which Mr. Ellis has sole voting power, but no dispositive power until such shares have become vested.
- (10) Includes (i) 254,300 Common Shares which Mr. Sayers had the right as a result of Mr. Sayer's eligibility for early retirement to acquire within 60 days of January 20, 2009, through the exercise of stock options granted to him under the 1991 Stock Option Plan and the 2000 Stock Incentive Plan; and (ii) 46,400 restricted Common Shares which Mr. Sayers was granted under the 2006 Stock Incentive Plan, as to which Mr. Sayers has sole voting power, but no dispositive power until such shares have become vested. The Company defines eligibility for early retirement as the attainment of 55 years of age and 7 years of continuous service.
- (11) The number of Common Shares shown as beneficially owned by the Company's Directors and Executive Officers as a group includes (i) 664,900 Common Shares which such persons have the right to acquire within 60 days of January 20, 2009, through the exercise of stock options granted to them under the 1991 Stock Option Plan, the 2000 Stock Incentive Plan, the 1995 Stock Option Plan for Outside Directors, the 1999 Stock Option Plan for Outside Directors and the 2000 Stock Option Plan for Outside Directors; and (ii) 104,400 restricted Common Shares granted under the 2006 Stock Incentive Plan, as to which participants have sole voting power, but no dispositive power until such shares have become vested.

- (12) On October 20, 2008, Mr. Rhein retired from the Company. Includes 500,000 Common Shares that Mr. Rhein has the right to acquire within 60 days of January 20, 2009, through the exercise of stock options granted to him under the 2000 Stock Incentive Plan.
- (13) Includes 97,175 Common Shares that Mr. Rhein has pledged as security pursuant to a brokerage margin account.
- (14) On October 21, 2008, the employment of Mr. Bailey and Mr. Coleman was terminated.
- (15) As reported on a Schedule 13G/A dated March 5, 2008.
- (16) As reported on a Schedule 13D dated July 1, 2008.
- (17) As reported on a Schedule 13G/A dated February 15, 2008.
- (18) As reported on a Schedule 13G dated February 5, 2008.

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- (19) As reported on a Schedule 13D/A dated October 10, 2008. Ramius, LLC et. al filed a Schedule 13D/A with the SEC on October 10, 2008 indicating that, as of October 9, 2008: (A) Ramius Value and Opportunity Master Fund, Ltd had sole voting and dispositive power with respect to 2,342,130 Common Shares; (B) each of Parche, LLC and Ramius Enterprise Master Fund Ltd had sole voting and dispositive power with respect to 323,761 Common Shares; (C) RCG PB, Ltd. had sole voting and dispositive power with respect to 277,103 Common Shares; (D) Ramius Advisors, LLC had sole voting and dispositive power with respect to 600,864 Common Shares; (E) RCG Starboard Advisors, LLC had sole voting and dispositive power with respect to 2,665,891 Common Shares; (F) each of Ramius LLC and C4S & Co., L.L.C. had sole voting and dispositive power with respect to 2,942,994 Common Shares; (G) each of Peter A. Cohen, Morgan B. Stark, Jeffrey M. Solomon and Thomas W. Strauss had shared voting and dispositive power with respect to 2,942,994 Common Shares; and (H) Steve Tepedino had sole voting and dispositive power with respect to 7,670 Common Shares. Ramius, LLC et al. also reported that each of John Mutch and James Zierick did not directly own any Common Shares, but, as respective members of a group for the purposes of Section 13(d)(3) of the Exchange Act, are each deemed to be a beneficial owner of the 2,343,130 Common Shares owned by Value and Opportunity Master Fund, 323,761 Common Shares owed by Parch, LLC and 277,103 Common Shares owned by RCG PB, Ltd. Both Mr. Mutch and Mr. Zierick have disclaimed beneficial ownership of such Common Shares. The address of the principal office of each of RCG Starboard Advisors, LLC, Parche, LLC, Ramius, LLC, C4S & Co., L.L.C., and Messrs. Cohen, Stark, Strauss and Solomon is 599 Lexington Avenue, 20th Floor, New York, New York 10022. The address of the principal office of each of Ramius Value and Opportunity Master Fund Ltd, Ramius Enterprise Master Fund Ltd and RCG PB, Ltd. is c/o Citco Fund Services (Cayman Islands) Limited, Corporate Center, West Bay Road, Grand Cayman, Cayman Islands, British West Indies. The principal business address of Mr. Mutch is c/o MV Advisors, LLC, 420 Stevens Avenue, Suite 270, Solana Beach, CA 92075. The principal business address of Mr. Zierick is c/o Aspyra, Inc., 26115-A Mureau Road, Calabasas, CA 91320. The principal business address of Mr. Tepedino is 8655 East Via de Ventura, Suite E-300, Scottsdale, AZ 85258.

