ACCELEWARE CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2010

This management's discussion and analysis of financial condition and results of operations ("MD&A") should be read together with Acceleware Corp.'s ("Acceleware", the "Corporation" or the "Company") unaudited financial statements and the accompanying notes for the three months ended March 31, 2010 and the audited annual financial statements, accompanying notes and MD&A for the year ended December 31, 2009 which have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP" or "GAAP"). Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com under Acceleware Corp.

This MD&A is presented as of May 25, 2010. All financial information contained herein is expressed in Canadian dollars unless otherwise indicated.

Forward Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contain forward-looking statements, pertaining to the following:

- the expectation of Acceleware's ability to continue operating as a going concern, fund its operations through the sale of its products and services, and access external financing if required;
- the change in business model to improve profitability;
- projections of sales increases through focus on core markets, increasing the number of independent software vendor ("ISV") partners, and continuous performance improvements;
- potential benefits to Acceleware's customers, including cost savings and increases to cash flow and productivity;
- advantages to using Acceleware's products and services;
- ease and efficiency of implementing Acceleware's products and services; and
- supply and demand for Acceleware's primary products and services.

With respect to forward-looking statements contained in this MD&A, the Corporation has assumed, among other things:

- that the cost savings initiatives taken to date, coupled with the future revenue and cash flow expected by the Company's management ("Management") will be sufficient to fund future operations - this assumption being subject to the risk and uncertainty that the Company may not generate enough cash flow from operating activities to meet its capital requirements and that the Company may not be able to secure additional capital resources from external sources to fund any shortfall. Operating cash flow may be negatively impacted by general economic conditions, increased competition, increased equipment or labour costs, and adverse movements in foreign currencies. Should the Company experience a cash flow shortfall from operating activities, Management's contingency plan may not be sufficient to reverse the shortfall;

- that the change to a software-only business model will significantly reduce the cost of products – which is subject to the risk that the software-only business model may not be successful in generating sufficient revenue to offset previous hardware sales, which may be negatively affected by the rate at which customers adopt the new model, general economic conditions, and other factors;
- that it will be able to increase sales of its products and services by focussing on key vertical markets, increasing the number of ISV partners, and continuously improving its products – which is subject to the risks that sales in core vertical markets may be negatively affected by general economic conditions, that the Company may not be able to successfully attract and integrate its offerings into ISVs' products and that its research and development efforts may be unable to develop continuous improvements; and
- that it will be able to withstand the impact of increasing competition – which is subject to the risk that the adoption of graphics processing unit ("GPU") computing (and any future hardware platform utilized by the Company) may be negatively affected by future advances in competing technology.

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A.

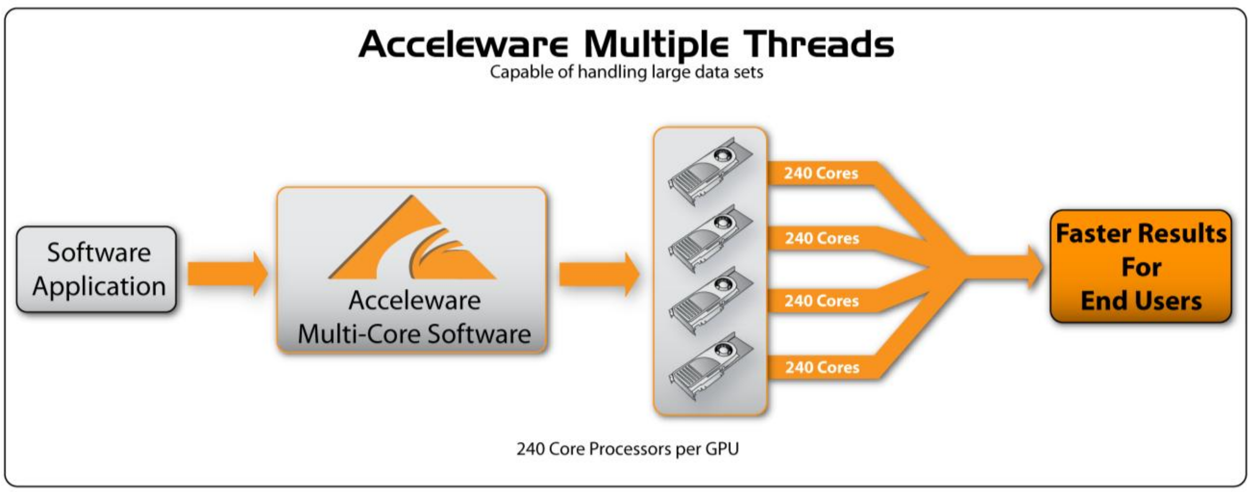
Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Forward-looking statements include statements with respect to the timing **and amount of estimated future revenue and sales and the Corporation's ability to** protect and commercially exploit its intellectual property. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Corporation does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

Company Overview

Acceleware is a high performance computing ("HPC") company that specializes in developing technologies that significantly reduce the computer processing time required for large scale mathematical calculations. Acceleware develops and sells specialized proprietary software; a combination of specialized proprietary software and third party hardware; and consulting services.

