SOFTCHOICE CORPORATION

ANNUAL INFORMATION FORM

For the fiscal period ended December 31, 2009

March 31, 2010

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CORPORATE STRUCTURE

Softchoice Corporation ("Softchoice" or the "Company") is the corporation resulting from the amalgamation (the "Amalgamation") of Ukraine Enterprise Corporation (UEC) and Softchoice Corporation on May 15, 2002, under the Canada Business Corporations Act. The registered and head office of Softchoice is located at 173 Dufferin Street, Suite 200, Toronto, Ontario M6K 3H7. Softchoice's main telephone number is (416) 588-9002; its main fax number is (416) 588-9005.

Softchoice has a wholly owned subsidiary, Softchoice Holding Corporation ("Holdco"). Holdco is incorporated under the laws of Delaware. Holdco owns all of the common shares of Softchoice U.S. Holdco is not an operating company.

Softchoice's United States operations are carried on by Softchoice Corporation ("Softchoice U.S."), a corporation incorporated under the laws of the state of New York. The registered and head office of Softchoice U.S. is located at 314 West Superior Street, Suite 301, Chicago, Illinois 60610-3538. Holdco owns all of the common shares of Softchoice US. Softchoice U.S. also has issued preferred shares, which are entirely owned by Softchoice.

In this Annual Information Form, unless the context otherwise requires, the terms *Softchoice* or *the Company* include Softchoice and its subsidiary, Softchoice U.S.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Information and discussion in this document contain certain forward-looking statements based on current expectations. Management bases its expectations on current market conditions and forecasts published by experts, on knowledge of observed industry trends and on internal intentions based on developed business plans or budgets. The words "expect," "intend," "anticipate" and similar expressions generally identify forward-looking statements. These forward-looking statements entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Certain of these risks are described under the heading "Risk Factors."

DEVELOPMENT OF THE BUSINESS

Softchoice was founded in 1989 to sell software products to corporate customers. The Company's customer base includes small and medium-sized businesses ("SMB"), which Softchoice considers to be companies with fewer than 2,000 PCs, enterprise customers with more than 2,000 PCs, and government entities. Softchoice sells very little product to consumers. By 1995, Softchoice was the largest reseller of Microsoft products in Canada. By 1997, the decision was made to expand the business into the United States, and seven offices were opened in November of that year. Since that time, 27 additional offices have been opened across the United States. In 2002, the Company began selling hardware products.

In 2007 and early 2008 Softchoice consummated three acquisitions to expand further its customer base, scope of product and service offerings. These acquisitions are outlined below.

NexInnovations

On October 12, 2007 Softchoice purchased key assets of the Technology Solutions and Professional Services division of NexInnovations Inc. ("NexInnovations"). This division provides consulting, technology solution architecture, infrastructure deployment and support services to business and government organizations across Canada. In particular, this division has developed expertise in providing hardware product sales and related support services to some of the largest corporate customers and government groups in Canada. NexInnovations had filed for protection under the Companies' Creditors Arrangement Act (CCAA) for the second time on September 27, 2007. The history of NexInnovations' bankruptcy process, the expertise that was acquired and a description of the

Company are included in the Company's Business Acquisition Report for NexInnovations, which can be found on Softchoice's website and on the SEDAR website at www.sedar.com.

Software Plus

On December 11, 2007, Softchoice acquired all of the outstanding common shares of Software Plus Ltd., a company incorporated under the laws of Missouri, for cash consideration of US$44.1 million, including acquisition costs of US$2.3 million. Immediately following the acquisition, Software Plus was merged with Softchoice. Software Plus was the largest corporate reseller of computer software in the U.S. Midwest and the industry's ninth largest Microsoft Large Account Reseller (LAR).

This transaction expanded Softchoice's geographical coverage in the Midwest with very little overlap of customer accounts. In particular, Software Plus concentrated on a number of enterprise customers, and this acquisition has therefore broadened the Company's customer base in the U.S. A Business Acquisition Report with respect to this acquisition can also be found on Softchoice's website and on the SEDAR website at www.sedar.com.

