

AGILYSYS INC
Form DEF 14A
June 24, 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**

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**

June 26, 2009

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of Agilysys, Inc., that will be held at 8:30 a.m., local time, on Friday, July 31, 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 Annual Meeting include the election of three Class C 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 Annual Meeting, whether or not you plan to attend. Accordingly, please sign, date and mail the enclosed proxy card, in the envelope provided, at your earliest convenience.

Thank you for your cooperation and continued support.

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 of Agilysys Inc., will be held at the Company's headquarters at 28925 Fountain Parkway, Solon, Ohio 44139, on Friday, July 31, 2009, at 8:00 a.m., local time, for the following purposes:

1. To elect three Class C members of the Board of Directors of the Company to hold office for a term expiring in 2012;
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 June 19, 2009 are entitled to notice of the Annual Meeting and to vote at the Annual Meeting.

By Order of the Board of Directors.

Lawrence N. Schultz
Secretary

June 26, 2009

**Important Notice Regarding the Availability of Proxy Materials for the
Annual Meeting of Shareholders to be held on July 31, 2009.**

The Proxy Statement and Annual Report to Shareholders are available at
www.Agilysys.com

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AGILYSYS, INC.

**28925 FOUNTAIN PARKWAY
SOLON, OHIO 44139**

PROXY STATEMENT

Annual Meeting of Shareholders to be held on July 31, 2009

The Proxy 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 July 31, 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 that 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 is exercised or in the open meeting. Unless 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 June 19, 2009 the date fixed for purpose of determining which shareholders can vote there were 22,710,051 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 Stock Market and SEC rules, appointment of the Company's independent registered public accounting firm 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 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 registered public accounting firm 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 Annual Meeting commences, any shareholder gives written notice to the Chief Executive Officer 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 of Directors 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 the votes among two or more Director nominees, as the shareholder chooses.

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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 2009 annual meeting of shareholders (the Annual Meeting), to be held at 8:30 a.m., local time, on Friday, July 31, 2009 at the Company's headquarters at 28925 Fountain Parkway, Solon, Ohio 44139, for the purposes stated in the Notice of Annual Meeting of Shareholders. This solicitation is made by Agilysys, Inc. on behalf of our Board of Directors. We, our, us and the Company refer to Agilysys, Inc. and its subsidiaries. This Proxy Statement, the enclosed proxy card and our 2009 Annual Report to Shareholders and Form 10-K are first being mailed and made available electronically on our website at www.agilysys.com to shareholders beginning on or about June 26, 2009.

Who is entitled to vote at the Annual Meeting?

Only holders of record of our Common Shares at the close of business on June 19, 2009, the record date for the Annual Meeting, are entitled to receive notice of and to vote at the Annual Meeting or any adjournment or postponement of the Annual Meeting. Our Common Shares are the only class of securities entitled to vote at the Annual 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 to be voted upon.

Who can attend the Annual Meeting?

All holders of our Common Shares at the close of business on June 19, 2009, the record date for the Annual Meeting, or their duly appointed proxies, are authorized to attend the Annual Meeting. Cameras, recording devices, and other electronic devices will not be permitted at the Annual 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 June 19, 2009, or a legal proxy from your bank or broker.

What will constitute a quorum at the Annual Meeting?

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the Common Shares outstanding at the close of business on June 19, 2009 will constitute a quorum, permitting the shareholders to conduct business at the Annual Meeting. We will include abstentions and broker non-votes in the number of Common Shares present at the Annual Meeting for purposes of determining a quorum. A broker non-vote occurs when a 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 22,710,051 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.

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 Annual Meeting and vote in person.

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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 a notice of revocation or a duly executed proxy bearing a later date, or by attending the Annual Meeting and voting in person.

How are proxy card 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. Unless contrary instructions are given, the persons designated as proxy holders on the proxy card will vote **FOR** the election of all nominees for our Board of Directors named in this Proxy Statement, **FOR** the ratification of Ernst & Young LLP as our independent registered public accounting firm and, as recommended by our Board of Directors with regard to any other matters that properly come before the Annual Meeting, or, if no such recommendation is given, the persons designated as proxy holders on the proxy card will vote in their own discretion.

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 \$8,500. 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.

How can I determine the results of the voting at the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. Final results will be published in the Company's quarterly report on Form 10-Q for the first quarter of fiscal 2010.

How can I obtain the Company's Annual Report and Form 10-K?

Our Annual Report to Shareholders and Form 10-K for the fiscal year ended March 31, 2009, is being mailed along with this Proxy Statement. These documents are also available electronically on our website at www.agilysys.com. Our 2009 Annual Report is not incorporated into this Proxy Statement and shall not be considered proxy solicitation material.