Acceleware solutions and services are deployed by major organizations worldwide to accelerate computer simulation and data processing applications in areas such as computer aided engineering ("CAE"), oil and gas exploration and development, medical imaging, industrial and consumer product design, and academic research. Acceleware's core markets are CAE and oil and gas exploration and development applications. Computing tasks in these fields can take several days, weeks, months or a year to complete, and represent a major bottleneck that prevents progress and innovation. Acceleware's solutions allow organizations to accomplish the same tasks many times faster (for example hours rather than days, or days rather than weeks), and also allow organizations to tackle larger, more complex problems. By enhancing a client's ability to compute, Acceleware helps them to compete.

Acceleware's proprietary software interface allows existing software programs to utilize the multi-core computing platforms that are available today. The Company's proprietary software allows these existing third-party software applications to leverage a combination of Graphic Processing Units ("GPUs"), Central Processing Units ("CPUs") and/or other many-core accelerator technologies as mathematical co-processors. Through this technology, Acceleware has brought supercomputing to the desktop.



In CAE, most of the major mobile telephone manufacturers in the world are using Acceleware's electromagnetic design solutions to design their products more rapidly. Acceleware's fourth-generation software acceleration solutions that support multi-board GPU solutions can accelerate entire industrial simulation and processing applications by over 35 times.

The solutions developed by Acceleware can be easily integrated by software developers, saving them the expense and time of migrating their applications to high performance multi-core platforms. Acceleware improves the overall experience for end users of these applications by providing greater computing speed without the end user having to learn new skills or change their work processes.

In the CAE market, Acceleware partners with software developers to increase the speed at which partners' software runs. Some of the Company's current software partners include SPEAG, Remcom, Synopsys and Agilent Technologies. Acceleware reaches the CAE market through a combination of partner channels and direct sales.

Acceleware has developed seismic data processing and reservoir simulation applications for customers and partners in the oil and gas exploration and development market. Acceleware accesses the oil and gas exploration and development market through a combination of channel and direct sales. The Company provides partners with software solutions as an add-on or replacement to an existing seismic data processing or reservoir simulation platform. In addition, Acceleware provides solutions and services direct to oil & gas exploration companies. Acceleware reaches the oil and gas market through a combination of partner, direct sales and services.

In a variety of markets, Acceleware provides HPC consulting services to developers and users, under fixed price or hourly contracts.

Acceleware was founded in February 2004 by a group of graduate students and professors from the University of Calgary's Electrical Engineering department and became a public company on the TSX Venture Exchange in January 2006 through a reverse takeover of a capital pool company, Poseidon Capital Corp. The Company is headquartered in Calgary, Alberta. As at March 31, 2010, Acceleware had 26 employees including: 2 in administration; 8 in sales, marketing, and product management; and 16 in research and development.

Overall Performance

During the three months ended March 31, 2010 ("Q1, 2010") Acceleware continued to see weakness in its core markets of CAE and oil and gas exploration and development resulting in a decrease in revenue compared to both the same quarter a year ago (three months ended March 31, 2009 "Q1, 2009"), and the preceding calendar quarter (three months ended December 31, 2009 "Q4, 2009"). However, the Company continues to reduce costs where possible and has seen a significant decrease in expenses compared to Q1, 2009.

During the three months ended March 31, 2010, Acceleware had a net loss of $432,223 a 236% increase compared to a net loss of $128,723 for the three months ended March 31, 2009. The increase is a result of reduced revenue caused by the absence in this quarter of a large sale of software and consulting services that occurred during Q1, 2009. The resulting decrease in revenue was partially offset by a decrease in expenses. During Q1, 2010 the Company recognized revenue of $493,735 representing a 59% decrease over the $1,205,534 recognized during Q1, 2009, and a 19% decrease over the $610,884 recognized in Q4, 2009. The decrease in revenue from Q4, 2009 was due to a decrease in consulting services projects across all product lines.

At March 31, 2010 Acceleware had $369,388 in working capital compared to December 31, 2009 when it was $528,768. Cash and cash equivalents have decreased since December 31, 2009 from $547,172 to $368,478 as at March 31, 2010. The Company continues to have no debt. Management's objective remains to manage cash flow and investment in new products to ensure that cash requirements do not exceed cash generated from operations. However, projected cash generated from operating activities remains highly dependent on uncertain revenue projections. Management has implemented plans including programs to improve profitability through the introduction of a software-only business model, to focus on core vertical markets, reduce operating expenses, and limit capital expenditures. During Q1, 2010, no capital expenditures were made and cash expenses (defined as expenses, less amortization, stock based compensation and Alberta SR&ED tax credits) were reduced to $810,615 from $902,938 for Q4, 2009. Despite lower revenue, cash flow from operating activities improved to negative $178,694 in Q1, 2010 from negative $352,832 in Q4, 2009 due to improved management of working capital. Subsequent to March 31, 2010, Management has taken steps to further reduce cash expenses beginning in Q2, 2010.

