

ACCELEWARE CORP.  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 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 and nine months ended September 30, 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](http://www.sedar.com) under Acceleware Corp.

This MD&A is presented as of November 24, 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.

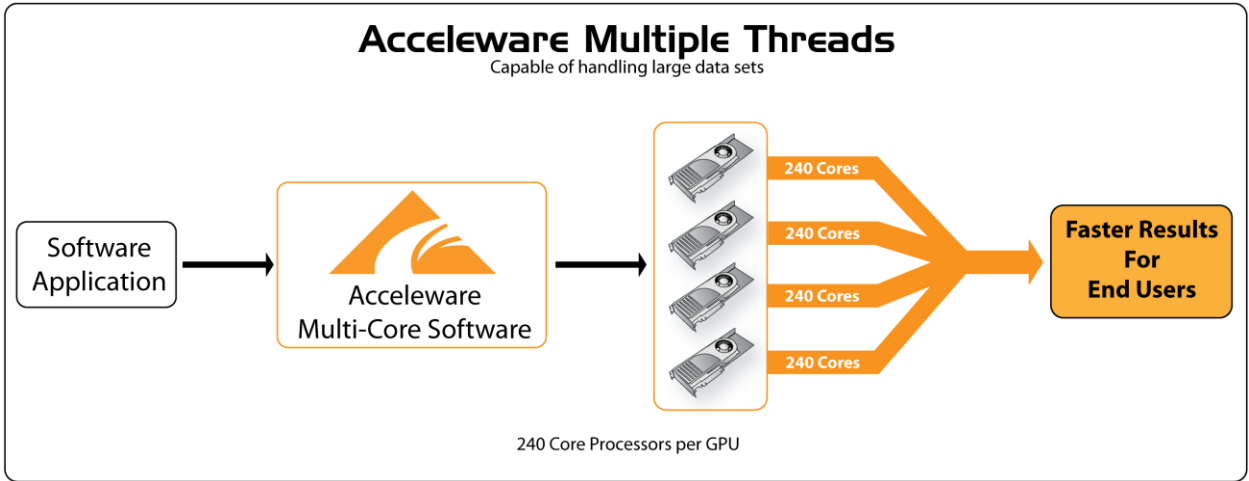
Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Forward-looking statements include statements **with respect to the timing and amount of estimated future revenue and sales and the Corporation's 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 September 30, 2009, Acceleware had 30 employees, including: 2 in administration; 9 in sales, marketing, and product management; and 19 in research and development.

## Overall Performance

Acceleware continues to significant improvement in both top line revenue and bottom line net loss resulting from the restructuring implemented by the Company in 2008. Top line revenue has increased 66% in the three months ended September 30, 2009 (“Q3, 2009”) compared to the same period a year ago, while net loss for Q3, 2009 has decreased 85% to \$480,468 compared to a net loss of \$3,108,208 for the three months ended September 30, 2008 (“Q3, 2008”). During the nine months ended September 30, 2009 net loss decreased 89% to \$869,512 from \$8,181,266 during the nine months ended September 30, 2008. The improvement in net loss for both the three month and nine month periods is principally a result of restructuring efforts undertaken in the second half of fiscal 2008. During Q3, 2009 the Company recognized revenue of \$782,207 representing a 66% increase over the \$472,620 recognized during Q3, 2008, and a 22% decrease over the \$1,000,372 recognized in the three months ended June 30, 2009 (“Q2, 2009”). Revenue for the nine months ended September 30, 2009 was \$2,988,113 an increase of 3% over the \$2,900,910 recorded in the same period a year earlier. Since the Company has implemented its software only business model, it has seen significant sales of software and consulting services that have offset the decline in hardware sales compared to the same periods in fiscal 2008. In comparing revenue for the three and nine months ended September 30, 2009 with the same periods a year earlier, it should be noted that the economic downturn severely impacted revenue beginning in the last half of Fiscal 2008, and that the economic climate has only marginally improved to date in Fiscal 2009. For the nine months ended September 30, 2009, the Company benefited from a large sale of software and consulting services during Q1, 2009. 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 September 30, 2009 Acceleware had a working capital deficit of (\$30,393), including \$564,511 in cash and cash equivalents, and \$406,480 in short term debt. This is a decrease 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. The decrease in cash and cash equivalents is primarily due to cash used in operating activities and to an increase in accounts receivable. 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 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.\*

## Third Quarter Highlights and Events

On July 14, 2009 – Acceleware announced that it entered into a consulting engagement that will enable a major oil company to run one of its seismic migration algorithms on GPUs. The consulting agreement (which is denominated in US dollars) is valued at approximately \$347,095 CDN.