The following table provides certain information with respect to all of the Company's equity compensation plans in effect as of March 31, 2008.

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by shareholders (<i>i.e.</i> , 1991 Stock Option Plan, Amended and Restated 2000 Stock Incentive Plan, 2006 Stock Incentive Plan and 1995, 1999 and 2000 Stock Option Plans for Outside Directors)	3,526,910	\$ 14.24	2,008,168
Equity compensation plans not approved by shareholders	-0-	-0-	-0-

Total	3,526,910	\$ 14.24	2,008,168
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At this Annual Meeting, the shareholders will elect three Class B Directors for a term ending at the Annual Meeting in 2011. The Board of Directors' nominees for election are Thomas A. Commes, R. Andrew Cueva and Howard M. Knicely. Messrs. Commes, Cueva and Knicely currently serve as Directors of the Company. Mr. Cueva was appointed by the Board of Directors to fill the vacancy created by the resignation of Mr. Curtis J. Crawford on June 24, 2008.

The proxyholders named in the accompanying WHITE proxy card, or their substitutes, will vote the Proxy at the Annual Meeting, or any adjournments of the Annual Meeting, for the election of the three Director nominees named above, unless, by marking the appropriate space on the WHITE proxy card, the shareholder instructs that he, she or it withholds authority for the proxyholder to vote. The Ramius Group has indicated in its revised preliminary proxy statement relating to the Annual Meeting that it intends to give notice that it wants cumulative voting used at the Annual Meeting for the election of Directors. If cumulative voting is in effect, unless contrary instructions are received, the proxyholders will have full discretion and authority to vote the shares represented by valid proxies on a cumulative basis for the election of any one or more of the Director nominees as specified above, allocating the votes among the Director nominees in accordance with the proxyholders' discretion. Each of the nominees has indicated willingness to serve as a Director, if elected. The accompanying WHITE proxy card will not be voted for more than three nominees or for anyone other than the Company's three nominees.

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ELECTION OF ALL NOMINEES NAMED ABOVE. PROXY CARDS RECEIVED BY THE COMPANY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES NAMED ABOVE UNLESS THE SHAREHOLDER SPECIFIES OTHERWISE IN THE PROXY.

The Ramius Group has indicated its intention to nominate John Mutch, Steve Tepedino and James Zierick as the Ramius Nominees for election as Class B Directors. Shareholders should refer to the Ramius Group's proxy statement for the backgrounds, qualifications and other information concerning the Ramius Nominees. **THE BOARD OF DIRECTORS URGES YOU NOT TO SIGN OR RETURN ANY PROXY CARD SENT TO YOU BY THE RAMIUS GROUP.**

For each of the current Director nominees and each of the other Directors who serve on the Board of Directors for the Company, the following table shows: name; principal job for the past five years and Directorships in other publicly-held corporations; the year during which service as a Director began or will begin; age; and when the service as a Director ends or will end.

NOMINEES FOR ELECTION

Name	Principal Occupation or Employment for Past Five Years and Other Directorships of Publicly-Held Corporations	Director Continuously Since	Age	Term Expiration
Class B Directors				
Thomas A. Commes	Retired President and Chief Operating Officer of The Sherwin-Williams Company (Paints and Painting Supplies Manufacturer and Distributor)	1999	66	2011

from June 1986 to March 1999 and a Director of The Sherwin-Williams Company from April 1980 to March 1999; Director, Applied Industrial Technologies, Inc., Pella Corporation and U-Store-It Trust (REIT).

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Name	Principal Occupation or Employment for Past Five Years and Other Directorships of Publicly-Held Corporations	Director Continuously Since	Age	Term Expiration
R. Andrew Cueva	Managing Director of MAK Capital Fund, L.P., since 2005, portfolio manager and analyst at Green Cay Asset Management from 2002 to 2004.	2008	38	2011
Howard V. Knicely	Executive Vice President, Human Resources & Communications of TRW, Inc. (Aerospace, Software Systems and Automotive Components) from 1995 through 2002; from 1989 to 1995, Executive Vice President, Human Resources, Communications and Information Systems at TRW; Director of TRW from April 2001 through 2002.	2002	72	2011

DIRECTORS CONTINUING IN OFFICE**Class A Directors**

Keith M. Kolerus	Retired Vice President, American Division, National Semiconductor (Computer Components), from 1996 to February 1998; Chairman of the Board of Directors of ACI Electronics, LLC, since 2004; Chairman of the Board of Directors, National Semiconductor Japan Ltd., from 1995 to 1998.	1998	62	2010
Robert A. Lauer	Retired from Accenture (formerly known as Andersen Consulting) in August 2000, Mr. Lauer held numerous managing partner responsibilities, operational and service line leadership roles during his thirty-one year career, most recently serving as Managing Partner of Andersen Consulting's eHuman Performance Global Line of Business.	2001	64	2010
Robert G. McCreary, III	Founder and currently a principal of CapitalWorks, LLC (Private Equity Group), Mr. McCreary has served in numerous managing partner positions in investment banking firms and as a partner in a large regional corporate law firm.	2001	56	2010

