

AGILYSYS INC  
Form PRE 14A  
November 24, 2009

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

**SCHEDULE 14A INFORMATION**

**PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

Agilysys, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which the transaction applies:
  - (2) Aggregate number of securities to which the transaction applies:
  - (3) Per unit price or other underlying value of the 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 the transaction:
  - (5) Total fee paid:
- Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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**PRELIMINARY COPY, SUBJECT TO COMPLETION, DATED NOVEMBER 24, 2009**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

On November 20, 2009, MAK Capital Fund LP, a Bermuda limited partnership, and Paloma International L.P., a Delaware limited partnership, delivered an Acquiring Person Statement to Agilysys, Inc. Based on the delivery of the Acquiring Person Statement, Agilysys is required under Ohio law to convene a special meeting of shareholders to consider the proposal contained in the Acquiring Person Statement. Throughout this Notice and the Proxy Statement that follows, MAK Capital Fund LP and Paloma International L.P. are referred to jointly as MAK Capital.

Notice is hereby given that a Special Meeting of Shareholders of Agilysys will be held at the Agilysys headquarters at 28925 Fountain Parkway, Solon, Ohio 44139 on January 5, 2010, at 8:30 a.m., local time, for the purpose of considering and voting on whether to:

authorize, pursuant to Section 1701.831 of the Ohio Revised Code, the acquisition (the Control Share Acquisition ) of Agilysys Common Shares ( Common Shares ) by MAK Capital that when added to all other Common Shares owned by MAK Capital would equal one-fifth or more but less than one-third of the outstanding Common Shares pursuant to the Acquiring Person Statement; and  
approve any motion for adjournment of the Special Meeting, if deemed desirable by Agilysys in its sole discretion.

**THE BOARD OF DIRECTORS OF AGILYSYS HAS DETERMINED TO EXPRESS NO OPINION AND REMAIN NEUTRAL WITH RESPECT TO THE CONTROL SHARE ACQUISITION. THE EVENTS PRECEDING THIS DETERMINATION ARE DESCRIBED BELOW UNDER THE SECTION TITLED BACKGROUND AND THE FACTORS CONSIDERED BY THE BOARD IN REACHING THIS DETERMINATION ARE DESCRIBED BELOW UNDER THE SECTION TITLED RECOMMENDATION BY THE BOARD OF DIRECTORS.**

**THE BOARD OF DIRECTORS OF AGILYSYS UNANIMOUSLY RECOMMENDS THAT AGILYSYS SHAREHOLDERS VOTE FOR THE PROPOSAL TO APPROVE ANY MOTION TO ADJOURN THE SPECIAL MEETING IF DEEMED DESIRABLE BY AGILYSYS IN ITS SOLE DISCRETION.**

Only shareholders of record at the close of business on November 24, 2009 (the Record Date ), are entitled to notice of, and to vote at, the Special Meeting. Authorization of the Control Share Acquisition at the Special Meeting requires the affirmative vote of:

the holders of a majority of the voting power entitled to vote in the election of Agilysys directors represented at the Special Meeting in person or by proxy; and  
the holders of a majority of the voting power entitled to vote in the election of Agilysys directors represented at the Special Meeting in person or by proxy, excluding any shares that are Interested Shares, as defined in the Ohio Revised Code.

Interested Shares are Common Shares that are held by MAK Capital and its affiliates, as described in the attached Proxy Statement, by any officer of Agilysys elected or appointed by the Board of Directors of Agilysys, or by any employee of Agilysys who is a director of Agilysys, and Common Shares acquired by any person between the date of the public disclosure of the proposed acquisition on November 20, 2009 and the Record Date if the aggregate purchase price of such Common Shares paid by such person exceeds \$250,000. Additionally, any Common Shares transferred after the Record Date, if accompanied by voting power in the form of a blank proxy, an agreement to vote

as instructed by the transferee or otherwise, are also Interested Shares.

Authorization of the proposal to adjourn the Special Meeting if deemed desirable by Agilysys requires the affirmative vote of the holders of a majority of the outstanding Common Shares entitled to vote at the Special Meeting represented in person or by proxy.

The accompanying Proxy Statement contains information relating to the Special Meeting and provides you with a summary of the sections of the Ohio Revised Code relating to shareholder approval of the Control Share Acquisition, as well as additional information about the parties involved. MAK Capital's Acquiring Person Statement is attached as Exhibit A to the Proxy Statement.

By order of the Board of Directors,

Lawrence N. Schultz  
*Secretary*

[December 7, 2009]

**Important Notice Regarding Internet Availability of Proxy Materials for the Shareholder Meeting to be held on January 5, 2010:** The Notice of Special Meeting of Shareholders and Proxy Statement are available on our website at [www.agilysys.com](http://www.agilysys.com).

To assure your representation at the Special Meeting, please complete, sign, and promptly return the enclosed WHITE proxy card in the envelope provided, whether or not you expect to be present at the Special Meeting. **As explained in the attached Proxy Statement, Agilysys shareholders should also complete the certification set forth on the WHITE proxy card for each proxy card you return. Common Shares represented by a proxy card without a completed certification will be presumed to be Interested Shares (as defined in the attached Proxy Statement) that are ineligible to vote in connection with the Second Majority Approval as described in the attached Proxy Statement.** If you attend the Special Meeting and are a record holder, or hold your Common Shares in street name and have a legal proxy from your bank, broker or other nominee, you may vote your Common Shares in person. You may also receive a proxy statement and BLUE proxy card from MAK Capital asking you to approve the Control Share Acquisition. Please return only the WHITE proxy card. If you return both proxy cards, the later dated proxy card will be counted for the vote tabulation.