If you wish to have a copy of our Annual Report to Shareholders and Form 10-K for the fiscal year ended March 31, 2009, we will mail these documents to you without charge. Requests should be sent to: our Treasurer, Agilysys, Inc., 28925 Fountain Parkway, Solon, Ohio 44139. These materials have been filed with the Securities and Exchange Commission, or SEC, and may be accessed from the SEC's homepage at www.sec.gov.

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

Pursuant to rules adopted by the SEC, the Company will provide access to our proxy materials on the Internet. As described above, proxy materials for the Annual Meeting, including our Annual Report to Shareholders and this Proxy Statement, are now available on the Internet by accessing www.agilysys.com. While the Company elected to mail complete sets of the proxy materials for this year's Annual 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 Annual Meeting, these proxy materials or your ownership of our Common Shares, please contact our Treasurer by telephone at (440) 519.8700 or by fax at (440) 519.8619.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Proxy Statement contains certain management expectations, that may constitute forward-looking information within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities and Exchange Act of 1934 and the Private Securities Reform Act of 1995. Forward-looking information speaks only as to the date of this Proxy Statement and may be identified by use of words such as may, will, believes, anticipates, plans, expects, estimates, projects, targets, forecasts, continues, seeks, or the negative of those terms or similar expressions. Important factors could cause actual results to be materially different from those in forward-looking information including, without limitation, competitive factors, disruption of supplies, changes in market conditions, pending or future claims or litigation, or technology advances. No assurances can be provided as to the outcome of cost reductions, business strategies, future financial results, unanticipated downturns to our relationships with customers, unanticipated difficulties integrating acquisitions, new laws and government regulations, interest rate changes, and unanticipated deterioration in economic and financial conditions in the United States and around the world. The company does not undertake to update or revise any forward-looking information even if events make it clear that any projected results, actions, or impact, express or implied, will not be realized.

Other potential risks and uncertainties that may cause actual results to be materially different from those in forward-looking information are described in the company's Annual Report on Form 10-K filed within the SEC, under Item 1A, Risk Factors. Copies are available from the SEC or the Agilysys web site.

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The following table shows the number of Common Shares beneficially owned as of May 31, 2009, unless otherwise indicated, by: (i) each current Director; (ii) all individuals serving as the chief executive officer or chief financial officer for Agilysys during the fiscal year ended March 31, 2009; (iii) the other three most highly compensated executive officers at March 31, 2009 whose total compensation exceeded \$100,000 for the fiscal year ended March 31, 2009; (iv) two additional individuals who would have been included in the foregoing had they been serving as an executive officer of Agilysys at March 31, 2009 (together with the individuals covered by (ii) and (iii) above, the Named Executive Officers); (v) all Directors and our executive officers as a group; and (vi) each person who is known by us to beneficially own more than 5% of our Common Shares.

Name	Number of Common Shares Beneficially Owned(1)	Percent # of Class
Directors (Excluding Named Executive Officers)(2)		
Thomas A. Commes	102,427(3)	.4
R. Andrew Cueva	2,646,161(4)	11.7
James H. Denedy		
Howard V. Knicely	60,927(5)	.3
Keith M. Kolerus	94,427(6)	.4
Robert A. Lauer	72,427(7)	.3
Robert G. McCreary, III	99,204(7)	.4
John Mutch	11,713(8)	
Named Executive Officers(2)		
Peter J. Coleman	128,478(9)	.6
Paul Civils, Jr.	38,966(10)	.2
Martin F. Ellis	404,134(11)	1.8
Kenneth J. Kossin Jr.	45,833(12)	.2
Arthur Rhein	761,735(13)	3.3
Richard A. Sayers, II	366,573(14)	1.6
Tina Stehle	33,333(15)	.1
Curtis Stout	35,499(16)	.2
All Directors and Executive Officers as a group (16 persons)	3,671,717(17)	15.7
Other Persons		
MAK Capital One, LLC et al. 6100 Red Hook Quarter, 18B, Suites C, 1-6 St. Thomas, VI 00802	4,418,447(18)	19.5
Ramius LLC et al. 599 Lexington Avenue, 20th Floor New York, New York 10022	2,703,991(19)	11.9
Dimensional Fund Advisors L.P. 1299 Ocean Ave., 11th Floor Santa Monica, California 90401	2,142,962(20)	9.4
Barclays Global Investors, NA	1,740,748(21)	7.7