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Name	Principal Occupation or Employment for Past Five Years and Other Directorships of Publicly-Held Corporations	Director Continuously Since	Age	Term Expiration
Class C Directors				
Charles F. Christ	Retired Vice President and General Manager of Components Division, Digital Equipment Corporation (Computer and Office Equipment) from July 1994 to July 1997; Chairman of Board of Directors of Dot Hill Systems Corp. since July 2000; President, Chief Executive Officer and a member of the Board of Directors of Symbios, Inc. from 1997 to August of 1998; member of the Board of Directors of Maxtor, Inc. from August of 1995 until its acquisition in 2006.	1997	69	2009
Martin F. Ellis	President and Chief Executive Officer of the Company since October 20, 2008; prior thereto, Executive Vice President and Chief Financial Officer of the Company since June 3, 2005; prior thereto, Executive Vice President Corporate Development and Investor Relations of the Company since June 2003.	2008	44	2009
Eileen M. Rudden	Retired Vice President, and General Manager Unified Communications Division, Avaya, Inc. (Communication Networks and Systems), from 2003 to September 2007; Entrepreneur in Residence, Axxon Capital, 2001 to 2003; Board of Directors of John H. Harland Company, from 1999 to May 2007.	2007	58	2009

CORPORATE GOVERNANCE AND RELATED MATTERS**Corporate Governance Guidelines**

In May 2006, the Board of Directors adopted Amended Corporate Governance Guidelines created and approved by the Nominating and Corporate Governance Committee. The Guidelines provide a sound framework to assist the Board in fulfilling its responsibilities to shareholders. Under these Guidelines, the Board exercises its role in overseeing the Company by electing qualified and competent officers, and by monitoring the performance of the Company. The Guidelines state that the Board and its Committees will exercise oversight in the areas of CEO and executive pay, Director nomination, corporate governance, succession planning, financial reporting, internal controls, and strategic and operational issues. The Guidelines also state Board policy on eligibility for the Board, including Director independence and qualifications for Board candidates, and Board policy describing events that require resignation from the Board. A complete copy of the Guidelines is available on the Company's website at www.agilysys.com.

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Independence

The following Company Directors are independent:

Charles F. Christ
Thomas A. Commes
R. Andrew Cueva(1)
Howard V. Knicely
Keith M. Kolerus
Robert A. Lauer
Robert G. McCreary, III
Eileen M. Rudden

(1) Mr. Cueva replaced Mr. Curtis J. Crawford after Mr. Crawford resigned from the Board, effective June 24, 2008.

Code of Ethics

The Company has adopted a Code of Business Conduct that applies to all Directors, officers and employees of the Company. In addition, the Company has adopted a Code of Ethics for Senior Financial Executives that applies to the Chief Executive Officer, Chief Financial Officer and Controller of the Company and any person performing a similar function. The Code of Business Conduct and the Code of Ethics for Senior Financial Executives are available on the Company's website at www.agilysys.com. The Company has in place a hotline, managed by an independent third party, that all employees can use to anonymously report potential violations of the Code of Business Conduct or the Code of Ethics for Senior Financial Executives.

Meeting of Board of Directors and Attendance at Annual Meeting

The Board of Directors held seven meetings during Fiscal 2008. During Fiscal 2008, no Director attended less than 75% of the aggregate of (i) the total number of meetings of the Board of Directors held during the period he served as a Director and (ii) the total number of meetings held by Committees of the Board on which he/she served, during the periods that he/she served. Independent Directors meet regularly in executive session at each Board meeting. Such executive sessions were previously chaired, on a rotating basis, by the Chairmen of the Audit, Compensation, and Nominating and Corporate Governance Committees. On October 20, 2008, the Board elected Mr. Keith Kolerus as its independent chairman, replacing Mr. Arthur Rhein, who retired effective that same day. As a result, the Board will no longer require that the executive sessions be chaired on a rotating basis.

It is the policy of the Board that all of its members attend the Annual Meeting of Shareholders absent exceptional cause. All of the Directors were in attendance at the 2007 Annual Meeting except one.

Shareholder Communication with Directors

Shareholders and others who wish to communicate with the Board of Directors as a whole, or with any individual Director, may do so by sending a written communication to such Director(s) in care of the Company at its headquarters address. The Company's corporate counsel will forward the communication to the Director(s) as instructed by the Director.

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Committees of the Board