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**PRELIMINARY COPY, SUBJECT TO COMPLETION, DATED NOVEMBER 24, 2009**

**PROXY STATEMENT  
OF  
AGILYSYS, INC.**

**For the Special Meeting of Shareholders  
Under Section 1701.831 of the Ohio Revised Code**

**To Be Held on January 5, 2010**

This Proxy Statement is being furnished by Agilysys, Inc., an Ohio corporation, in connection with the solicitation by Agilysys of proxies for the purposes described in this Proxy Statement at the Special Meeting of Shareholders to be held on January 5, 2010, and at any and all adjournments or postponements thereof. This Proxy Statement and the accompanying WHITE proxy card are expected to be mailed to Agilysys shareholders on or about [December 7, 2009.]

The Special Meeting will be held at the Agilysys headquarters at 28925 Fountain Parkway, Solon, Ohio 44139 on January 5, 2010, at 8:30 a.m., local time. The Board of Directors of Agilysys (the Board) has fixed the close of business on November 24, 2009 as the record date for determining shareholders entitled to notice of and to vote at the Special Meeting (the Record Date).

**PURPOSE OF SPECIAL MEETING**

The purpose of the Special Meeting is to consider and vote on whether to authorize, pursuant to the Control Share Acquisition Statute set forth in Section 1701.831 of the Ohio Revised Code (the Ohio Control Share Acquisition Statute), the acquisition by MAK Capital Fund LP, a Bermuda limited partnership, and Paloma International L.P., a Delaware limited partnership, pursuant to the Acquiring Person Statement (the Control Share Acquisition), of additional Agilysys Common Shares (Common Shares) that, when added to all other Common Shares owned by them, would equal one-fifth or more but less than one-third of the outstanding Common Shares (the Additional Shares). Throughout this Proxy Statement, MAK Capital Fund LP and Paloma International L.P. are referred to jointly as MAK Capital. The Acquiring Person Statement from MAK Capital is attached as Exhibit A to this Proxy Statement. As more fully described below in the section entitled Ohio Control Share Acquisition Statute, shareholder authorization must be obtained before MAK Capital may acquire Common Shares that would entitle MAK Capital to directly or indirectly control one-fifth or more but less than one-third of the voting power of Agilysys in the election of its directors. You are also being asked to approve the adjournment of the Special Meeting if deemed desirable by Agilysys in its sole discretion.

**IMPORTANT**

**ANY PROXIES THAT ARE RETURNED WITHOUT A CERTIFICATION SPECIFYING THAT SUCH COMMON SHARES ARE NOT INTERESTED SHARES WILL BE PRESUMED TO BE INTERESTED SHARES. SEE CERTAIN VOTING PROCEDURES AT THE SPECIAL MEETING.**

If you have any questions concerning this solicitation of WHITE proxy cards by Agilysys, or need assistance in determining whether you are a holder of Interested Shares (as defined below), please contact our proxy solicitor:

Georgeson Inc.

Shareholders call (toll free): (800) 336-5134  
Banks and Brokers call collect: (212) 440-9800

**THE BOARD OF DIRECTORS OF AGILYSYS HAS DETERMINED TO EXPRESS NO OPINION AND REMAIN NEUTRAL WITH RESPECT TO THE CONTROL SHARE ACQUISITION. THE EVENTS PRECEDING THIS DETERMINATION ARE DESCRIBED BELOW UNDER THE SECTION TITLED BACKGROUND AND THE FACTORS CONSIDERED BY THE BOARD IN REACHING THIS DETERMINATION ARE DESCRIBED BELOW UNDER THE SECTION TITLED RECOMMENDATION BY THE BOARD OF DIRECTORS.**

**THE BOARD OF DIRECTORS OF AGILYSYS UNANIMOUSLY RECOMMENDS THAT AGILYSYS SHAREHOLDERS VOTE FOR THE PROPOSAL TO APPROVE ANY MOTION TO ADJOURN THE SPECIAL MEETING IF DEEMED DESIRABLE BY AGILYSYS IN ITS SOLE DISCRETION.**

The date of this Proxy Statement is [December 7, 2009.] This Proxy Statement and the accompanying WHITE proxy card are expected to be mailed to shareholders on or about [December 7, 2009.]

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**QUESTIONS AND ANSWERS**

**Why am I receiving this Proxy Statement?**

This Proxy Statement contains information related to the solicitation of proxies for use at our Special Meeting, to be held at 8:30 a.m., local time, on January 5, 2010 at the Agilysys headquarters at 28925 Fountain Parkway, Solon, Ohio 44139, for the purposes stated in the Notice of Special Meeting of Shareholders. This solicitation is made by Agilysys on behalf of our Board of Directors. We, our, us and Agilysys refer to Agilysys, Inc. and its subsidiaries. This Proxy Statement and the enclosed proxy card are first being mailed and made available electronically on our website at [www.agilysys.com](http://www.agilysys.com) to shareholders beginning on or about December 7, 2009.

**Why is Agilysys holding this Special Meeting?**

To vote on whether shareholders approve of MAK Capital's proposed Control Share Acquisition. Under Ohio law, shareholder authorization must be obtained before MAK Capital may acquire Common Shares that would entitle MAK Capital to directly or indirectly control one-fifth or more but less than one-third of the voting power of Agilysys in the election of its directors. You are also being asked to approve the adjournment of the Special Meeting if deemed desirable by us in our sole discretion.

**Who is entitled to vote at the Special Meeting?**

Only holders of record of our Common Shares at the close of business on November 24, 2009, the record date for the Special Meeting, are entitled to receive notice of and to vote at the Special Meeting or any adjournment or postponement of the Special Meeting. Our Common Shares are the only class of securities entitled to vote at the Special Meeting.

**What are the voting rights of shareholders?**

Each Common Share outstanding on the record date entitles its holder to cast one vote on each matter voted upon.

