ACCELEWARE CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2009

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, 2009 and the audited annual financial statements, accompanying notes and MD&A for the year ended December 31, 2008 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 26, 2009. 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 substantial completion of the Corporation's restructuring program resulting in 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; and
- the change in business model to improve profitability.

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 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; and
- 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.

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.

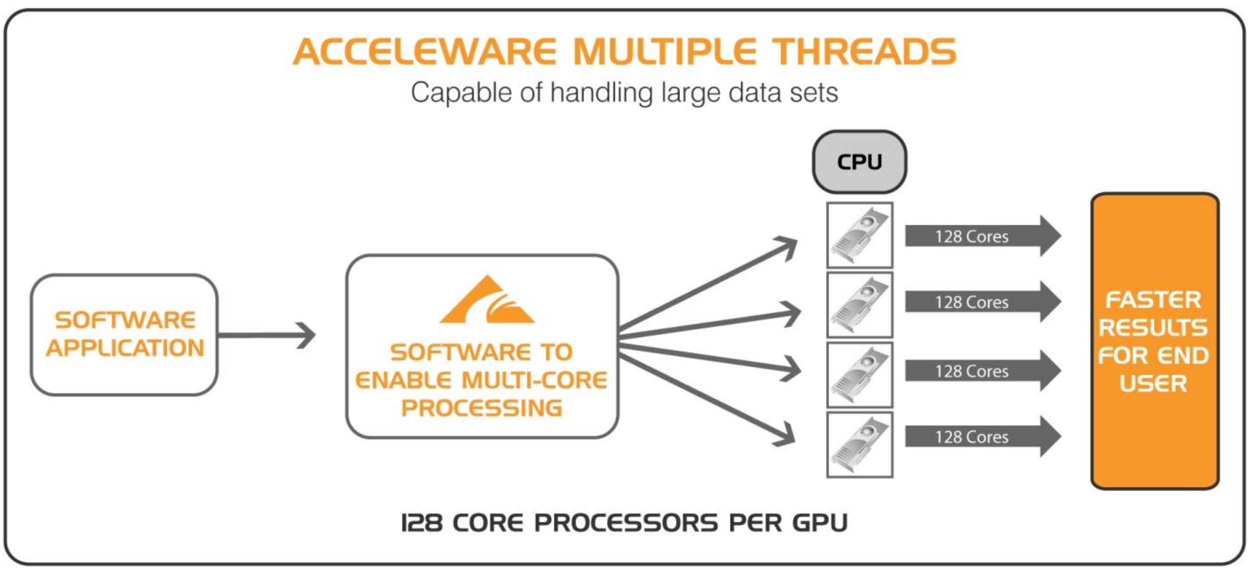
Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Forward-looking statements include statements **with respect to the timing and amount of estimated future revenue and sales and the Corporation's 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 develops and sells a specialized proprietary software or combination of specialized proprietary software and third party hardware that significantly reduces the computer processing time required for large scale mathematical calculations.

Acceleware solutions are deployed by major organizations worldwide to accelerate computer simulation and data processing applications in areas such as electronics, oil & gas, medical imaging, industrial and consumer product design, and academic research. 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.



Today, most of the major mobile phone manufacturers in the world are using Acceleware's 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, time and difficulty 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. Acceleware's partners assist the Company in marketing its products to the end user.

Acceleware partners with software developers to increase the speed at which partners' software runs. In return, these partners assist the Company in marketing its products to the end user. Some of the Company's current software partners include CST, SPEAG, Remcom, Synopsys and Agilent Technologies. Acceleware reaches the market through a combination of partner channels and direct sales, depending on the market vertical.

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. As at March 31, 2009, Acceleware had 35 employees, including: 3 in administration; 11 in sales, marketing, and product management; and 21 in research and development.

Overall Performance

During the three months ended March 31, 2009 ("Q1, 2009") the Company began to see improvements from the restructuring initiatives which were substantially completed in the year ended December 31, 2008. In addition, the Company benefited from a large sale of software and consulting services during Q1, 2009.