Optimus Solutions

On January 3, 2008, Softchoice acquired all of the outstanding common shares of Optimus Solutions LLC, ("Optimus" or "Optimus Solutions"), a limited liability company formed under the laws of Georgia. Immediately following the acquisition, Optimus was merged with Softchoice. Optimus Solutions provided comprehensive IT products and solutions focused on helping enterprise and mid-market clients plan, build and maintain their information technology infrastructure with headquarters in Norcross, Georgia, and nine offices elsewhere in the United States.

Under the terms of the agreement, Softchoice paid cash consideration of US$40.9 million, including acquisition costs of US$1.8 million. Included in this purchase price is the earn-out portion of US$5.9 million, which was calculated based on the performance of Optimus Solutions in 2008, and a net working capital adjustment of US$3.9 million. The acquisition has significantly enhanced Softchoice's ability to provide advanced infrastructure technology solutions and services, including storage, internetworking, server consolidation and security solutions to U.S. mid-market, enterprise and public sector organizations.

NATURE OF THE TECHNOLOGY INDUSTRY

Softchoice is a leading provider of IT infrastructure solutions, including hardware, software and various infrastructure management services. Softchoice does not participate in all parts of the North American IT market. For example, the Company does not sell mainframe computer systems or enterprise resource planning (ERP) systems like SAP that involve a high degree of complexity and long sales cycles. According to International Data Corporation (IDC), the relevant indirect market available to Softchoice in North America is valued at approximately US$119 billion in 2010 (excluding services), of which Softchoice's share is estimated to be below 1 percent. Indirect software and hardware revenues were estimated at US$40 billion and US$80 billion, respectively.

A recent report by professional forecasting body Forrester Research indicates that overall North American IT spending will grow by about 6.6 percent in 2010, or roughly twice the rate of expected GDP growth. According to IDC estimates, which focuses on the direct IT channel of which Softchoice is a part, the growth in spending on packaged software and IT services in North America between now and 2012 is expected to increase by 5.5 percent and 3 percent, respectively, while spending on volume servers and PCs will grow by about 4 percent and 1.1 percent.

While the economic recovery is still in the early phases, major product releases like that of Windows 7, as well as compelling innovations like desktop virtualization and cloud computing are serving to reignite industry growth. The pent up demand for infrastructure replacements and IT projects that had previously been put on hold as organizations looked to conserve capital is also worthy of note. Given Softchoice's ability to address these areas of opportunity, the Company is well positioned as IT spending slowly returns to historic levels.

The IT Distribution Channel

The information technology distribution channel includes three main types of participants:

1. The software publisher or hardware manufacturer creates and builds the products. These companies may elect to sell product directly to the customer, as is the case with Dell Computers, or they may sell through the distribution channel or they may elect to do a combination of both, depending on the specific products. The more complex the product or the earlier that the product is in the adoption cycle, the more likely the manufacturer is to sell it directly.

2. The distributor buys product from the manufacturer and sells it to the reseller or direct marketer. The distributor does not sell to end users. Distributors generally maintain massive warehouses and specialize in providing logistical services. Ingram Micro, Synnex and Tech Data are the largest examples of technology distributors in the North American market.

3. The reseller or direct marketer buys product from either distributors or the manufacturer and sells it to the end user. Resellers are usually prohibited from selling to other resellers. Resellers have agreements with the manufacturers that generally are not exclusive, but may describe a geographical territory, such as Canada or North America. Resellers may focus on specific customer segments, defined either by the size of the customer, the industry or their geography. In the past few years, there has been considerable consolidation in the reseller channel and the midsized or regional players are being acquired by national resellers. The industry is bifurcating into small local players and larger national or international participants. Some national resellers have begun to expand their offerings to include solutions and other services that have been more often provided by smaller local firms, such as value added resellers (VARs) in prior years.