**Who can attend the Special Meeting?**

All holders of our Common Shares at the close of business on November 24, 2009, the record date for the Special Meeting, or their duly appointed proxies, are authorized to attend the Special Meeting. Cameras, recording devices, and other electronic devices will not be permitted at the Special Meeting. If you hold your shares in street name (that is, through a bank, broker or other nominee), you will need to bring a copy of the brokerage statement reflecting your stock ownership as of November 24, 2009, or a legal proxy from your bank or broker.

**What will constitute a quorum at the Special Meeting?**

The presence at the Special Meeting, in person or by proxy, of the holders of a majority of the Common Shares outstanding at the close of business on November 24, 2009 will constitute a quorum, permitting the shareholders to conduct business at the Special Meeting. We will include abstentions and broker non-votes in the number of Common Shares present at the Special Meeting for purposes of determining a quorum. A broker non-vote occurs when a bank, broker, or other nominee holding shares for a beneficial owner has not received instructions from the beneficial owner and does not have discretionary authority to vote the shares.

As of the record date, there were [23,031,119] Common Shares outstanding.

**How do I vote my Common Shares that are held by my bank or broker?**

If your Common Shares are held by a bank or broker, you should follow the voting instructions provided to you by the bank or broker. Although most banks and brokers offer voting by mail, telephone and on the Internet, availability and specific procedures will depend on their voting arrangements.

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### **How do I vote?**

You or your duly authorized agent may vote by completing and returning the accompanying proxy card, or you may attend the Special Meeting and vote in person.

### **May I change my vote after I return my proxy card?**

Yes. You may revoke a previously granted proxy at any time before it is exercised by submitting to our Secretary at 28925 Fountain Parkway, Solon, Ohio 44139 a notice of revocation or a duly executed proxy bearing a later date, or by attending the Special Meeting and voting in person.

### **How are votes counted?**

If the accompanying proxy card is properly signed and returned to us, and not revoked, it will be voted **AS DIRECTED BY YOU**. If you return a proxy card but do not indicate how your shares are to be voted, your proxy card will be voted as **ABSTAINING** from the vote on the Control Share Acquisition, **FOR** the adjournment proposal, and as recommended by our Board of Directors with regard to any other matters that properly come before the Special Meeting, or, if no such recommendation is given, the persons designated as proxy holders on the proxy card will vote in their own discretion.

### **How does the Board recommend that shareholders vote on the proposed Control Share Acquisition?**

After careful consideration, including a thorough review of the proposed Control Share Acquisition with Agilysys financial and legal advisors, and consultation with Agilysys management, the Board has determined to express no opinion and remain neutral with respect to the Control Share Acquisition. The events preceding this determination are described below under the section titled Background, and the factors considered by the Board in reaching this determination are described below under the section titled Recommendation by the Board of Directors.

### **Since the Board has determined to remain neutral regarding the proposed Control Share Acquisition, why is Agilysys soliciting proxies from shareholders?**

Although our Board has determined to remain neutral, the Board desires to provide shareholders with information concerning the Board's process in reviewing the proposed Control Share Acquisition. The Board also believes that it is important that shareholders be assured that the voting process for the Special Meeting will be handled fairly and properly. MAK Capital has stated that it may raise an adjournment proposal at the Special Meeting. We believe that the adjournment proposal is most likely to be raised if MAK Capital does not have sufficient votes to approve the Control Share Acquisition. Agilysys believes that the vote on a possible adjournment should serve the interests of the shareholders as a whole. Accordingly, Agilysys is providing the WHITE proxy card with this Proxy Statement so that shareholders may provide Agilysys the ability to vote on any adjournment proposal if deemed desirable by Agilysys. The proxy committee will vote, as directed by you, completed, signed and returned WHITE proxy cards that are not subsequently revoked.

### **Why am I also receiving a proxy statement and proxy card from MAK Capital?**

MAK Capital is permitted to solicit proxies for approval of the Control Share Acquisition, and MAK Capital's proxy statement is accompanied by a BLUE proxy card. MAK Capital is asking shareholders to vote for the Control Share Acquisition. Voting on MAK Capital's BLUE proxy card also provides MAK Capital with sole authority to vote on any adjournment proposal. Voting on the WHITE proxy card gives Agilysys discretion to consider the best interests of the shareholders as a whole in considering any adjournment proposal. Please return only the WHITE proxy card. If

both the WHITE and BLUE proxy cards are received from you, the latest dated proxy card will be the proxy card used for vote tabulation.

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**Why is MAK Capital seeking approval for the Control Share Acquisition?**

MAK Capital desires to own a greater percent of the Common Shares than it currently owns, and Ohio law requires shareholders to approve MAK Capital's acquisition of the Additional Shares. Approval of the Control Share Acquisition will permit MAK Capital to purchase Common Shares in the open market, in one or more block trades, through an intermediary, pursuant to a tender offer or by any other legally permitted method.

**Why is Agilysys responsible for obtaining shareholder approval so that MAK Capital can acquire more shares?**

Ohio law requires Agilysys to call a special meeting of its shareholders for the purpose of voting on the proposed Control Share Acquisition.

**If shareholders approve the Control Share Acquisition, will I be asked to tender my Common Shares to MAK Capital?**

The Control Share Acquisition you are voting on is not a tender offer, and you are not being asked to tender any Common Shares. However, if shareholders approve the Control Share Acquisition, MAK Capital will be permitted to acquire the Additional Shares in the open market, in one or more block trades, through an intermediary, pursuant to a tender offer or by any other legally permitted method.

**What if the Control Share Acquisition is not approved?**

If the Control Share Acquisition is not approved, MAK Capital will not be allowed to acquire Common Shares equal to or greater than one-fifth of Agilysys' outstanding Common Shares.