During the three months ended March 31, 2009, Acceleware had a net loss for Q1, 2009 of $128,723 a 94% decrease compared to a net loss of $2,148,420 for the three months ended March 31, 2008 ("Q1, 2008"). The improvement is principally a result of restructuring efforts undertaken in the second half of fiscal 2008, and the large sale of software and consulting services. During Q1, 2009 the Company recognized revenue of $1,205,534 representing a 11% decrease over the $1,354,964 recognized during Q1, 2008, and a 34% increase over the $897,006 recognized in the three months ended December 31, 2008 ("Q4, 2008"). The Company recognizes revenue on approximately 90% of all product sales and amortizes the remaining 10% of those sales (deferred revenue) into revenues over 13 months from the date of the sale.

At March 31, 2009 Acceleware had $373,715 in working capital, including $1,206,864 in cash and cash equivalents, and $308,648 in short term debt. This is an improvement from December 31, 2008 when the Company had $334,670 in working capital including $1,052,724 in cash and cash equivalents, and $355,587 in short term 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. Implemented plans include 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. Management believes that successful execution of its business plan will result in sufficient cash flow to fund projected operational and investment requirements. 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.*

First Quarter Highlights and Events

On January 28, 2009, Acceleware announced that it has entered into a multi-part agreement to sell certain application-specific software assets, provide a non-exclusive license for additional software components and provide consulting services related to the software assets. The agreement was valued at approximately $1,108,000. As of March 31, 2009, Acceleware had recognized $858,620 in revenue related to this contract.

On February 3, 2009 – Acceleware announced that Key Seismic Solutions Ltd., a Calgary based seismic data processing company, has chosen Acceleware's seismic acceleration solution to dramatically speed-up processing using Kirchhoff Pre-Stack Time Migration (KTM) algorithms and lower costs in their data center.

---

* 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

On March 4, 2009 – Acceleware announced introduction of a new CUDA-based professional services offering, designed to help organizations rapidly implement GPU based High Performance Computing (HPC) software projects. These new CUDA-based services, including consulting, training and quick start packages, will provide expertise for parallel code optimization projects and customization for Acceleware's existing products.

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 Marche 31, 2009.

	2009	2008				2007		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	1,205,534	897,006	472,620	1,073,325	1,354,964	1,024,954	644,023	596,060
Cash generated (used) in operating activities	$150,390	($353,705)	(1,816,308)	($3,286,636)	($2,343,100)	($1,430,588)	($1,592,054)	($1,750,065)
Net loss	($128,723)	($2,315,605)	(3,108,208)	($2,924,638)	($2,148,420)	($2,121,423)	($1,795,667)	($1,644,729)
Loss per share basic and diluted	($0.003)	($0.06)	($0.07)	($0.07)	($0.05)	($0.06)	($0.05)	($0.05)

Acceleware showed significant improvement in both profitability and cash generated from operating activities during the three months ended March 31, 2009. The net loss of $128,723 is the lowest net loss in the last eight quarters while the $150,390 in cash generated from operating activities represents the first positive cash flow quarter in the past two years.

Results of Operations

Revenue

During the three months ended March 31, 2009, the Company reported total revenues of $1,205,534, an 11% decrease compared to $1,354,964 for the three months ended March 31, 2008. The decrease in recognized revenue over the same period in the prior year was due to a reduction in hardware sales brought on by the Company's switch to a software only business model, and a general economic deterioration in the Company's core markets. Recognized revenue increased 34% in Q1, 2009 compared to Q4, 2008 due largely to the software and consulting services sale agreement discussed above. The sale agreement represented $858,620 or 71% of revenue recognized in the quarter. As the company rolled out its consulting services offerings, $154,392 in consulting revenue was recognized in Q1, 2009 with no consulting revenue recognized in Q1, 2008 or Q4, 2008. Interest revenue decreased significantly from $116,441 in Q1, 2008 to $1,621 in Q1, 2009 due to reduced cash and cash equivalents and investments earning interest.

Revenue	Three months ended 03/31/2009	Three months ended 03/31/2008	Three months ended 12/31/2008	% change Q1 2009 over Q1 2008	% change Q1 2009 over Q4 2008
Product sales	$ 938,638	$ 1,108,137	$ 792,654	-15%	18%
Maintenance	110,883	130,386	101,340	-15%	9%
Consulting	154,392	-	-	N/A	N/A
Interest	1,621	116,441	3,012	-99%	-46%
	$ 1,205,534	$ 1,354,964	$ 897,006	-11%	34%

The Company recognizes revenue on approximately 90% of all product sales and amortizes the remaining 10% of those product sales (deferred revenue) into revenues over 13 months from the date of the sale. Deferred revenue was $209,696 as at March 31, 2009, compared to $247,320 as at December 31, 2008.