Softchoice, as a reseller, buys product from both distributors and manufacturers. Our designation as a Microsoft Large Account Reseller is an example of the type of contractual relationship that resellers have with manufacturers or publishers. This agreement gives us certain pricing advantages and access to Select and EA licenses. Distributors and VARs are not able to purchase these products. Softchoice has an extensive referral program with local VARs and other service providers (the SPA or Softchoice Partner Agreement). Under these agreements, the Company has referral and marketing relationships with local VARs in specific areas so that customers can benefit from the local services provided by the VAR, in addition to the pricing and asset management advantages Softchoice offers when executing technology purchases. In some cases these agreements generate referral revenue for Softchoice or referral fees, and in some cases the partner program is a lead-sharing agreement and no referral fees are provided by either party.

BUSINESS OF SOFTCHOICE

OVERVIEW*

Softchoice helps organizations manage their IT infrastructure throughout the entire technology life cycle – from assessment, design and solution architecture to procurement, project management, implementation, ongoing asset management and disposal. The Company's services and solutions offerings are designed to enhance the hardware and software product revenue stream and to deepen the customer relationship.

Softchoice implements technology solutions for roughly 19,000 small and mid-market (SMB), enterprise and public sector institutions across Canada and the U.S. Over the years, the Company's U.S. expansion has been largely fueled by concentrating on the SMB customer. The Canadian business has historically been more balanced

* This section includes forward-looking statements. See "Caution Regarding Forward-Looking Statements."

between SMB, enterprise and government customers. In addition to broadening the Company's portfolio of solutions and services, the motivating force for the recent acquisitions was to extend Softchoice's reach in the enterprise space. In Canada, this effort has primarily focused on the hardware solutions business. In the U.S., Softchoice have sought to increase its penetration of the enterprise market from both a software licensing and hardware solutions perspective.

The expanded focus on enterprise customers should benefit Softchoice's SMB customers since the expertise required to serve either customers are similar. Due to advances in hardware processing power and software application capability, there is a growing trend for more sophisticated infrastructure solutions to become increasingly cost-effective for smaller customers, especially as manufacturers and publishers continue to view this segment of the market as a growth opportunity. As a result, Softchoice expects the factors influencing the buying decisions of the SMB customer to increasingly emulate the enterprise customer on issues of trust, accessibility and quality of service. Through the established network of more than 40 sales offices, four call centers, 433 outbound and inside sales associates and 142 pre-sales and professional service representatives, Softchoice is well positioned to profit from these developments.

CORPORATE STRATEGY

Softchoice's strategy is focused on deepening relationships, thereby increasing the share of customers' IT spending, and making it more difficult for customers to change IT suppliers. At the center are six critical pillars which, when combined together, form a coherent, consistent framework that helps to guide the management and development of the business.

Deeper Customer Relationships: Softchoice engages a high-touch model of customer interaction with focus on fostering multiple relationships within a given customer account, and increasing the percentage of the customers' IT budget that is spent with Softchoice. This approach crosses all product and service lines as measured by the number of different product solutions that are sold to a particular customer and the overall increase in gross margin realized per customer. The Company makes it easy for customers to interact with Softchoice in person, over the phone and through the ever-expanding e-commerce capabilities.

Local Offices: Softchoice has 43 local offices across North America, with 236 outbound sales representatives focused on meeting customers face to face. Working with customers in person allows for a better understanding of their strategic objectives, which translates into better advice and better solutions for the customer. Local offices also foster local relationships with the vendor community and various partner relationships. The Company's ability to offer a broad portfolio of solutions and services at a local level, particularly for organizations in the SMB space, represents a distinct competitive advantage over competitors who do not enjoy the same geographic reach.

Call Centers: There are four call centers to support the outbound sales force located in Montreal, Toronto, Chicago, and Seattle. While the outbound sales representative identifies the underlying strategic procurement and project requirements of the customer, it is the inside sales staff in the call centers who manage the daily transaction flow. Customers have their choice of dealing with a dedicated inside sales account manager or telephoning the call center directly for support. Softchoice's proprietary call center technology and infrastructure ensure the customers receive a live, knowledgeable response every time. Softchoice does not employ phone trees or call waiting services in its call centers.