**Why does the proxy card for the Special Meeting include a certification that has not been included on prior annual or special meeting proxy cards?**

Under the Ohio Control Share Acquisition Statute, the affirmative vote of the holders of a majority of the voting power entitled to vote in the election of Agilysys directors represented at the Special Meeting in person or by proxy excluding the voting power of Interested Shares, is required for approval of the Control Share Acquisition. The certification on the proxy card will be used for determining which Common Shares are Interested Shares.

**How do I know if I own Interested Shares?**

Interested Shares are Common Shares held by MAK Capital and its affiliates, by any officer of Agilysys elected or appointed by the Board of Directors, or by any employee of Agilysys who is a director, and Common Shares acquired by any person between the date of the public disclosure of the proposed Control Share Acquisition on November 20, 2009 and the Record Date if the aggregate purchase price of such Common Shares paid by such person exceeds \$250,000. Additionally, any Common Shares transferred after the Record Date, if accompanied by voting power in the form of a blank proxy, an agreement to vote as instructed by the transferee or otherwise, are also Interested Shares.

**Why are you including Interested Shares in the First Majority Approval vote and not in the Second Majority Approval vote?**

The Ohio Control Share Acquisition Statute requires us to conduct the vote in this manner.

**Who pays the costs of soliciting proxies?**

We will pay the costs of soliciting proxies. We hired Georgeson Inc. to serve as proxy solicitors for us at a cost of \$25,000. In addition to soliciting proxies by mail, our officers, trustees and other employees, without additional compensation, may solicit proxies personally or by other appropriate means. It is anticipated that banks, brokers, fiduciaries, custodians and nominees will forward proxy soliciting materials to their principals, and that we will reimburse such persons out-of-pocket expenses.

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**How can I determine the results of the voting at the Special Meeting?**

Preliminary voting results will be announced at the Special Meeting, if available. Final results will be published in our quarterly report on Form 10-Q for the third quarter of fiscal 2010.

**Why do the proxy materials contain information regarding the Internet availability of proxy materials?**

Pursuant to rules adopted by the Securities and Exchange Commission ( SEC ), we will provide access to our proxy materials on the Internet. As described above, proxy materials for the Special Meeting, including this Proxy Statement, are now available on the Internet by accessing *www.agilysys.com*. While Agilysys elected to mail complete sets of the proxy materials for this Special Meeting, in the future, you may receive only a Notice of Internet Availability of Proxy Materials, and you would then have to request to receive a printed set of the proxy materials.

**Who should I contact if I have any questions?**

If you have any questions about the Special Meeting, the proxy materials or your ownership of our Common Shares, please contact Georgeson Inc. at (800) 336-5134. Banks and brokers may call collect at (212) 440-9800.

**VOTING AT THE SPECIAL MEETING**

**Any Common Shares subject to proxies that are returned without a certification specifying that such Common Shares are not Interested Shares will be presumed to be Interested Shares. See Certain Voting Procedures at the Special Meeting.**

At the Special Meeting, Agilysys shareholders will be asked to approve a resolution authorizing the Control Share Acquisition. Authorization for the Control Share Acquisition requires:

the affirmative vote of the holders of a majority of the voting power entitled to vote in the election of Agilysys directors represented at the Special Meeting in person or by proxy (the First Majority Approval ); and

the affirmative vote of the holders of a majority of the voting power entitled to vote in the election of Agilysys directors, excluding the voting power of Interested Shares, as defined in the section entitled Ohio Control Share Acquisition Statute, represented at the Special Meeting in person or by proxy (the Second Majority Approval ).

The Board has authorized, and Agilysys will institute, presumptions and procedures to implement the legislative mandate to exclude the voting power of Interested Shares, including a requirement that each shareholder certify the number of such shareholder's Common Shares being voted that are eligible to vote in respect of the Second Majority Approval. These presumptions and procedures are set forth in Exhibit B to this Proxy Statement. In the event that some but not all of such shareholder's Common Shares are Interested Shares, the shareholder should indicate the number of such shareholder's Common Shares being voted that are not Interested Shares and are therefore eligible to vote in respect of the Second Majority Approval.

**It is Agilysys position that all Common Shares that are voted without a certification, including on a proxy card provided by MAK Capital, will be presumed to be Interested Shares and therefore ineligible to vote in respect of the Second Majority Approval.**

If the Control Share Acquisition is not authorized by both of the majority votes required, MAK Capital may not proceed further with the Control Share Acquisition. If both the required majorities authorize the Control Share Acquisition, MAK Capital would be permitted by the Ohio Control Share Acquisition Statute to acquire the Additional Shares. Notwithstanding shareholder approval of the Control Share Acquisition, MAK Capital would



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continue to be prohibited from engaging in certain transactions with Agilysys under Chapter 1704 of the Ohio Revised Code because MAK Capital already owns more than 10% of the outstanding Common Shares.

A quorum will be deemed present at the Special Meeting if at least a majority of the voting power entitled to vote at the Special Meeting is represented at the Special Meeting in person or by proxy. The holders of a majority of the voting power represented at the Special Meeting in person or by proxy, whether or not a quorum is present, may adjourn the Special Meeting from time to time, but not to a date later than January 9, 2010. Pursuant to the Ohio Control Share Acquisition Statute, unless MAK Capital and Agilysys agree in writing to another date, the Special Meeting shall be held within 50 days after receipt by Agilysys of the Acquiring Person Statement. Since the Acquiring Person Statement was received by Agilysys on November 20, 2009, the Special Meeting must be held no later than January 9, 2010. Agilysys currently has no plans to request that MAK Capital agree to postpone or adjourn the Special Meeting, and Agilysys has not received any request from MAK Capital to postpone or adjourn the Special Meeting past January 9, 2010. In the event that the Special Meeting is not held because of the absence of a quorum, the Control Share Acquisition would not be authorized.