Operating Expenses

Expenses		Three months ended 03/31/2009		Three months ended 03/31/2008		Three months ended 12/31/2008	% change Q1 2009 over Q1 2008	% change Q1 2009 over Q4 2008
Cost of product sales	$	80,620	$	814,782	$	1,144,016	-90%	-93%
General & administrative		646,754		1,762,284		615,821	-63%	5%
Research & development		585,202		861,425		623,312	-32%	-6%
(Gain) loss on investment		(13,248)		-		315,047	N/A	-104%
Impairment of property and equipment		-		-		271,445	N/A	N/A
Loss on disposal of property		5,422		-		197,630	N/A	-97%
Amortization		29,507		64,893		45,340	-55%	-35%
	$	1,334,257	$	3,503,384	$	3,212,611	-62%	58%

Operating expenses decreased 62% during the three months ended March 31, 2009 to $1,334,257 from $3,503,384 for the three months ended March 31, 2008. The decrease is a result of the significant reductions in expenses brought about by the restructuring program implemented by the Company in the second half of 2008. Operating expenses also decreased substantially from the $3,212,611 recorded in Q4, 2008. Many restructuring expenses and impairment charges were recorded in Q4, 2008 which are substantially absent in Q1, 2009.

Cost of products for Q1, 2009 decreased 90% to $80,620 from $814,782 in Q1, 2008. The reduction is due to the Company's implementation of a software-only business model. The Company continues to supply hardware to customers out of its inventory as opportunities arise. Cost of products decreased 93% compared to the $1,144,016 recorded in Q4, 2008. The decrease is a result of the new business model and the inclusion in the cost of products of $608,758 related to write-down of obsolete inventory for the three months ended December 31, 2008. In anticipation of growth, the Company made a significant investment in computer hardware inventory during the first half of 2008. This investment was subsequently written down as revenue did not grow as quickly as expected, and much of the inventory has become obsolete as suppliers have introduced new models. The risks associated with investing in hardware inventory (sales forecasting risk and hardware obsolescence risk, among others) and the recent availability of third party hardware which is compatible with Acceleware's software has led management to implement the software-only business model.

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, 2009 G&A expenses decreased 63% to $646,754 from $1,762,284 recorded in Q1, 2008. The decrease is as a result of the Company's restructuring program resulting in significantly lower staff levels, reduced marketing expenditures, and reduced facility costs. G&A expense increased 5% in Q1, 2009 compared to the $615,821 recorded in Q4, 2008. The increase is a result of an $88,452 increase in stock based compensation due to stock options which were granted in the quarter.

For the three months ended March 31, 2009, research and development ("R&D") expenditures decreased 32% to $585,202 from $861,425 for the three months ended March 31, 2008. The decrease is a result of the restructuring program undertaken in the second half of 2008, which included a focus on fewer markets and fewer new product development programs. R&D also decreased 6% compared to the $623,312 recorded in Q4, 2008. The decrease is due to further attrition in R&D staff during the quarter. For the three months ended March 31, 2009 there was a benefit of $27,500 of government assistance through Alberta Ingenuity Credits.

During Q1, 2009, the Company recorded a $13,248 gain on its investment in asset-backed commercial paper ("ABCP") (see note 5 to the unaudited financial statements for the three months ended March 31, 2009 for further details). Continuing uncertainties regarding the value of the assets which underlie the ABCP, the amount and timing of cash flows and the outcome of the restructuring could give rise to a further material change in the value of the Company's investment in ABCP which could impact the Company's earnings in future periods.

Amortization decreased 55% to $29,507 in Q1, 2009 from $64,893 in Q1, 2008. The reduction is due to the disposal of excess property and equipment as part of the restructuring program.

Net Loss

The Company had a net loss for the three months ended March 31, 2009 of $128,723 a decrease of 94% from the $2,148,420 recorded in Q1, 2008, and a decrease of 94% from the $2,315,605 recorded in Q4, 2008. The substantial decreases are a result of the significant reduction in expenses and restructuring charges in the current quarter compared to previous quarters.

Liquidity and Capital Resources

At March 31, 2009 Acceleware had $373,715 in working capital, including $1,206,864 in cash and cash equivalents, and $308,648 in short term debt. This is an improvement from as at December 31, 2008 when the Company had $334,670 in working capital including $1,052,724 in cash and cash equivalents, and $355,587 in short term debt.