Flexible Proprietary Systems: Internal IT systems were designed for Softchoice and have been improved and updated continually to ensure that they continue to meet changing needs. All lines of business – namely, software licensing, hardware infrastructure and professional services engagements – are managed on the same unified platform. These systems include e-commerce capability and search engine, integrated customer and product databases, and extensive reporting capabilities for the customer and for internal purposes. The Company has made further refinements in recent years to include the advanced project coordination processes required to support large-scale technology deployments and professional services billings. Softchoice has also continued to advance the use of XML and EDI links to ensure the systems are closely linked to distribution partners and various customers. The Company continues to automate more and more of its transaction process, which helps to reduce errors and improve efficiency for Softchoice and the customer. In 2009, roughly 350,000 transactions were processed, and it is the efficiency of this proprietary system that contributes toward the cost-effective management of Softchoice's business.

Services Offerings: Services are designed to help customers manage their infrastructure throughout the life cycle of the assets under management. Softchoice provides services to customers through its employee capabilities and competencies and through a web of partner networks that blanket the continent. These services include:

- Assessment services that help a customer identify the correlation between their existing environment and those outlined by their IT policies and objectives as well as the viability and payback period for new areas of potential IT investment. These services can focus on providing an inventory of all hardware and software and components and can identify software license compliance or harvesting opportunities, asset aging reports, policy compliance management, etc. These services include, but are not limited to, the Softchoice branded TechCheck™ services and the new IT Asset Management-as-a-Service offering.

- Design and architecture services help customers identify and build the optimum infrastructure configuration.

- Procurement services: This revenue stream makes up the bulk of Softchoice's revenue as it helps customers streamline their procurement processes and save time and money as a result. In addition, the ability to identify optimal license vehicles for software license purchases and facilitate various financing arrangements such as product leasing. Procurement services also include imaging, configuration services and staging for large infrastructure deployments.

- Professional services, including project planning and management as well as onsite deployment support help organizations implement new solutions efficiently and cost-effectively without taxing their own internal resource

- Hardware roll-out services allows Softchoice to serve as a strategic infrastructure solutions provider, particularly to larger enterprise customers who often require this competency on the part of their suppliers. These services include hardware configuration, custom imaging and asset tagging; hardware deployment and on-site installation services; and safe and secure hardware removal/disposal services. Wherever possible, Softchoice leverages partnerships with leading distributors and local field technicians to fulfill these services with Softchoice serving as the general contractor.

- Management services include software license management, warranty registration and management, life cycle inventory management through the assessment services and identification of growth constraints due to the age, size or capability of the assets under management. Monitoring services can also be arranged through various partner relationships.

Virtual Supply Chain: As a result of the Company's supply chain, Softchoice holds minimal inventory levels, and customer requirements can be satisfied through access to warehouses across North America. The services of distributors are used to drop-ship product, collect returns when necessary and augment internal services for imaging, configuration and staging. Softchoice maintains extensive electronic links with its distributors across North America, enabling real-time decision-making by sales staff and the customer to expedite purchases and delivery.

The combination of these six elements of Softchoice's strategy provides a cohesive framework within which to make decisions and to grow the business.

GROWTH STRATEGY*

The growth strategy is focused primarily on deepening customer relationships by offering a broader portfolio of solutions and services. Through this approach, Softchoice seeks to diversify revenue mix by capturing a greater share of customers' overall IT spending. Integral to this process is increasing the scale and efficiency of the business in order to accommodate the growing proportion of hardware infrastructure solutions in the Company's product mix. This approach is centered on the organic growth of the existing business and growth through acquisition.

In 2007 and 2008, the execution of Softchoice's acquisition strategy resulted in the purchase of three companies, all of which were successfully integrated by December 31, 2008. These acquisitions have significantly increased the scope of the Company's offerings and its reach in the market. The purchase of NexInnovations has made Softchoice a leading provider of hardware infrastructure solutions to Canadian enterprise customers. It has also provided the project management expertise to support large-scale technology deployments for some of North America's largest corporations. Likewise, the purchase of Software Plus has strengthened the Company's position as the fifth largest provider of Microsoft licensing solutions in the U.S. by giving access to new enterprise and public sector customers in this market. Through the acquisition of Optimus Solutions, Softchoice has added the technical expertise to support the implementation of advanced IT solutions.