You are also being asked to approve the adjournment of the Special Meeting if deemed desirable by Agilysys in its own discretion. Authorization of the proposal to adjourn the Special Meeting if deemed desirable by Agilysys requires the affirmative vote of the holders of a majority of the outstanding Common Shares entitled to vote at the Special Meeting represented in person or by proxy.

As of the Record Date, there were [23,031,119] Common Shares issued and outstanding. Each Common Share entitles the holder thereof to one vote on the proposal to authorize the Control Share Acquisition (provided that, as described herein, Interested Shares will be excluded for purposes of determining the Second Majority Approval) and one vote on the adjournment proposal.

Whether or not you plan to attend the Special Meeting, the Board urges you to vote your Common Shares on the accompanying WHITE proxy card, complete the accompanying certification and return it in the enclosed postage-paid envelope. The Board is expressing no opinion and is remaining neutral on the Control Share Acquisition proposal, but recommends you vote **FOR** the adjournment proposal on the accompanying WHITE proxy card. You may revoke your proxy at any time before it is voted at the Special Meeting by delivering a written notice of revocation or a later dated proxy for the Special Meeting to our Secretary at the Agilysys headquarters at 28925 Fountain Parkway, Solon, Ohio 44139.

Proxies for the Special Meeting may also be revoked by voting in person at the Special Meeting, although attendance at the Special Meeting will not by itself revoke a proxy. Unless revoked in the manner set forth above, proxies received by Agilysys on the accompanying form will be voted at the Special Meeting only in accordance with the written instructions set forth on the WHITE proxy card. In the absence of written instructions, proxies in the form accompanying this Proxy Statement will be voted as **ABSTAINING** from voting on the Control Share Acquisition and **FOR** the adjournment proposal. If you return both the WHITE and the BLUE proxy cards, the later dated proxy card will be counted for vote tabulation.

Any abstention from voting on a proxy that has not been revoked will be included in computing the number of Common Shares present for purposes of determining whether a quorum is present at the Special Meeting and will have the same effect as a vote **AGAINST** the proposals. When brokers do not receive voting instructions from a customer, they are permitted to, and generally do, exercise discretionary voting authority with respect to the customer's shares on routine matters being voted on at a meeting. If there are non-routine matters also being voted upon at the same meeting, the broker is not permitted to exercise discretionary voting authority on such matters, and the shares voted by the broker in its discretion on routine matters are considered broker non-votes with respect to the non-routine matters. The Control Share Acquisition proposal is a non-routine matter, and brokers may not exercise discretionary

voting authority. The adjournment proposal is considered a routine matter. If there are any broker non-votes, such broker non-votes will be included in the quorum and have the same effect as a vote AGAINST the Control Share Acquisition proposal.

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**COMMON SHARES OUTSTANDING AND ELIGIBLE TO BE VOTED IN FIRST MAJORITY APPROVAL AND SECOND MAJORITY APPROVAL**

Common Shares are the only shares entitled to be voted at the Special Meeting. Common Shares are entitled to one vote per share and vote together as a single class. As of the Record Date, there were [23,031,119] Common Shares issued and outstanding, all of which are eligible to be voted in determining whether the Control Share Acquisition will be approved by the First Majority Approval required under the Ohio Control Share Acquisition Statute.

The number of Common Shares eligible to be voted in determining whether the Control Share Acquisition has been approved by the Second Majority Approval under the Ohio Control Share Acquisition Statute, consisting of the voting power of all the outstanding Common Shares excluding the voting power of Interested Shares, will be determined as of the time of the Special Meeting in the manner described in this Proxy Statement. The categories of Interested Shares that will not be eligible to be voted in determining the Second Majority Approval are as follows:

1. Common Shares owned by MAK Capital and its affiliates, as described below under the section titled Background. Based on MAK Capital's Schedule 13D filed with the SEC, subsequent Section 16 reports, and the Acquiring Person Statement, MAK Capital beneficially owns 4,418,447 Common Shares, which as of the Record Date represented 19.18% of the outstanding Common Shares. For purposes of the Second Majority Approval, such Common Shares are Interested Shares that are not eligible to be voted in determining the Second Majority Approval.
2. Common Shares owned by officers of Agilysys elected or appointed by the Board or owned by any employee of Agilysys who is also a director of Agilysys. As of the Record Date, these individuals own, in the aggregate, 357,962 Common Shares, which are, for this purpose, Interested Shares and are not eligible to be voted in determining the Second Majority Approval.
3. Common Shares acquired by any person for valuable consideration during the period beginning November 20, 2009, the date of the first public disclosure of MAK Capital's proposed Control Share Acquisition, and ending on the Record Date (such period being referred to herein as the Restricted Period), if the aggregate consideration paid by such person for such Common Shares exceeds \$250,000.
4. Common Shares owned by any person that transfers such Common Shares for valuable consideration after the Record Date, if the Common Shares are accompanied by the voting power of such transferred Common Shares in the form of a blank proxy, an agreement to vote as instructed by the transferee, or otherwise.

For purposes of the foregoing, the term owned means Common Shares as to which a person may exercise or direct the exercise of the voting power entitled to vote in the election of directors. Shareholders who acquire, prior to the commencement of the Restricted Period, Common Shares that are not Interested Shares and who acquire additional Common Shares during the Restricted Period for an aggregate consideration in excess of \$250,000 will be entitled to have their Common Shares acquired prior to the Restricted Period voted in determining whether the Second Majority Approval has been obtained if they provide an appropriate certification of eligibility, as described below under the section titled Certification of Interested Shares.