45 Fremont Street
San Francisco, California 94105
Goodwood, Inc.
212 King Street West, Suite 201
Toronto, ON, Canada M5H 1K5

1,143,405(22)

5.0

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- (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.
- (2) The address of each Director and Named Executive Officer is 28925 Fountain Parkway, Solon, Ohio 44139.
- (3) Includes (i) 52,500 Common Shares which the Director had the right to acquire within 60 days of May 31, 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, and (ii) 11,713 restricted Common Shares which the Director was granted under the 2006 Stock Incentive Plan, as to which the Director has sole voting power, but no dispositive power until such Common Shares have become vested.
- (4) 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 Common 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.
- (5) Includes (i) 30,000 Common Shares which the Director had the right to acquire within 60 days of May 31, 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, and (ii) 11,713 restricted Common Shares which the Director was granted under the 2006 Stock Incentive Plan, as to which the Director has sole voting power, but no dispositive power until such Common Shares have become vested.
- (6) Includes (i) 47,500 Common Shares which the Director had the right to acquire within 60 days of May 31, 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, and (ii) 11,713 restricted Common Shares which the Director was granted under the 2006 Stock Incentive Plan, as to which the Director has sole voting power, but no dispositive power until such Common Shares have become vested.
- (7) Includes (i) 37,500 Common Shares which the Director had the right to acquire within 60 days of May 31, 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, and (ii) 11,713 restricted Common Shares which the Director was granted under the 2006 Stock Incentive Plan, as to which the Director has sole voting power, but no dispositive power until such Common Shares have become vested.
- (8) Comprised entirely of 11,713 restricted Common Shares which the Director was granted under the 2006 Stock Incentive Plan, as to which the Director has sole voting power, but no dispositive power until such Common Shares has become vested.

- (9) On October 21, 2008, Mr. Coleman's employment with the Company was terminated.
- (10) Includes (i) 2,738 Common Shares held in the Company's 401(k) Retirement Savings Plan, (ii) 2,895 Common Shares held in the Company's Benefits Equalization Plan, and (iii) 33,333 Common Shares which Mr. Civils had the right to acquire within 60 days of May 31, 2009, through the exercise of stock options granted to him under the 2006 Stock Incentive Plan.
- (11) Includes (i) 252,000 Common Shares which Mr. Ellis had the right to acquire within 60 days of May 31, 2009, through the exercise of stock options granted to him under the 2000 Stock Incentive Plan; and (ii) 52,000 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 Common Shares have become vested.
- (12) Comprised entirely of 45,833 Common Shares which Mr. Kossin had the right to acquire within 60 days of May 31, 2009, through the exercise of stock options granted to him under the 2000 and 2006 Stock Incentive Plans.
- (13) On October 20, 2008, Mr. Rhein retired from Agilysys. Includes (i) 500,000 Common Shares that Mr. Rhein has the right to acquire within 60 days of May 31, 2009, through the exercise of stock options granted to him under the 2000 Stock Incentive Plan, and (ii) 97,175 Common Shares that Mr. Rhein has pledged as security pursuant to a brokerage margin account.

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- (14) On March 15, 2009, Mr. Sayer's employment with the Company was terminated. Includes 253,500 Common Shares which Mr. Sayers had the right to acquire within 60 days of May 31, 2009, through the exercise of stock options granted to him under the 2000 and 2006 Stock Incentive Plan.
- (15) Comprised entirely of 33,333 Common Shares which Ms. Stehle had the right to acquire within 60 days of May 31, 2009, through the exercise of stock options granted to her under the 2000 and 2006 Stock Incentive Plans.
- (16) Comprised entirely of 35,499 Common Shares which Mr. Stout had the right to acquire within 60 days of May 31, 2009, through the exercise of stock options granted to him under the 2000 and 2006 Stock Incentive Plans.
- (17) The number of Common Shares shown as beneficially owned by the Directors and Named Executive Officers as a group includes (i) 642,877 Common Shares which such persons have the right to acquire within 60 days of March 31, 2009, through the exercise of stock options granted to them under 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; (ii) 52,000 restricted Common Shares granted to Mr. Ellis under the 2006 Stock Incentive Plan, as to which Mr. Ellis has sole voting power, but no dispositive power until such Common Shares have become vested; (iii) 2,738 Common Shares held by Mr. Civils in the Company's 401(k) Retirement Savings Plan; (iv) 2,895 Common Shares held by Mr. Civils in the Company's Benefits Equalization Plans; (v) 70,278 restricted Common Shares held by certain of the Directors, as to which such Directors have sole voting power, but no dispositive power until such Common Shares, have become vested; and (vi) 2,646,161 Common Shares beneficially owned by MAK Capital Fund L.P., in which Mr. Cueva may be deemed to share beneficial ownership. See footnote (4) for information regarding Mr. Cueva's disclaimer of beneficial ownership of the MAK shares listed in the table.
- (18) As reported on a Schedule 13D dated July 1, 2008.
- (19) As reported on a Schedule 13D/A dated March 13, 2009 and reduced in accordance with certain transactions reported on Form 4 since the 13D/A filing up to June 11, 2009. Ramius, LLC et. al filed a Schedule 13D/A with the SEC on March 13, 2009 indicating that, as of March 12, 2009: (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

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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.