These acquisitions offer significant opportunities to realize revenue synergies and further diversify product mix. Software Plus customers represent an untapped market with which to extend hardware solutions and professional services offerings. Similarly, the customers acquired through Optimus Solutions and NexInnovations represent a new market for annuity software licensing business. Acquiring new customers will remain an important focus and with a broader set of offerings Softchoice believes it is well positioned to do this. However, in many respects, the key driver of the Company's growth over the coming year lies with current customers.

From a strategic perspective, integrating these organizations has allowed Softchoice to combine the scale and efficiency of a national, large-volume IT supplier with the personal touch and technical expertise of a local solution provider. This process allows for a deepening of relationships with customers by adding value at every step of the technology life cycle – from assessment and solution design to cost-effective fulfillment, implementation and disposal. By increasing the scope of services, Softchoice makes it more difficult for competitors to take customers while creating opportunities to earn a greater share of customers' IT spending.

Softchoice believes it is the best partner for customers seeking an integrated approach to technology acquisition, business solutions delivery and ongoing IT asset management. Competencies and holistic management practices across each of these categories help customers realize the greatest value by optimizing their IT spending, maximizing asset utilization and enhancing business and IT performance through innovation.

Technology Acquisition: This is the core of Softchoice's fulfillment business and allows customers to identify and purchase their IT assets cost-effectively. The Company's broad continental reach gives access to better pricing; the web capability expedites the purchase process; and access to the warehouses of major distributors across North America eliminates the need for holding of inventory and allows the customers the flexibility to choose between multiple points of access. This choice can be important when speed of delivery is critical.

IT Asset Management ("ITAM"): This offering includes product fulfillment, management of project rollouts, complex configurations, etc. Software licensing is also included in this offering as purchase history reporting and asset analysis services help customers with license compliance or the harvesting and redistribution of excess or underutilized licenses. Softchoice also provides ITAM as a service where multiple sources of data are consolidated to provide one repository of information to solve IT management problems.

Internal research indicates a growing trend among customers to consolidate their IT purchasing, project and ongoing asset management requirements through a single, comprehensive technology provider. Softchoice believes

* This section includes forward-looking statements. See "Caution Regarding Forward-Looking Statements."

the new capabilities and offerings position will allow this demand to be met, both in terms of existing customers and with respect to winning new customers to the Softchoice fold.

COMPETITION

Softchoice competes on the basis of service levels, product availability and price. Competition comes from a variety of other resellers. Typically, resellers can be broadly differentiated into two groups: those who sell a large volume of products and process a high level of transactions and those who focus on value-based services. The first group includes large multinational organizations that use their relative size to obtain pricing advantages in the marketplace. The attributes of these competitors include a strong supply chain, a robust customer-facing website and e-commerce tools, large or multiple call centers and a wide selection of product offerings. Value-added resellers ("VARs") provide professional services, pre-sales consulting and solution design, project management and staging services. Usually VARs are smaller and generally they are local to the customer.

Softchoice's main public competitors include Insight, PC Connection, PC Mall and Dell. In addition, competition from private competitors consist of CDW Computer Centers, Software House International and Compucom. There are many local service providers who compete in the IT distribution channel. The IT distribution channel is highly fragmented, and no one company has a dominant position.

Softchoice believes it has a competitive advantage over the volume reseller because its cost-efficient infrastructure allows the maintaining of local offices, enabling Softchoice to meet, consult and develop relationships with customers face to face. Most competitors in this sector who focus on the SMB market, service their customers through a call center environment only. The Company expects this competitive advantage will favour Softchoice as the IT buying decisions of the mid-market become more complex. Softchoice also believes it has a competitive advantage over VARs or local service providers because its North American presence gives access to better pricing from distributors and the authorizations necessary to sell volume licenses and products from manufacturers. The proprietary information technology systems and the integration between inside and outbound sales representatives and effective marketing campaigns enable Softchoice to provide this local service to the SMB and enterprise market on a profitable basis. The combination of solutions offerings and cost-effective volume products is a distinct advantage to Softchoice, especially in a more difficult economy where customers are working to consolidate their supplier base.