All Common Shares acquired during the Restricted Period for an aggregate purchase price of more than \$250,000 will be considered Interested Shares, including the first \$250,000 of such Common Shares. Furthermore, Common Shares that are considered Interested Shares because they were purchased during the Restricted Period as part of an aggregate purchase of \$250,000 or more of Common Shares will remain Interested Shares if owned by such purchaser as of the Record Date even if the purchaser of such Common Shares at some point during that period disposes of some of such

Common Shares. For example, in the case of a person who buys \$1,000,000 worth of Common Shares during the Restricted Period, then sells \$800,000 worth of Common Shares during that period, all of such person's Common Shares acquired during the Restricted Period and still owned as of the Record Date are Interested Shares.

The Ohio Control Share Acquisition Statute requires that Common Shares acquired by persons acting in concert be aggregated for the purpose of calculating the \$250,000 threshold for determination of Interested Share status. In the event that Common Shares are entitled to be voted by more than one person, all of such Common

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Shares will be considered to be owned by each such person for purposes of determining whether such Common Shares are Interested Shares.

Each investment advisor or other person who holds Common Shares for different beneficial owners, based on its own circumstances and arrangements with its clients, will need to make its own determination as to whether any of the Common Shares held in its accounts for the benefit of such beneficial owners are Interested Shares.

Under the Ohio Control Share Acquisition Statute, Common Shares owned by directors who are not employees of Agilysys, and who do not fall into any other category described in subparagraph (1), (2), (3) or (4) above, would not be Interested Shares. Agilysys non-employee directors, excluding R. Andrew Cueva, an affiliate of MAK Capital, owned an aggregate of [254,418] Common Shares as of the Record Date and, to the best of Agilysys knowledge, none of these Common Shares are Interested Shares.

All Common Shares as to which a signed certification of eligibility, as described below under the section titled Certification of Interested Shares, has been provided on the proxy card or ballot (provided at the Special Meeting for voting in person) indicating that such Common Shares are not Interested Shares will be presumed by Agilysys to be eligible to be voted in determining whether the Control Share Acquisition is approved by the Second Majority Approval. This presumption may be rebutted if a shareholder signing the proxy card or ballot provides subsequent information indicating that some or all of the Common Shares represented by the original proxy card or ballot are, or have become, Interested Shares or a successful challenge is made to such certification on the basis of information available to the challenging party. It is Agilysys position that Common Shares subject to a proxy card or ballot without a certification of eligibility completed by the shareholder shall be presumed to be Interested Shares and not eligible to be voted in determining whether the Control Share Acquisition has been approved by the Second Majority Approval.

**IT IS ALSO AGILYSYS POSITION THAT ALL COMMON SHARES WHICH ARE VOTED ON ANY PROXY CARD THAT MAY BE DISTRIBUTED BY, OR ON BEHALF OF, MAK CAPITAL, WHICH DO NOT CONTAIN A CERTIFICATION OF ELIGIBILITY SIMILAR TO THE ONE AUTHORIZED ON AGILYSYS PROXY CARD, SHALL ALSO BE PRESUMED TO BE INTERESTED SHARES, UNLESS THE SHAREHOLDER SIGNING THE PROXY CARD SIGNS AND PRESENTS EITHER (1) A PROXY CARD BEARING A LATER DATE WITH A SIGNED CERTIFICATION OF ELIGIBILITY OR (2) A SEPARATE CERTIFICATION OF ELIGIBILITY IN SUBSTANTIALLY THE FORM PROVIDED TO SHAREHOLDERS BY AGILYSYS.**

Corporate Election Services will upon telephone request furnish Agilysys shareholders of record with additional WHITE proxy cards that contain a certification of eligibility or separate certifications of eligibility. Please call toll-free at 1-877-382-0000. Banks and brokers may call Georgeson collect at (212) 440-9800 to receive these materials.

**CERTAIN VOTING PROCEDURES AT THE SPECIAL MEETING**

The Board has authorized, and Agilysys will institute, presumptions and procedures to govern the conduct of the Special Meeting as well as to implement the Ohio legislative mandate to exclude the voting power of Interested Shares from the determination of the Second Majority Approval. The material presumptions and procedures are described below and are qualified by reference to Exhibit B hereto which sets forth the presumptions and procedures authorized by the Board with respect to the Special Meeting.

The required votes needed to pass the Control Share Acquisition proposal are both the First Majority Approval and the Second Majority Approval. All shareholders will be asked on the proxy card to certify whether or not they hold

Interested Shares, which are not eligible to be voted in the Second Majority Approval.

As described herein, each shareholder must certify on the WHITE proxy card or a separate certification of eligibility the number of Common Shares being voted that are eligible to vote in respect of the Second Majority Approval. Agilysys shareholders who own both (i) Common Shares that are not Interested Shares and (ii) Common Shares that are Interested Shares because they were acquired for an aggregate purchase price of more than \$250,000 during the Restricted Period will be able to certify the number of Common Shares acquired prior to November 20, 2009 and therefore eligible to be voted in the Second Majority Approval. It is presumed that every Common Share that is certified as eligible to vote in the Second Majority Approval is eligible to vote in the Second Majority Approval. It is

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presumed that every Common Share that is not certified as eligible to vote in the Second Majority Approval, or every Common Share as to which there is no certification of eligibility, is not eligible to vote in the Second Majority Approval.

**UNDER THE PROCEDURES ADOPTED FOR THE SPECIAL MEETING, ALL COMMON SHARES THAT ARE VOTED WITHOUT SUCH A CERTIFICATION, OR THAT ARE OWNED BY A SHAREHOLDER THAT HOLDS BOTH INTERESTED SHARES AND NON-INTERESTED SHARES BUT FAILS TO INDICATE HOW MANY COMMON SHARES ARE NOT INTERESTED SHARES, SHALL BE PRESUMED TO BE INELIGIBLE TO VOTE IN RESPECT OF THE SECOND MAJORITY APPROVAL.**

Banks, brokerage houses, other institutions, nominees, and fiduciaries holding Common Shares beneficially owned by other parties will be requested to include this certification on all materials distributed to such beneficial owners seeking instructions from the beneficial owners as to how to vote such Common Shares.