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\* 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 September 24, 2009 - Acceleware announced that Jens Horstmann was appointed to the Company's board of directors.

### 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 September 30, 2009.

	2009			2008				2007
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	\$782,207	\$1,000,372	\$1,205,534	\$897,006	\$472,620	\$1,073,325	\$1,354,964	\$1,024,954
Cash generated (used) in operating activities	(274,889)	(461,455)	150,390	(334,447)	(1,816,308)	(3,305,895)	(2,343,100)	(1,430,588)
Net loss	(480,468)	(260,321)	(128,723)	(2,315,605)	(3,108,208)	(2,924,638)	(2,148,420)	(2,121,423)
Loss per share basic and diluted	(\$0.009)	(\$0.005)	(\$0.003)	(\$0.06)	(\$0.07)	(\$0.07)	(\$0.05)	(\$0.06)

Acceleware showed significant improvement in both profitability and cash used in operating activities during the three months ended September 30, 2009, compared to the three months ended September 30, 2008, due primarily to the restructuring efforts completed in the second half of fiscal 2008. However, profitability decreased from Q2, 2009 due to lower revenue. Cash used in operating activities improved compared to Q2, 2009 due primarily to a decrease in investment in working capital, primarily accounts receivable.

### Results of Operations

#### Revenue

During the three months ended September 30, 2009, the Company reported total revenues of \$782,207, a 66% increase compared to \$472,620 for the three months ended September 30, 2008. The increase in recognized revenue over the same period in the prior year was due to an increase in consulting revenue. As the Company continued to market its consulting services offerings, \$380,497 in consulting revenue was recognized in Q3, 2009 with no consulting revenue recognized in Q3, 2008 and \$432,464 in Q2, 2009. Recognized revenue decreased 22% in Q3, 2009 compared to \$1,000,372 recognized in Q2, 2009 due a decrease in product sales and consulting revenue. Product sales decreased due to a general slowdown over the summer months. Consulting revenue decreased as the Company substantially completed the services component of a large software and consulting services sale agreement in Q2, 2009. Maintenance revenue increased 19% to \$104,476 in Q3, 2009 from \$88,160 in Q3, 2008 and increased 1% from \$103,938 in Q2, 2009. As the Company sells additional software licenses the installed base increases, resulting in increased maintenance revenue. Interest revenue decreased significantly from \$28,511 in Q3, 2008 to \$3,992 in Q3, 2009 due to reduced cash and cash equivalents and investments earning interest.

Revenue	Three months ended 09/30/2009	Three months ended 09/30/2008	Three months ended 06/30/2009	% change Q3 2009 over Q3 2008	% change Q3 2009 over Q2 2009
Product sales	\$ 293,242	\$ 355,949	\$ 441,282	-6%	-34%
Maintenance	104,476	88,160	103,938	19%	1%
Consulting	380,497	-	432,464	N/A	-12%
Interest	3,992	28,511	22,688	-86%	-82%
	\$ 782,207	\$ 472,620	\$ 1,000,372	66%	-22%

During the nine months ended September 30, 2009, the Company reported total revenues of \$2,988,113, a 3% increase compared to \$2,900,910 for the nine months ended September 30, 2008. The increase in recognized revenue over the same period in the prior year was due to an increase in consulting revenue. As the Company continued to market its consulting services offerings, \$967,353 in consulting revenue was recognized in the nine months ended September 30, 2009 with no consulting revenue recognized in the nine months ended September 30, 2008. The increase in consulting revenue was offset by 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. As a result of the switch to software only, product sales decreased 31% to \$1,673,162 for the nine months ended September 30, 2009 from \$2,413,330 recorded in the nine months ended September 30, 2008. Interest revenue decreased significantly from \$182,785 in the nine months ended September 30, 2008 to \$28,301 for the nine months ended September 30, 2009, due to a significant reduction in cash and cash equivalents and investments earning interest.

Revenue	Nine months ended 09/30/2009	Nine months ended 09/30/2008	% change Nine months ended 09/30/2009 over Nine months ended 09/30/2008
Product sales	\$ 1,673,162	\$ 2,413,330	-31%
Maintenance	319,297	304,795	5%
Consulting	967,353	-	N/A
Interest	28,301	182,785	-85%
	\$ 2,988,113	\$ 2,900,910	3%

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 \$240,038 as at September 30, 2009, compared to \$247,320 as at December 31, 2008.