Softchoice uses a benchmark peer group in assessing its executive compensation. This peer group consists of US public and private companies who either compete directly with Softchoice as corporate resellers or participate in the IT distribution as distributors. The benchmark peer group comprises the following companies: Insight, PC Connection, PC Mall, Ciber, Ingram Micro, Tech Data and Synnex.

EMPLOYEES

As of December 31, 2009, Softchoice had 887 full-time employees, 500 of whom were employed in Canada and 387 in the U.S. These employees include 236 outbound sales representatives and 197 call center sales representatives.

None of Softchoice's employees are covered by a collective bargaining agreement, and Softchoice has never experienced a work slowdown or stoppage due to a labour dispute. Softchoice was named one of Canada's Best Workplaces by the *Globe and Mail* for four years in a row, a testament to the Company's belief that having engaged, motivated employees provides better customer service.

INTELLECTUAL PROPERTY

Softchoice relies on a combination of copyright, trade secret and trademark laws, confidentiality procedures and contractual provisions to protect its proprietary information and technology. Softchoice holds a registered trademark on the Softchoice name in Canada and the U.S. Softchoice does not currently hold any patents. Softchoice will assess appropriate occasions for seeking additional intellectual property protections for the aspects of its technology that it believes constitute innovations that provide Softchoice with competitive advantages. Such applications may or may not result in the registration of copyrights or trademarks.

FACILITIES

Softchoice currently operates 43 offices across North America. Softchoice maintains a 87,500-square-foot corporate head office in Toronto. The Company has sales offices and call centers in Toronto, Montreal, Chicago, and Seattle. Sales offices are located in the following cities in Canada: Vancouver, Calgary, Edmonton, Regina, Winnipeg, Ottawa, and Quebec City. In the United States there are sales offices in the following cities: Arlington, Atlanta, Austin, Boston, Charlotte, Connecticut, Columbus, Dallas, Denver, Houston, Indianapolis, Irvine, Kansas City, Los Angeles, Las Vegas, Memphis, Miami, Minneapolis, New York, Norwalk, Orlando, Philadelphia, Phoenix, Portland, Reston, Salt Lake City, San Diego, San Francisco, Tampa and Virginia Beach.

RISK FACTORS

Softchoice does not follow a specific risk model, but rather includes risk management analysis in all levels of strategic and operational planning. Management has identified the risks below as specific risks to Softchoice in the upcoming year.*

Risks Related to the Economy and Financial Conditions

Economic Conditions

Softchoice's business is sensitive to the spending patterns of its customers, which in turn, are subject to prevailing economic and business conditions. Therefore, if customers are adversely affected by prevailing economic and business conditions, Softchoice will be similarly affected. Sales to SMBs have been important to Softchoice's growth, and its ability to continue its historical rate of growth is dependent on its continued success in this market. All of Softchoice's revenue is derived from customers in Canada and the United States. To the extent that capital investment, particularly in the area of information technology, diminishes in both of these countries, Softchoice believes that demand for its products and services could be suppressed.

According to IDC, the economies in both the United States and Canada continued to be in recession during the first half of 2009, IT professional and published reports suggests IT spending may have bottomed and anticipate the IT industry will return to growth in 2010, but not to 2008 levels until 2012.

According to Forrester Research, IT spending is expecting a rebound in 2010 as overall spending in the US is forecasted to grow 6.6 percent to US$568 billion. Forrester predicts that the IT industry is entering a new six-to-seven –year cycle of growth, fueled by new technologies such as advanced business analytics, service-oriented architecture, server and storage virtualization, cloud computing and unified communications.

Customers in both the enterprise and SMB business segments placed extremely tight controls on spending during the 2009 fiscal year. Until corporations in these two key business segments release funding for technology refresh and software acquisitions, management believes that overall revenue and gross profit results will continue to reflect current conditions.