Management believes that successful execution of its business plan will result in sufficient cash flow to fund projected operational and investment requirements in future quarters. However, no assurances can be given that the Company will be able to achieve all or part of the objectives discussed above, or that sufficient financing from outside sources, if required, will be available. Further, if the Company's operations are unable to generate cash flow levels at or above current projections, the Company may not have sufficient funds to meet its obligations over the next twelve months. Should such events occur, Management is committed to implementing all or a portion of its contingency plan. This plan has been developed and designed to provide additional cash flow, and includes, but is not limited to, deferring certain additional research and development initiatives, and further reducing sales, marketing and general and administrative expenses. The failure of the Company to achieve one or all of the above items may have a material adverse impact on the Company's financial position, results of operations and cash flows.*

First Quarter Highlights and Events

January 19th, 2010 – the Company announced a partnership with Crosslight Software to deliver acceleration for thin-film solar cell and image pixel sensor simulations. It is expected that Crosslight's electrical and electromagnetics simulation tool for semiconductor design, combined with Acceleware's acceleration solution for the finite difference time domain (FDTD) algorithm now delivers simulation results up to 100X faster than the existing open source solver on a high end workstation.

January 29th, 2010 – the Company announced that it has granted stock options to acquire up to 1,355,000 common shares of the Corporation to certain of its employees, officers and directors. The options have an exercise price of $0.10 per common share and expire on January 29, 2015. One-half of the options vest immediately and the remaining options shall vest on the first anniversary of the grant date. The stock option grant is subject to regulatory approval. Further, the Corporation announced that James Bell resigned as Corporate Secretary of the Corporation and that Eric Keller of Davis LLP was appointed to fill that role.

March 3, 2010 – the Company announced that on March 3, 2010 it settled outstanding indebtedness of $114,825.66 through the issuance of common shares of the Company ("Common Shares") at deemed prices of $0.05 per Common Share (the "Debt Settlement"), subject to TSX Venture Exchange final approval. The outstanding debt is comprised of employee wages and consulting fees. As part of the restructuring that occurred in 2008, certain employees voluntarily agreed to defer a portion of their salary and have now agreed to convert such debt into common shares. A total of 2,296,513 Common Shares were issued under the Debt Settlement. The Common Shares are subject to a four month hold period that expires on July 4, 2010.

Strategic Update

Prior to, and during 2009, Acceleware significantly changed its business strategy. Key changes were:

- changing its product sales model to predominantly software-only from a mixture of hardware and software;
- introduction of consulting services as a significant revenue stream; and
- narrowing the Company's focus to two key verticals – CAE and oil and gas exploration applications.

Since the end of 2009, the following events and activities occurred:

Change in product sales business model

The Company continues to focus on software-only product sales and has not invested in hardware inventory during Q1, 2010. Key partners have adapted to the new model and are purchasing software tokens as expected.

Consulting services business

In 2009, Acceleware introduced consulting services as a product line. As GPU and high performance computing adoption increases, Acceleware has seen an increased demand for its specialized expertise both within its core verticals, and in new markets. The company provides proof of concept, contract development, software code porting, and training services to its consulting clients. Where possible, the Company uses services as leverage to increase adoption of its products with its core verticals.

Relative to Q1, 2009, the Company saw increased consulting services business in Q1, 2010 from key customers in oil and gas and in CAE. Consulting services relate to both GPU and CPU HPC projects, and in some cases aligns

* this paragraph contains forward looking information. Please refer to "Forward Looking Statements" and "Risk Factors and Uncertainties" for a discussion of the risks and uncertainties related to such information

well with the Company's core products. In several cases, the Company is developing long-term recurring business from key customers.

The Company has taken important steps to operationally align itself more closely with NVIDIA, its principal hardware technology partner. Acceleware has made significant progress in introducing NVIDIA's new hardware programming language (CUDA) in its products and services and was one of the earliest adopters of NVIDIA's Tesla GPU computing technology, the latter of which constitutes a vital platform for Acceleware's software. Acceleware's CUDA training sessions have become popular within the industry.

In Q1, 2010 Acceleware hosted several CUDA training classes in both open enrolment format and custom designed for one organization. Subsequent to the quarter end, the Company announced a partnership to offer CUDA and Open-Cl (an open-source computing language) training classes in conjunction with Microsoft Corporation.

Core verticals

In the CAE market, software is sold to end users primarily through channel partners or Independent Software Vendors ("ISV") that have integrated Acceleware's solution into their software packages. Acceleware currently works with some of the world's largest companies in the electronics market, which consists of mobile phone manufacturers, industrial electronics firms, and government organizations. ISVs are an important sales channel for Acceleware, and work with the Company's sales force by selling on Acceleware's behalf, co-selling with Acceleware's sales people, or referring potential customers to Acceleware. In 2010, Acceleware's CAE ISV partners included Schmid & Partner Engineering AG ("SPEAG"), Remcom, Agilent Technologies, Synopsis, Inc., and Computer Simulation Technology ("CST"). The Company will continue to use ISVs with its software-only model.