If you are a bank, broker or other nominee who holds Common Shares for a beneficial owner of the Common Shares, you should look through to the person who has the power to exercise or direct the exercise of the vote with respect to Common Shares at the Special Meeting in determining whether any such shares acquired during the Restricted Period are Interested Shares.

The Board has appointed Corporate Election Services as the Inspector of Election. The Board of Directors may, if it deems it appropriate, appoint a presiding inspector to oversee the Inspector of Election. The Inspector of Election will, among other things, determine whether a quorum is present, tabulate votes at the Special Meeting and resolve disputes, including disputes as to whether Common Shares are Interested Shares. Agilysys will submit, and MAK Capital may also submit, to the Inspector of Election information that may assist in identifying which Common Shares are Interested Shares for purposes of challenging any certification of eligibility or lack thereof made on a proxy card or ballot (provided at the Special Meeting for voting in person) that Agilysys or MAK Capital, on the basis of such information, may believe to be incorrect or invalid. Under procedures approved by the Board, such challenges are to be made on a timely basis prior to the certification of the vote at the Special Meeting. All such challenges will be resolved by the Inspector of Election. The Inspector of Election will be instructed to conduct its review and tabulation of proxies as expeditiously as possible.

All Common Shares as to which a signed certification of eligibility, as described below under the section titled Certification of Interested Shares, has been provided on the proxy card or ballot indicating that such Common Shares are not Interested Shares will be presumed by the Inspector of Election to be eligible to be voted in determining whether the Control Share Acquisition has obtained the Second Majority Approval.

If the Inspector of Election cannot definitively determine whether a quorum is present, the business of the Special Meeting will go forward, even though the final determination as to whether the quorum is present may not be completed for a number of days. If the quorum requirement is not met, the Control Share Acquisition shall not be considered to have been approved. No other business is expected to be conducted at the Special Meeting.

In addition to the presumptions and procedures described above, the following customary presumptions, among others, will be applicable in connection with the Special Meeting:

proxies regular on their face are valid;

undated but otherwise regular proxies are valid;

ambiguities shall be resolved in favor of enfranchising shareholders and affirming the eligibility of their Common Shares;

signatures are valid, and signatures on behalf of entities or made by mechanical device are authorized;

in the case of shareholders who submit more than one proxy, the most recent one is valid;

a legibly signed proxy is valid, notwithstanding discrepancies or incorrect information;

a proxy is intended to vote all shares of the record owner, unless expressly stated to the contrary; and

nominees will comply with all applicable laws.



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**BACKGROUND**

MAK Capital first became a holder of Common Shares in January 2007. MAK Capital currently beneficially owns 19.18% of the Common Shares and is Agilysys' largest shareholder. Of the Common Shares owned by MAK Capital, approximately 11.49% of the Common Shares are beneficially owned by MAK Capital Fund LP and approximately 7.70% of the Common Shares are beneficially owned by Paloma International L.P. through its subsidiary, Sunrise Partners Limited Partnership, a Delaware limited partnership. R. Andrew Cueva, Managing Director of MAK Capital Fund LP and a director of Agilysys, may be deemed to beneficially own Common Shares beneficially owned by MAK Capital Fund LP. Mr. Cueva disclaims beneficial ownership of the Common Shares held by MAK Capital Fund LP except to the extent of his pecuniary interest in MAK Capital Fund LP's interest in the Common Shares. Additionally, other affiliated entities of MAK Capital, and affiliates of those entities, may be deemed to beneficially own the Common Shares held by MAK Capital.

Based on a Schedule 13G filing with the SEC on November 19, 2007, MAK Capital and its affiliates first reported beneficial ownership of 1,672,122 Common Shares. MAK Capital and its affiliates increased their ownership stake in Agilysys from February 2008 through July 2008, reporting beneficial ownership of an additional 1,538,813 Common Shares on numerous Form 4 filings made during that period. On July 1, 2008, MAK Capital and its affiliates filed a Schedule 13D, indicating beneficial ownership of 4,047,281 Common Shares. During the period from November 2008 through February 2009, MAK Capital and its affiliates continued to increase their ownership stake in Agilysys, reporting beneficial ownership of an additional 371,166 Common Shares on numerous Form 4 filings made during that period.

On June 25, 2008, Mr. Cueva was appointed to Agilysys' Board of Directors to serve as a Class B director. Mr. Cueva replaced Curtis J. Crawford as a member of the Board following Mr. Crawford's resignation. Mr. Cueva was reelected to the Board by Agilysys' shareholders at the Annual Meeting held in March of 2009, and his current term will expire in 2011. From its inception in May 2008 until it was disbanded in March 2009, Mr. Cueva also served on a special committee of independent directors established by the Board to explore all strategic options to maximize shareholder value, including the sale of all or parts of Agilysys. Mr. Cueva also serves on the Audit and the Nominating and Corporate Governance Committees of the Board.

In March 2009, Mr. Cueva discussed with the Board and at a special meeting of the Nominating and Corporate Governance Committee (the "Committee") the possible interest of MAK Capital in increasing MAK Capital's ownership of Common Shares to a level that would have required MAK Capital to file an acquiring person statement with Agilysys. In April 2009, the Committee held a special meeting to consider and discuss the issues raised by the potential interest of MAK Capital and received related presentations from management and Agilysys' financial advisor. No further action was taken by the Board or the Committee, as no acquiring person statement was filed by MAK Capital at that time.