The Company's Microsoft business declined during 2009. Management attributes this decline to a lower Microsoft fee structure and lower true-up activity over the year, particularly in the United States, driven by reduced employment levels in the corporate sector and deferred investment in server and software purchases, as well as increased competition in the software sector (true-up activity relates to fees charged on EA agreements for changes in the number of users). The Company will be placing a stronger emphasis on increased business focus in the Microsoft segment for 2010.

* This section includes forward-looking statements. See "Caution Regarding Forward-Looking Statements."

Risk of Bad Debts

The bankruptcy of a significant customer could seriously harm the financial condition of the Company. Softchoice absorbs the credit risk on all company sales. The Company does not have concentrated exposures in any specific industries or geographic locations. In addition, the small average order size allows the tracking of customer payments and identifying changing patterns rapidly. Although, the small average orders and the diversity in the customer base provide some mitigation of this risk, they do not eliminate it.

Access to Credit

Under current conditions, suppliers to the Company, in particular the distributors, are managing their credit exposures much more closely. As a result, there is a risk that they could reduce Softchoice's credit limits, which could hinder the Company's ability to supply products to customers. In addition, they could tighten payment requirements, which could constrain the Company's cash flows.

Access to Capital

Softchoice may require additional capital in the future that will require it to raise additional funds through public or private debt or equity financing. In the event that the markets were to be restrictive in the ability to raise capital, this could have a negative impact on the Company's capability to finance its growth objectives.

Risks Related to Debt Financing

On February 2, 2009, the Company renegotiated its financing arrangements. The new credit agreements contain financial covenants including a fixed-charge coverage ratio, a debt leverage ratio and a specific asset test. If the Company cannot meet the conditions as outlined in the loan agreement, this could lead to significant financial constraints being placed upon the Company by its lenders.

Exchange Rate Risk

The change in the relative exchange rate between the U.S. and Canadian dollar creates three different risk scenarios for the Company:

- When the Company buys product in one currency and sells it in another, there is a risk related to the transaction to the extent that the relative strength of the dollar changes between the date of the quote to the customer and the date that the customer pays. The dollar value of this type of transaction risk is relatively low. If this transaction stream became larger, the Company would be able to hedge this foreign exchange risk.

- The Canadian company has an inter-company debt owed to Softchoice U.S. that is denominated in U.S. dollars. Changes in the exchange rate affect the carrying value of this debt. If the Canadian dollar weakens against its U.S. counterpart, losses would be included in the Company's reported earnings, and these losses could be material albeit unrealized.

- Approximately 40 percent of the Company's revenue is derived from sales in Canada while the majority of operating costs are incurred in Canada. As a result, the Canadian revenues and expenses partially offset the exposure to foreign currency risks. The sensitivity of earnings to the changing dollar is outlined in the annual Management's Discussion and Analysis.

Risk of Credit Card Fraud

From time to time, Softchoice sells products to customers and accepts payment for these purchases by customer credit card. Accordingly, it may be susceptible to the fraudulent use of credit card numbers. As a consequence, Softchoice may suffer losses in connection with the insolvency of its customers or the fraudulent use of credit card numbers, which could have an effect on Softchoice's business, results of operations and financial condition.

Risks Related to the Technology Distribution Channel

Dependence on Microsoft

For the year ended December 31, 2009, 30 percent of the Company's revenue was from Microsoft products. A loss of or significant change to the relationship with Microsoft could have a materially adverse effect upon the Company. Rebates earned by the Company are predominantly from Microsoft. In addition, when the Company sells Enterprise Agreements (EAs), it is paid a fee from Microsoft. These fees change over time and become more difficult to earn, especially when related to sales to larger customers. If this trend continues, there is a risk that the profitability of this business segment could deteriorate.