Management's objective is to manage cash flow and investment in new products to ensure that cash requirements do not exceed cash generated from operations. Plans include 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. Management believes that successful execution of its business plan will result in sufficient cash flow to fund projected operational and investment requirements. 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.[*]

Cash generated in operating activities totaled $150,390 for the three months ended March 31, 2009 compared to cash used in operating activities for the three months ended March 31, 2008 of $2,343,100.

As at March 31, 2009, the Company had current liabilities of $1,254,550 compared to current liabilities of $1,295,958 as at December 31, 2008. The decrease is due to a decrease in current debt. Included in the current liabilities for March 31, 2009 was current debt of $308,648 compared to current debt of $355,587 as at December 31, 2008 related to a secured line of credit.

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

Accounts Receivable

As a result of increased efforts focused on collections of receivables, accounts receivable decreased to $225,339 as at March 31, 2009, compared to $312,340 as at December 31, 2008. The Company maintains close contact with its channel partners to mitigate risk in the collection of accounts receivable.

Asset-Backed Commercial Paper

The Company recorded a gain of $13,248 as at March 31, 2009 in the carrying value of its asset-backed commercial paper investment (ABCP). The Company received a payment of $47,177 in the three months ended March 31, 2009 which was its share of accumulated interest in the conduit trusts from August 2007 to August 2008. (see note 5 to the unaudited financial statements for the three months ended March 31, 2009 for further details).

Inventories

Inventories decreased to $156,516 at March 31, 2009, compared to $217,981 at December 31, 2008. The Company is no longer actively selling combined hardware and software solutions to focus on its software-only business model.

Financing Activities

The Company has financed operations, R&D and capital expenditures primarily through the sale of the Company's products, cash on hand and a secured line of credit. The Company repaid $49,178 on its secured line of credit during the three months ended March 31, 2009.

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.

As at March 31, 2009, 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, 2008. As of March 31, 2009, 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, 2008. 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, 2008.

Transactions with Related Parties

For the three months ended March 31, 2009, the Company paid $29,239 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. In addition, three officers of the Company have advanced $100,014 to the Company in the form of deferred salary at an interest rate of nil, to be repaid no later than August 31, 2009.

Critical Accounting Estimates

General

The Management's Discussion and Analysis for the year ended December 31, 2008 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:

Goodwill and Intangible Assets

CICA Handbook Section 3064, Goodwill and Intangible Assets, which replaces CICA Handbook Section 3062 "Goodwill and Intangible Assets", and Section 3450 "Research and Development Costs", establishes the standards for recognition, measurement and disclosure of goodwill and intangible assets. Under these new standards, internally generated intangible assets may be recognized in the financial statements under certain circumstances. This standard is effective for the Company for interim and annual financial statements beginning on January 1, 2009. The Company has not yet determined the impact of the adoption of this change in the Financial Statements.

International Financial Reporting Standards

The CICA plans to transition from Canadian Generally Accepted Accounting Principles to International Financial Reporting Standards (IFRS) effective January 1, 2011. The Company is currently in the IFRS familiarization and planning phase of its IFRS changeover plan. Activities in this phase include senior finance staff becoming familiar with the differences between GAAP and IFRS, particularly as they apply to the Company, development of a project plan, including task definition resource allocation and training, requirements for external expertise, and the potential impact on internal controls and information systems. Senior staff are currently becoming familiar with the exemptions that may be applied under IFRS-1.

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, options and warrants outstanding:

Common Shares	50,281,330
Stock Options	3,779,573
Broker Warrants	180,723@$1.30

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, 2008 that are available on www.sedar.com and as noted below.

Research and Development	Three months ended March 31, 2009	Three months ended March 31, 2008
Salaries	$ 471,895	$ 573,806
Consulting	42,045	126,137
R&D lab supplies	7,841	40,846
Stock-based compensation	31,386	18,989
Rent and overhead allocations	59,535	101,647
Alberta Ingenuity Credits	(27,500)	-
Total	$ 585,202	$ 861,425

Sales, General and Administration	Three months ended March 31, 2009	Three months ended March 31, 2008
Salaries	$ 374,923	$ 1,024,795
Marketing	12,274	179,329
Travel	17,419	170,005
Rent, supplies and public company fees	99,405	184,681
Stock-based compensation	75,327	73,839
Professional fees	67,406	129,635
Total	$ 646,754	$ 1,762,284