To drive future sales growth, Acceleware will work to add new ISV partnerships. In addition to expanding the Company's potential customer base, new ISV partnerships also provide Acceleware with additional reselling agents who are strongly incented to cross-sell Acceleware's products alongside their software solutions.*

In addition to adding ISV partners, Acceleware is working to deliver new products and solutions to address the needs of a larger proportion of the installed base of its ISV partners. The Company is continuously improving its software acceleration products and expects to continue to release improved products with significant increases in performance every year. *

In Q1, 2010, the Company actively sold products and consulting services to the oil and gas exploration market. In October 2009, the Company introduced its latest release on AxRTM with TTI which the Company believes is a state-of-the-art RTM seismic data processing product. This and other seismic data acceleration solutions, with dense packaging and improved economics in power and cooling, provides a multi-fold performance increase that reduce lengthy processing times and enable expedited drilling decisions for the oil and gas industry. In Q1, 2010 several organizations began evaluations of AxRTM.

The Company currently sells product and services solutions into the oil and gas market and will continue to develop improvements to its products and intensify its marketing and business development activities in this market throughout 2010. The Company currently sells its seismic processing solutions through one reseller, and is actively pursuing other resellers. Acceleware has also seen significant sales directly to end-users in this market, and expects to continue to see significant direct sales going forward.*

In Q1, 2010 the Company signed an agreement with a new ISV to distribute AxRTM (the Company's reverse time migration seismic application). The ISV is a leading developer of software for the seismic processing industry. The Company is expecting to begin generating revenue from this partnership in late 2010 or early 2011.

* this paragraph contains forward looking information. Please refer to "Forward Looking Statements" and "Risk Factors and Uncertainties" for a discussion of the risks and uncertainties related to such information

Management believes that adding new partners and increasing the proportion of the partners' end-users that can be addressed by Acceleware's solutions will drive revenue growth, strengthen Acceleware's competitive position in the market verticals where Acceleware operates, and help to establish market leadership. Management believes that market leadership in these verticals will result in higher sales penetration over the long-term, as well as improved profitability. Growth in the Company's existing vertical markets will be funded by operations, existing cash resources and investments in the Company and further financing as required from time to time. The Company will continue to finance operations and its growth strategy primarily through the sales of the Company's products and services. *

Acceleware's intellectual property is comprised of its proprietary algorithms, software algorithms and multi-core hardware interface that have been protected as trade secrets to date.

Summary of Quarterly Results

The following table highlights revenue, cash used in operating activities, net loss and loss per share for the eight most recently completed quarters ended March 31, 2010.

	2010	2009				2008		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	$493,735	$610,884	$782,207	$1,000,372	$1,205,534	$897,006	$472,620	$1,073,325
Cash generated (used) in operating activities	(178,694)	(352,832)	(274,889)	(461,455)	150,390	(334,447)	(1,816,308)	(3,305,895)
Net loss	(432,223)	(237,880)	(480,468)	(260,321)	(128,723)	(2,315,605)	(3,108,208)	(2,924,638)
Loss per share basic and diluted	($0.008)	($0.005)	($0.009)	($0.005)	($0.003)	($0.06)	($0.07)	($0.07)

Compared to the same quarter a year earlier Acceleware showed a decline in both profitability and cash generated from operating activities during the three months ended March 31, 2010, due principally to lower revenue. However, cash used in operating activities is the lowest the Company has seen in the last four quarters.

Results of Operations

Revenue

During the three months ended March 31, 2010, the Company reported total revenues of $493,735, a 59% decrease compared to $1,205,534 for the three months ended March 31, 2009. The decrease in recognized revenue over the same period in the prior year was due to a reduction in product sales. In Q1, 2009 the Company benefitted from a large one-time sale of software which was absent in Q1, 2010. The sale agreement represented $858,620 or 71% of revenue recognized in Q1, 2009. Recognized revenue decreased 19% in Q1, 2010 compared to $610,884 in Q4, 2009 due largely to a decrease in consulting revenue.

Revenue	Three months ended 03/31/2010	Three months ended 03/31/2009	Three months ended 12/31/2009	% change Q1 2010 over Q1 2009	% change Q1 2010 over Q4 2009
Product sales	$ 179,678	$ 938,638	$ 89,644	-81%	100%
Maintenance	103,748	110,883	171,429	-6%	-39%
Consulting	210,269	154,392	342,448	36%	-39%
Interest	40	1,621	7,363	-98%	-99%
	$ 493,735	$ 1,205,534	$ 610,884	-59%	-19%

Product sales decreased 81% from $938,638 in Q1, 2009 to $179,678 in Q1, 2010 due to the software sale agreement discussed above. However product sales increased 100% from $89,644 in Q4, 2009 as the Company's partners began purchasing new software licenses in the New Year. Maintenance revenue decreased 6% from

$110,883 in Q1, 2009 to $103,748 in Q1, 2010 reflective of the overall decrease in product sales over the preceding 12 months. Maintenance revenue also decreased 39% from the $171,429 recorded in Q4, 2009. Consulting services increased 36% to $210,269 in Q1, 2010 from $154,392 recorded in Q1, 2009 due to an increased number of customers and the introduction of specialized training services. Consulting revenue decreased 39% from the $342,448 recorded in Q4, 2009 due to substantial work completed in the prior quarter on one large consulting project.