In October of 2009, Mr. Cueva again discussed with the Board and the Committee the possible interest of MAK Capital in increasing MAK Capital's ownership of Common Shares to an amount equal to or more than one-fifth, but less than one-third, of the outstanding Common Shares.

On November 18, 2009, the Committee, including Mr. Cueva, held a special meeting to consider and discuss the issues raised by the potential interest of MAK Capital. All members of the Committee participated in the meeting. Mr. Cueva presented to the Committee information regarding MAK Capital's proposed Control Share Acquisition, as reflected in a draft acquiring person statement provided to the Committee. Mr. Cueva responded to questions and then recused himself from the balance of the meeting. The remaining Committee members then heard presentations from

legal and financial advisors, as well as management, regarding the proposed Control Share Acquisition, discussed at length the information presented, and unanimously determined that the Committee should recommend to the Board that the Board express no opinion and remain neutral with respect to the proposed Control Share Acquisition and that the Board recommend to shareholders that they confer discretionary authority on the proxy committee appointed by the Board to vote FOR the adjournment proposal if the proxy committee deems that advisable based on the circumstances at the time.

On November 20, 2009, MAK Capital delivered to Agilysys its Acquiring Person Statement pursuant to the Ohio Control Share Acquisition Statute. MAK Capital indicated in the Acquiring Person Statement that it intended

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to acquire a number of Common Shares that, when added to MAK Capital's current holdings in Common Shares, would increase MAK Capital's voting power in the election of Agilysys' directors to equal one-fifth or more, but less than one-third, of the voting power of Common Shares.

On November 20, 2009, the Board held a special meeting to consider and discuss the issues raised by the proposed Control Share Acquisition, the Committee's recommendation to the Board and the Board's possible recommendations to shareholders. All members of the Board participated in the meeting. Mr. Cueva made a presentation to the Board regarding the proposed Control Share Acquisition, responded to questions, and then recused himself from the balance of the meeting. The remaining members of the Board then heard additional presentations, as had been presented to the Committee, from legal and financial advisors and management regarding the proposed Control Share Acquisition. After an extensive discussion by the remaining members of the Board regarding the information and issues presented, the Board unanimously determined, with Mr. Cueva recusing himself from the vote, to express no opinion and remain neutral with respect to the Control Share Acquisition and to recommend to shareholders that they confer discretionary authority on the proxy committee appointed by the Board to vote FOR the adjournment proposal if the proxy committee deems that advisable based on the circumstances at the time. The factors considered by the Board in reaching the determination to remain neutral regarding the proposed Control Share Acquisition are described below under the section titled "Recommendation by the Board of Directors."

Based on MAK Capital's filings with the SEC, MAK Capital's holdings of Common Shares exceed 10% of the voting power in the election of directors of Agilysys. On February 5, 2008, MAK Capital filed a Form 3 with the SEC indicating 10% ownership of the Common Shares as of January 31, 2008. Under Chapter 1704 of the Ohio Revised Code, MAK Capital is an "interested shareholder" and, based on that status as an "interested shareholder," MAK Capital is prohibited from engaging in certain transactions (a "Chapter 1704 transaction") with Agilysys during the three-year period following the date of acquiring more than 10% of the voting power in the election of directors of Agilysys. Subject to certain exceptions, Chapter 1704 transactions include mergers, dispositions and sales of assets. See Exhibit C of this Proxy Statement for the full text of Chapter 1704 of the Ohio Revised Code.

## **CHANGE OF CONTROL IMPLICATIONS**

Agilysys has entered into a Change of Control Agreement with Martin F. Ellis, Agilysys' President and Chief Executive Officer. No other executive officer named in the 2009 proxy statement ("Named Executive Officer") has a change of control agreement. Under Mr. Ellis' agreement, two events need to occur for change in control payments to be triggered. First, a change of control must occur, and under the agreement a change in control occurs if there is an acquisition by any person, entity or group of the beneficial ownership of 20% or more of either the then outstanding Common Shares or the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors. MAK Capital is the beneficial owner of 19.18% of the Common Shares, and the beneficial ownership of at least one-fifth of the Common Shares by MAK Capital will constitute a change of control under Mr. Ellis' agreement. Once a change of control has occurred, a change of control payment would be payable to Mr. Ellis only in the event he is terminated without cause or voluntarily terminates his employment for good reason within 12 months following the change of control, which would be the date that MAK Capital first acquires beneficial ownership of one-fifth of the Common Shares. Under Mr. Ellis' agreement, if both the change of control and such termination occur, Agilysys would pay him an amount equal to 24 times the greater of his (i) highest monthly base salary during the 12 months prior to the change of control or (ii) the highest monthly base salary paid or payable by Agilysys at any time from the 90-day period preceding the change of control through his termination date. Mr. Ellis also would receive a lump sum equal to two times his target annual incentive, as well as payments for auto, health and dental care and tax gross-ups. Additionally, Mr. Ellis would be treated as having retired from Agilysys two years following his termination and would receive two additional years of credited service under his Supplemental Executive Retirement Plan ("SERP").

Additionally, certain equity awards granted under Agilysys 2006 Stock Incentive Plan and 2000 Stock Incentive Plan are affected by a change of control. In May of 2009, the Board amended the 2006 Stock Incentive Plan to change the definition of change of control to require a 33-1/3% beneficial ownership of the Common Shares to trigger any change of control benefits. However, awards granted prior to that date are subject to a 20% beneficial ownership level, and beneficial ownership of at least one-fifth of the Common Shares by MAK Capital will

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constitute a change of control under those award agreements. Once a change of control has occurred, all unvested outstanding options issued prior to May 2009 become immediately exercisable and all unvested restricted shares issued prior to May 2009 become immediately vested.

Messrs. Rhein, Coleman and Sayers, each of whom was a Named Executive Officer, are no longer Agilysys employees and therefore no benefits will accrue to them as a re