### Expenses

Expenses	Three months ended 09/30/2009	Three months ended 09/30/2008	Three months ended 06/30/2009	% change Q3 2009 over Q3 2008	% change Q3 2009 over Q2 2009
Cost of revenue	\$ 313,013	\$ 429,238	\$ 343,860	-27%	-9%
General & administrative	635,105	2,036,721	627,632	-69%	1%
Research & development	298,305	950,443	253,767	-69%	18%
(Gain) loss on investment	(12,183)	-	6,024	N/A	-302%
(Gain) loss on disposal of property and equipment	(1,225)	102,148	(250)	-101%	390%
Amortization	29,660	62,278	29,660	-52%	0%
	\$ 1,262,675	\$ 3,580,828	\$ 1,260,693	-65%	0%

Expenses decreased 65% during the three months ended September 30, 2009 to \$1,262,675 from \$3,580,828 for the three months ended September 30, 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. Expenses increased slightly from the \$1,260,693 recorded in Q2, 2009.

Cost of revenue for Q3, 2009 decreased 27% to \$313,013 from \$429,238 in Q3, 2008. The reduction is due to a reduction in hardware cost of revenue brought on by the Company's implementation of a software-only business model, partially offset by the direct costs for personnel associated with consulting services. The Company continues

to supply hardware to customers out of its inventory as opportunities arise. Cost of revenue decreased 9% compared to the \$343,860 recorded in Q2, 2009. The decrease is a result of decreased direct costs for consulting services. 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 consulting and 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 September 30, 2009 G&A expenses decreased 69% to \$635,105 from \$2,036,721 recorded in Q3, 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 1% in Q3, 2009 compared to the \$627,632 recorded in Q2, 2009. The increase is a result of increased sales expense related to hiring a salesperson in Houston, Texas to focus on sales to customers in the oil and gas sector.

For the three months ended September 30, 2009, research and development ("R&D") expenditures decreased 69% to \$298,305 from \$950,443 for the three months ended September 30, 2008. The decrease is a result of three factors. Firstly, R&D expenses decreased as 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. Second, some R&D staff were reassigned to consulting services projects during Q3, 2009. Third, the Company benefited from an increase in government funding from National Research Council's – Industrial Research Assistance Program ("NRC-IRAP") during Q3, 2009. R&D increased 18% compared to the \$253,767 recorded in Q2, 2009. The increase is a result of fewer personnel assigned to consulting services projects, partially offset by an increase in government funding from NRC-IRAP.

During the three months ended September 30, 2009, the Company recorded a \$12,183 (\$nil for Q3, 2008) gain on its investment in asset-backed commercial paper ("ABCP") (see note 5 to the unaudited financial statements for the three months ended September 30, 2009 for further details). The gain is a result of decrease in estimated time to maturity, and changes in valuation assumptions such as expected interest rates. 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 52% to \$29,660 in Q3, 2009 from \$62,278 in Q3, 2008. The reduction is due to the disposal of excess property and equipment as part of the restructuring program.

Expenses	Nine months ended 09/30/2009	Nine months ended 09/30/2008	% change Nine months ended 09/30/2009 over Nine months ended 09/30/2008
Cost of revenue	\$ 737,493	\$ 1,897,917	-61%
General & administrative	1,909,491	5,870,177	-67%
Research & development	1,137,274	3,015,752	-62%
(Gain) loss on investment	(19,407)	-	N/A
Loss on disposal of property	3,947	102,148	-96%
Amortization	88,827	196,182	-55%
	\$ 3,857,625	\$ 11,082,176	-65%

Expenses decreased 65% during the nine months ended September 30, 2009 to \$3,857,625 from \$11,082,176 for the nine months ended September 30, 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.

Cost of revenue for the nine months ended September 30, 2009 decreased 61% to \$737,493 from \$1,897,917 in the nine months ended September 30, 2008. The reduction is due to the Company's implementation of a software-only business model, offset by the direct costs associated with personnel working on consulting services. The Company continues to supply hardware to customers out of its inventory as opportunities arise.

For the nine months ended September 30, 2009 G&A expenses decreased 67% to \$1,909,491 from \$5,870,177 recorded in nine months ended September 30, 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.

For the nine months ended September 30, 2009, research and development ("R&D") expenditures decreased 62% to \$1,137,491 from \$3,015,752 for the nine months ended September 30, 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, and the reassignment of some R&D staff to consulting projects.

During the nine months ended September 30, 2009, the Company recorded a \$19,407 gain (\$nil for the nine months ended September 30, 2009) on its investment in asset-backed commercial paper ("ABCP") (see note 5 to the unaudited financial statements for the three months ended September 30, 2009 for further details). The gain is a result of decrease in estimated time to maturity, and changes in valuation assumptions such as expected interest rates.