Expenses

Expenses		Three months ended 03/31/2010		Three months ended 03/31/2009		Three months ended 12/31/2009	% change Q1 2010 over Q1 2009	% change Q1 2010 over Q4 2009
Cost of revenue	$	88,684	$	80,620	$	289,490	10%	-69%
General & administrative		490,121		646,754		548,235	-24%	-11%
Research & development		306,746		585,202		44,260	-48%	593%
(Gain) loss on investment		--		(13,248)		(62,921)	-100%	-100%
Loss on disposal of property		--		5,422		(320)	-100%	-100%
Amortization		40,407		29,507		30,020	37%	35%
	$	925,958	$	1,334,257	$	848,764	-31%	9%

Expenses decreased 31% during the three months ended March 31, 2010 to $925,958 from $1,334,257 for the three months ended March 31, 2009. The decrease is a result of the significant reductions in expenses implemented by Management to improve profitability and cash flow. Expenses increased 9% from the $848,764 recorded in Q4, 2009, due to the gain on the Company's sale of its ABCP investment in Q4, 2009 and the recognition of Alberta SR&ED tax credits in Q4, 2009. Cash expenses (defined as expenses, less amortization, stock based compensation and Alberta SR&ED tax credits) was reduced to $810,615 in Q1, 2010 from $902,938 for Q4, 2009.

Cost of revenue for Q1, 2010 increased 10% to $88,684 from $80,620 in Q1, 2009. The increase is a result of increased consulting services revenue, as the time spent working on consulting projects is charged to cost of revenue. Cost of revenue decreased 69% from $289,490 expensed in Q4, 2009, due to decreased consulting cost of revenue (in turn caused by decreased consulting revenue) and decreased hardware cost of revenue particularly inventory write-down in Q1, 2010 compared to Q4, 2009.

General and administrative expenses ("G&A") include all salaries (excluding research and development personnel) and related expenses (including benefits and payroll taxes); sales and marketing activities; facility costs; stock-based compensation; and professional fees. For the three months ended March 31, 2010 G&A expenses decreased 24% to $490,121 from $646,754 recorded in Q1, 2009. The decrease is as a result of lower staff levels and lower consulting fees. G&A expense decreased 11% in Q1, 2010 compared to the $548,235 recorded in Q4, 2009. The decrease is again a result of lower staff levels.

For the three months ended March 31, 2010, research and development ("R&D") expenditures decreased 48% to $306,746 from $585,202 for the three months ended March 31, 2009. The decrease is a result of four factors: decreased overall investment in technical staff resulting from a more focussed R&D program, increased consulting projects utilizing technical staff, increased non-repayable government assistance; and the recognition of Alberta SR&ED tax credits. R&D increased 593% compared to the $44,260 recorded in Q4, 2009. The increase is a result of decreased consulting revenue in Q1, 2010 (resulting in more technical staff devoted to R&D) and the recognition in Q4, 2009 of Alberta SR&ED tax credits for the full year of R&D.

Amortization increased 37% to $40,407 in Q1, 2010 from $29,507 in Q1, 2009 and 35% from $30,020 in Q4, 2009.

Net Loss

The Company had a net loss for the three months ended March 31, 2010 of $432,223 an increase of 236% from the $128,723 recorded in Q1, 2009, and an increase of 82% from the $237,880 recorded in Q4, 2009. The increases are a result of decreased revenue.

Liquidity and Capital Resources

At March 31, 2010 Acceleware had $368,388 in working capital compared to December 31, 2009 when it was $528,768. Cash and cash equivalents have decreased since December 31, 2009 from $547,172 to $368,478 as at March 31, 2010. The Company continues to have no debt. Management's objective remains to manage cash flow and investment in new products to ensure that cash requirements do not exceed cash generated from operations. However, projected cash generated from operating activities remains highly dependent on uncertain revenue projections. Management has implemented plans including programs to improve profitability through the introduction of a software-only business model, to focus on core vertical markets, reduce operating expenses, and limit capital expenditures. During Q1, 2010, no capital expenditures were made and cash expenses (defined as expenses, less amortization, stock based compensation and Alberta SR&ED tax credits) was reduced to $810,615 from $902,938 for Q4, 2009. Despite lower revenue, cash flow from operating activities improved to negative $178,694 in Q1, 2010 from negative $352,832 in Q4, 2009 due to improved management of working capital. Subsequent to March 31, 2010, Management has taken steps to further reduce cash expenses beginning in Q2, 2010.

Management believes that successful execution of its business plan will result in sufficient cash flow to fund projected operational and investment requirements in future quarters. However, no assurances can be given that the Company will be able to achieve all or part of the objectives discussed above, or that sufficient financing from outside sources, if required, will be available. Further, if the Company's operations are unable to generate cash flow levels at or above current projections, the Company may not have sufficient funds to meet its obligations over the next twelve months. Should such events occur, Management is committed to implementing all or a portion of its contingency plan. This plan has been developed and designed to provide additional cash flow, and includes, but is not limited to, deferring certain additional product development initiatives, and further reducing sales, marketing and general and administrative expenses. The failure of the Company to achieve one or all of the above items may have a material adverse impact on the Company's financial position, results of operations and cash flows.[*]

As at March 31, 2010, the Company had current liabilities of $562,073 compared to current liabilities of $781,297 as at December 31, 2009. The decrease is due to a decrease in accounts payable and accrued liabilities and deferred revenue. Accounts payable and accrued liabilities decreased due to reduced overall expenditures and to the conversion of deferred salaries to equity as noted above. Deferred revenue decreased as the Company recognized maintenance revenue in excess of new maintenance contracts.