- (20) As reported on a Schedule 13G/A dated February 9, 2009.
- (21) As reported on a Schedule 13G dated February 5, 2009.
- (22) As reported on a Schedule 13G/A dated February 17, 2009.

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The following table provides certain information with respect to all of the Company's equity compensation plans in effect as of March 31, 2009.

Equity Compensation Plan Information

	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)	2,157,165	\$ 11.63	1,512,837
Equity compensation plans not approved by shareholders	-0-	-0-	-0-
Total	2,157,165	\$ 11.63	1,512,837

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At the Annual Meeting, shareholders will elect three Class C Directors for a term ending at the Annual Meeting in 2012. The Board of Directors' nominees for election are James H. Dennedy, Martin F. Ellis and John Mutch. Messrs. Dennedy, Ellis and Mutch currently serve as Directors of the Company. Mr. Mutch was appointed by the Board of Directors to fill the vacancy created by the resignation of Mr. Charles F. Christ on March 11, 2009. Mr. Dennedy has been appointed by the Board to fill the vacancy created by the resignation of Steve Tepedino on May 21, 2009. Mr. Tepedino was previously appointed to fill the Class C vacancy created by the resignation of Ms. Eileen M. Rudden on March 11, 2009.

The proxyholders named in the accompanying 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 proxy card, the shareholder withholds authority for the proxyholder to vote. Each of the nominees has indicated willingness to serve as a Director, if elected. The accompanying proxy card will not be voted for more than three Director nominees or for anyone other than the Company's three Director 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.

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 their 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 C Directors				
James H. Dennedy	Principal with Arcadia Capital Advisors, LLC, an investment management company making active investments in public companies since April 2008; President and CEO of Engyro Corporation, an enterprise software company offering solutions in systems management from January 2005 to August 2007; Principal of Mitchell-Wright, LLC, a consulting firm from April 2002 to December 2004; and Director of NaviSite, Inc., Entrust, Inc. and I-many, Inc. On	2009	43	2012

June 22 2009, in connection with the previously disclosed Settlement Agreement with Ramius LLC, a shareholder of the Company, the Board of Directors appointed Mr. Dennedy to fill a vacancy created by the resignation of Mr. Steve Tepedino. Messrs. Tepedino and Dennedy were both recommended as candidates for director by Ramius LLC.

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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
Martin F. Ellis	President and Chief Executive Officer of the Company since October 2008; Executive Vice President and Chief Financial Officer of the Company from June 2005 to October 2008; Executive Vice President Corporate Development and Investor Relations of the Company from June 2003 to June 2005.	2008	44	2012
John Mutch	Founder and a Managing Partner of MV Advisors, LLC, a strategic block investment firm that provides focused investment and strategic guidance to small and mid-cap technology companies. In March 2003, Mr. Mutch was appointed to the Board of Directors of Peregrine Systems Inc. (Peregrine), a global enterprise software provider, to assist Peregrine and its management in development of a plan of reorganization, which ultimately led to Peregrine s emergence from bankruptcy. From August 2003 to December 2005, Mr. Mutch served as President and Chief Executive Officer of Peregrine. Mr. Mutch also is a director of Adaptec, Inc. and Edgar Online, Inc. In March 2009, Mr. Mutch was appointed to the Company s Board at the recommendation of Ramius LLC, a shareholder of the Company, in connection with the previously disclosed Settlement Agreement.	2009	52	2012

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, from 2004 to 2008; Chairman of the Board of Directors, National Semiconductor Japan Ltd., from 1995 to 1998.	1998	62	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
Robert A. Lauer	Retired from Accenture (formerly known as Andersen Consulting) in August 2000. Mr. Lauer held numerous operational positions covering regional, national and global responsibilities during his thirty-one year career, most recently serving as Managing Partner Global Human Performance Services and Managing Partner Change Management Global Communications and High Tech industries; Director of SumTotal Systems, Inc. (formerly Docent, Inc.) from 2000 to 2004.	2001	65	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	