Amortization decreased 55% to \$88,827 in the nine months ended September 30, 2009 from \$196,182 in the nine months ended September 30, 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 September 30, 2009 of \$480,468 a decrease of 85% from the \$3,108,208 recorded in Q3, 2008. The substantial decrease is a result of the significant reduction in expenses and restructuring charges in the current quarter compared to the same quarter a year ago, increased revenue, and reduced cost of revenue. Net loss increased 85% in Q3, 2009, compared to the \$260,131 net loss recorded in Q2, 2009. The increase is a result of reduced revenue.

Net loss for the nine months ended September 30, 2009 decreased 89% to \$869,512 from \$8,181,266 for the nine months ended September 30, 2008, also due to the significant reduction in expenses and restructuring charges in the current period compared to the same period a year ago.

### Liquidity and Capital Resources

At September 30, 2009 Acceleware had a working capital deficit of (\$30,393), including \$564,511 in cash and cash equivalents, and \$406,480 in short term debt. This is a decrease 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. The decrease in cash and cash equivalents is primarily due to cash used in operating activities including an increase in accounts receivable.

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 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 used in operating activities totaled \$274,889 for the three months ended September 30, 2009 compared to cash used in operating activities for the three months ended September 30, 2008 of \$1,816,308. Cash used in operating activities totaled \$585,954 for the nine months ended September 30, 2009 compared to cash used in operating activities for the nine months ended September 30, 2008 of \$7,446,044. The significant reductions in cash used in operations for both current periods relative to a year ago are a result of implementation of the Company's cash management program.

As at September 30, 2009, the Company had current liabilities of \$1,283,313 compared to current liabilities of \$1,295,958 as at December 31, 2008. Included in the current liabilities for September 30, 2009 was current debt of \$406,480 compared to current debt of \$355,587 as at December 31, 2008 related to a secured line of credit.

#### Accounts Receivable

As a result of the increased number of orders throughout Q3, 2009, accounts receivable increased to \$561,980 as at September 30, 2009, compared to \$312,340 as at December 31, 2008. The Company continues to focus on timely collection of receivables, and 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 \$12,183 as at September 30, 2009 in the carrying value of its asset-backed commercial paper investment (ABCP). The Company received a payment of \$49,176 in the nine months ended September 30, 2009 which was its share of accumulated interest in the conduit trusts from August 2007 to January 21, 2009. In addition, the company received a partial redemption of the notes totalling \$2,502 during the nine months ended September 30, 2009. (See note 5 to the unaudited financial statements for the three months ended September 30, 2009 for further details).

#### Inventories

Inventories decreased to \$104,123 at September 30, 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 received \$48,178 in cash by utilizing its secured line of credit during the nine months ended September 30, 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

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\* 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

(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 September 30, 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 September 30, 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 nine months ended September 30, 2009, the Company paid \$100,102 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, and are included in G&A expense. In addition, three officers of the Company have advanced \$61,282 to the Company in the form of deferred salary at an interest rate of nil, to be repaid no later than February 28, 2010.

## 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.

## Changes in Accounting Polices – Initial Adoption

### *Goodwill and Intangible Assets*

Effective January 1, 2009 the Company adopted the Canadian Institute of Chartered Accountants ("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. The adoption of this standard did not have a material impact on the Company's financial statements.

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

### *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. The Company has completed a diagnostic review of IFRS conversion and has developed an IFRS conversion plan. 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.

### 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	52,238,235
Stock Options	3,732,930
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 unaudited financial statements for three and nine month period ended September 30, 2009 that are available on [www.sedar.com](http://www.sedar.com) and as noted below.

Research and Development	Three months ended September 30, 2009	Three months ended September 30, 2008
Salaries	\$ 301,016	\$ 629,153
Consulting	52,887	108,719
R&D lab supplies	13,785	39,587
Stock-based compensation	16,652	13,882
Rent and overhead allocations	54,826	138,295
Alberta Ingenuity Credits & NRC-IRAP	(140,861)	20,807
Total	\$ 298,305	\$ 950,443

Sales, General and Administration	Three months ended September 30, 2009	Three months ended September 30, 2008
Salaries	\$ 326,620	\$ 1,149,124
Marketing	24,124	106,137
Travel	11,450	113,928
Rent, supplies and public company fees	172,571	446,743
Stock-based compensation	50,324	68,820
Professional fees	50,016	151,969
Total	\$ 635,105	\$ 2,036,721