Accounts Receivable

As a result of increased efforts focused on collections of receivables and lower revenue in Q1, 2010 compared to Q4, 2009, accounts receivable decreased to $323,684 as at March 31, 2010, compared to $567,210 as at December 31, 2009. The Company maintains close contact with its channel partners to mitigate risk in the collection of accounts receivable.

Alberta SR&ED Tax Credits

Alberta SR&ED tax credits increased to $221,647 as at March 31, 2010 from $178,974 as the Company recognized tax credits on the R&D performed during Q1, 2010. The Company expects to receive the $178,974 relating to the 2009 tax year in 2010, while the balance is expected to be received in 2011.

---

[*] this paragraph contains forward looking information. Please refer to "Forward Looking Statements" and "Risk Factors and Uncertainties" for a discussion of the risks and uncertainties related to such information

Financing Activities

The Company has financed operations, R&D and capital expenditures primarily through the sale of the Company's products and cash on hand.

Income Tax Valuation Allowance

The Company follows the liability method with respect to accounting for income taxes. Future tax assets and liabilities are determined based on differences between the carrying amount and the tax basis of assets and liabilities (temporary differences). Future income tax assets and liabilities are measured using the substantively enacted tax rates that will be in effect when these differences are expected to reverse. Future income tax assets, if any, are recognized only to the extent that, in the opinion of Management, it is more likely than not that the assets will be realized.

With the exception of the refundable Alberta SR&ED tax credits, as at March 31, 2010, the potential tax benefits of Acceleware's available tax pools have not been recognized in the Company's account due to uncertainty surrounding the realization of such benefits.

Off-Balance Sheet Arrangements

Guarantees

Generally, while it is not the Company's policy to issue guarantees to third parties, Acceleware has entered into certain such agreements as more fully described in Note 12 to the audited financial statements for the year ended December 31, 2009. As of March 31, 2010, the Company believes that it is remote that the indemnification provisions described therein would require any material cash payment. As is the case with any business, the Company may be subject to certain regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business.

Risks Factors and Uncertainties

There have been no material changes in any risks or uncertainties facing the Company since December 31, 2009. A discussion of risks affecting the Company and its business is set forth under the Risk Factors and Uncertainties in Management's Discussion and Analysis for the period ended December 31, 2009.

Transactions with Related Parties

For the three months ended March 31, 2010, the Company incurred expenses in the amount of $41,242 (three months ended March 31, 2009 - $29,239) of which $14,716 remained in accounts payable as at March 31, 2010 (as at December 31, 2008 – nil) to a company controlled by an officer of the Company as fees for duties performed in managing operations. These fees occurred in the normal course of operations and have been recognized at the agreed to exchange amount which in the opinion of management approximates fair value for services rendered.

For the three months ended March 31, 2010, the Company received sub-lease rent in the amount of $38,745 (three months ended March 31, 2009 - $38,745) from a corporation which had a director who is also a member of the Company's board of directors. This rent occurred in the normal course of operations and have been recognized at the agreed to exchange amount which in the opinion of management approximates fair market value for the space sub-leased. As of March 12, 2010, the director is no longer a member of the other corporation's board of directors.

As at March 31, 2010, an officer of the Company has advanced $21,875 to the Company in the form of deferred salary. These amounts are non-interest bearing, unsecured and are to be repaid no later than December 31, 2010. As at December 31, 2009, four officers of the Company had advanced $73,560 to the Company in the form of deferred salary.

Critical Accounting Estimates

General
The Management's Discussion and Analysis for the year ended December 31, 2009 outlined critical accounting policies including key estimates and assumptions that management has made under these policies and how they affect the amounts reported in the financial statements. During the quarter, there have been no material changes in management's key estimates and assumptions and the unaudited interim financial statements follow the same accounting policies and methods of application as the most recent annual audited financial statements.

Primary Sources of GAAP that Have Been Issued but Have Not Yet Come Into Effect or Have Not Been Adopted:

Business combinations, consolidated financial statements and non-controlling interests
In January 2009, the CICA issued Handbook: Section 1582, Business Combinations; Section 1601, Consolidated Financial Statements; and Section 1602, Non-controlling Interests. These sections replace the former Handbook Section 1581, Business Combinations, and Handbook Section 1600, Consolidated Financial Statements, and establish new sections for accounting for a non-controlling interest in a subsidiary. Handbook Section 1582 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Handbook Sections 1601 and 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011 and allows for early adoption. The Company is currently assessing the effect these standards may have on the Company's results of operations and consolidated financial position.

Equity
In August 2009, the AcSB issued amendments to Section 3251 Equity as a result of issuing Section 1602 Non-controlling Interests. The amendments require non-controlling interests to be recognized as a separate component of equity. The new standards are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. The amendments apply only to entities that have adopted Section 1602 and are not expected to have an impact on the Company's financial statements.

Comprehensive revaluation of assets and liabilities:
In August 2009, the AcSB issued amendments to Section 1625 Comprehensive Revaluation of Assets and Liabilities for consistency with new Section 1582 Business Combinations. The amendments apply prospectively to comprehensive revaluations of assets and liabilities occurring in fiscal years beginning on or after January 1, 2011 and are not expected to have an impact on the Company's financial statements.

Revenue recognition
In December 2009, the CICA issued EIC 175, Multiple Deliverable Revenue Arrangements, replacing EIC 142, Revenue Arrangements with Multiple Deliverables. This abstract was amended to: (1) exclude from its application those arrangements that would be accounted for in accordance with Financial Accounting Standards Board (FASB) Statement of Position (SOP) 97-2 Software Revenue Recognition as amended by Accounting Standards Update (ASU) 2009-14; (2) provide updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated, and the consideration allocated; (3) require, in situations where a vendor does not have vendor-specific objective evidence ("VSOE") or third-party evidence of selling price, that the entity allocate revenue in an arrangement using estimated selling prices of deliverables; (4) eliminate the use of the residual method and require an entity to allocate revenue using the relative selling price method; and (5) require expanded qualitative and quantitative disclosures regarding significant judgments made in applying this guidance. The accounting changes summarized in EIC 175 are effective for fiscal years beginning on or after January 1, 2011, with early adoption permitted. Adoption may either be on a prospective basis or by retrospective application. If the Abstract is adopted early, in a reporting period that is not the first reporting period in the entity's fiscal year, it must be applied retroactively from the beginning of the Company's fiscal period of adoption. The Company is currently assessing the future impact of these amendments on its financial statements and has not yet determined the timing and method of its adoption.

International Financial Reporting Standards

In February 2008, the AcSB confirmed that IFRS will be mandatory in Canada for profit-oriented publicly accountable entities for fiscal periods beginning on or after January 1, 2011. The Company's first annual IFRS financial statements will be for the year ending December 31, 2011 and will include the comparative period of 2010. Starting in the first quarter of 2011, the Company will provide unaudited financial information in accordance with IFRS including comparative figures for 2010.

The Company has developed an IFRS changeover plan that encompasses three phases:

1. Preliminary Impact Assessment
2. Detailed Analysis
3. Implementation

The Company has completed Phase 1, and is currently in Phase 2 of the plan. In Phase 1 a diagnostic review of IFRS conversion was performed and a detailed project plan was developed. The results of the diagnostic review suggest that the areas of greatest potential impact to financial reporting in the conversion to IFRS are: componentization of property and equipment; impairment of assets; share-based payments; income taxes; and first-time adoption of IFRS.

The Company is currently in Phase two of the IFRS changeover plan. Activities in this phase include performing a detailed gap analysis which will determined the probable impact on accounting policies, IT systems, and internal policies and procedures such as disclosure controls and procedures and internal controls over financial reporting. As of the date of the MD&A these impacts have not been fully determined. In addition to the impacts on systems and procedures, Management expects to determine the level of training of financial and operating staff required to implement its IFRS changeover plan during Phase two. The Company expects to complete Phase two by the end of July 2010.

Phase three will involve the implementation of the IFRS changeover including preparation on opening balance sheets and interim comparatives using IFRS. The company expects to complete Phase three before the end of December, 2010.

Based on the work completed to date, the Company expects the greatest potential impact of IFRS adoption to be within the following areas:

First-time adoption of IFRS ("IFRS 1")

IFRS 1 provides the framework for the first-time adoption of IFRS and outlines that, in general, an entity shall apply the principles under IFRS retrospectively and that adjustments arising on conversion to IFRS shall be directly recognized in retained earnings. However, IFRS 1 also provides a number of optional exemptions from retrospective application of certain IFRS requirements as well as mandatory exceptions which prohibit retrospective application of standards. There are currently 15 elective exemptions and four mandatory exceptions that need to be considered.

The Company currently expects to apply the following elective exemptions:

Impacted Area	Summary of Exemption Available
Share-based payments	The Fund may elect not to apply IFRS 2 - Share-Based Payment ("IFRS 2"), to equity instruments granted on or before November 7, 2002 or which vested before the Company's date of transition to IFRS. The Company may also elect not to apply IFRS 2 to liabilities arising from share-based payment transactions which settled before the date of transition to IFRS.
Arrangements containing a lease	IFRS 1 provides an optional exemption whereby the Company may determine whether an arrangement, existing at the date of transition to IFRS, contains a lease on the basis of the facts and circumstances existing at the date of transition.

The Company is not expecting to apply an elective exemption that relates to the deemed cost of items of property, plant and equipment ("PP&E"). Under this exemption, the Company may elect to report items of PP&E, in its opening consolidated statement of financial position on the transition date at a deemed cost instead of the actual cost that would be determined under IFRS. The deemed cost of an item may be either its fair value at the date of transition to IFRS or an amount determined by a previous revaluation under Canadian GAAP.

The remaining elective exemptions have limited or no applicability to the Company.

1. Property, plant and equipment

   Canadian GAAP requires the Company to break down its assets into significant components only when practicable. Under IAS 16 - Property, Plant and Equipment, the Company is explicitly required to allocate the amount initially recognized in respect of an item of PP&E to its significant components and depreciate separately each of these components. Where a significant component has a useful life and depreciation method that is the same as the useful life and depreciation method of another significant component of the same item of PP&E, such components may be grouped together in determining the depreciation charge.

2. Impairment of assets

   Canadian GAAP impairment testing involves two steps, the first of which compares the asset carrying value with undiscounted future cash flows to determine whether impairment exists. If the carrying value exceeds the amount recoverable on an undiscounted basis, then the cash flows are discounted to calculate the amount of the impairment and the carrying value is written down to estimated fair value.

   PP&E and intangibles, including goodwill, are tested for impairment in accordance with IAS 36 Impairment of Assets ("IAS 36"). IAS 36 requires that assets, other than goodwill and indefinite life intangibles, be subjected to an impairment test if there are indicators of impairment. For goodwill and indefinite life intangibles, IAS 36 requires that the Company perform impairment tests on an annual basis.

   Under IFRS an asset is impaired when the recoverable amount of that asset is less than the carrying amount. If there is any indication that an asset may be impaired, the recoverable amount should be estimated for individual assets. The recoverable amount is defined as the higher of the fair value less costs to sell and the value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties. The value in use is the present value of the future cash flows (i.e. discounted cash flows) expected to be derived from an asset.

   If it is not possible to estimate the recoverable amount for the individual asset other than goodwill, the Company must determine the recoverable amount for the cash-generating unit ("CGU") to which that asset can be allocated. A CGU is the smallest group of assets that generates cash inflows largely independent of other assets or groups of assets. Management is therefore required to determine the CGU's of the Company.

   Impairment will be recognized more frequently under IFRS as Canadian GAAP does not require the discounting of cash flows when assessing the recoverability of an assets carrying value. However, IAS 36 does require the reversal of an impairment loss for an asset, other than goodwill, where there is an indication that circumstances have changed and that the impairment loss no longer exists or may have decreased. This is not allowed under Canadian GAAP.

   The Company is currently analyzing its operations in order to determine the cash-generating units to be used for the purpose of impairment testing and impairment models are being assessed to ensure compliance with IFRS.

3. Income taxes

   IAS 12 Income Taxes is similar to Canadian GAAP in that the Company has to recognize deferred (future) taxes on temporary differences between the carrying value of assets and liabilities and their tax basis. The adoption of IFRS will have a significant impact on the Company's tax accounting in the period of adoption and in subsequent periods for new temporary differences arising on the conversion to IFRS as a result of changes in carrying values of assets, differences in depreciation expense, residual values, capitalization of borrowing and direct costs, and impairment charges and reversals.

4. Share-based payments
IFRS 2 Share-based Payments ("IFRS 2") requires that an estimation of forfeitures must be factored into the calculation of the stock-based option compensation expense. In addition, when the Company makes a share-based payment that vests in installments (often referred to as graded vesting), IFRS 2 requires that the each tranche within the award be treated as a separate award. Compensation cost for each tranche is recognized over its own distinct vesting period. The Company will therefore have to update its stock option calculations in order to meet the requirements of IFRS 2. Furthermore, the adoption of IFRS 2 could impact the systems and processes that the Company has in place to track stock options and related information.

In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date. The International Accounting Standards Board will also continue to issue new accounting standards during the conversion period and, as a result, the final impact on the Company's financial statements will only be measured once all the IFRS applicable at the conversion date are known.

The impact on information technology and controls over financial reporting and disclosure is not expected to be significant. The Company will complete the assessment of the impact to investor relations and external communication plans once the evaluation of the impact to the financial statements is complete.

Financial Instruments and Other Instruments

The Company's only financial instruments are the monetary assets and liabilities appearing on its balance sheet.

Disclosure of Outstanding Share Data

As of the date of this MD&A, Acceleware had the following common shares and options outstanding:

Common Shares	54,534,748
Stock Options	4,377,458

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning the Company's research and development expenses and general and administrative expenses is provided in the audited financial statements for December 31, 2009 that are available on www.sedar.com and as noted below.

Research and Development	Three months ended March 31, 2010	Three months ended March 31, 2009
Salaries	$ 292,021	$ 471,895
Consulting	69,981	42,045
R&D lab supplies	11,444	7,841
Stock-based compensation	17,736	31,386
Rent and overhead allocations	57,824	59,535
Government assistance	(99,587)	(27,500)
Alberta SR&ED Tax Credits	(42,673)	--
Total	$ 306,746	$ 585,202

Sales, General and Administration	Three months ended March 31, 2010	Three months ended March 31, 2009
Salaries	$ 271,741	$ 374,923
Marketing	11,693	12,274
Travel	6,092	17,419
Rent, supplies and public company fees	131,349	99,405
Stock-based compensation	59,466	75,327
Professional fees	9,780	67,406
Total	$ 490,121	$ 646,754