Reliance on Financial Incentives

As part of the Company's agreements with certain publishers, including Microsoft, Softchoice receives substantial incentives in the form of rebates and marketing development funds. Rebates are designed by vendors to encourage certain selling behaviour by the resellers. The terms of the rebate change every quarter or six months. Resellers such as Softchoice have little or no input into either the form of the rebate or the revenue targets required to achieve rebates. A reduction or discontinuance of these incentives could have a materially adverse effect on Softchoice's business, results of operations and financial condition. Further, these rebates can be difficult to estimate in advance. Should the terms of these rebates change so that the ease of estimating and therefore certainty of rebate achievement are increased, Softchoice believes its competitors will flow certain rebates through to the customers. Should this occur, the impact would be increased competition and lower selling prices, both of which could adversely affect the Company's business. Rebates are approximately 1 percent of revenue and are recorded as a reduction of cost of sales on the income statement.

Dependence Upon Distributors

Softchoice buys a majority of its hardware and software products that it sells from four major distributors. It cannot be sure that any financial or other difficulties of the distributors will not have a materially adverse effect on Softchoice's provision of services.

Inability to Respond to Changes in the Manner of Information Technology Distribution

The manner in which PC-related products are distributed and sold is continually changing, and new methods of distribution may emerge or expand. Some manufacturers distribute products directly to large corporate customers. Technology manufacturers may intensify their efforts to sell their products directly to end users, including current and potential customers of Softchoice. There is no assurance that this trend will not migrate to the SMB market. Dell Computers successfully targets this customer base, and other manufacturers may try to emulate this strategy. Manufacturers, present competitors or other third parties may introduce other methodologies for distributing software to users. For example, the search engine and advertising company Google has begun offering free access to a number of online business applications. These offerings suggest the future potential of the Web as a personal computing platform, a development that could diminish the role of technology direct marketers. If the technology direct marketers' role is reduced or eliminated or if other methods of distribution that exclude the PC software and hardware resale channel become common, Softchoice's business, results from operations and financial condition could be materially adversely affected.

Technical Innovation

Continued growth by Softchoice and the industry in general is dependent on the ability of equipment manufacturers and software developers to continue to develop new products that become accepted and demanded by corporate customers. Should the rate of innovation decline, the Company's rate of revenue growth would also decline.

Competition

The information technology market is intensely competitive. Softchoice faces competition from a wide variety of sources, including volume resellers and VARs as outlined above. Many of Softchoice's competitors have substantially greater financial resources than Softchoice. Because of the intense competition within the technology sales channel, companies that compete in this market, including Softchoice, are also characterized by low gross and operating margins. Consequently, Softchoice's profitability is highly dependent upon effective cost and management controls. Softchoice's main direct competitors in the U.S. market are larger and more established.

Risk of Information Technology Product Defects

Defects or errors in the software and hardware of third-party manufacturers that Softchoice sells to its customers may potentially result in claims against Softchoice and may result in negative publicity, harm to Softchoice's reputation or the loss of or delay in achieving market acceptance of these information technology products. The consequences of such defects, errors and claims could have a materially adverse effect on Softchoice's business, results of operations and financial condition.

Risks of Technology Solutions Offerings

The technology solutions designed and implemented by the Company are complex and there is a risk that these designs may not be appropriate for the customers' requirements. There is a further risk that implementation projects related to various solutions offerings could be managed incorrectly, causing harm to the customers' technology environments. Either of these outcomes could create litigation against the Company and/or harm the Company's reputation and future prospects. This risk is partially mitigated through errors and omissions insurance.

Risks Related to the Management of Softchoice's Business

Inability to Successfully Execute Strategies

If Softchoice fails to execute any element of its strategy in a timely or effective manner, competitors may be able to seize the marketing opportunities Softchoice has identified. Softchoice's business strategy requires that it successfully and simultaneously complete many tasks. In order to be successful, Softchoice must: (i) continue to build and operate a highly reliable, complex infrastructure; (ii) attract and retain customers; (iii) hire, train and retain quality employees; and (iv)evolve Softchoice's business to gain advantages in a competitive environment.

Customer Attrition

There is a risk that existing customers will not continue to buy from the Company and that management will not be able to increase the customer base effectively. If the Company is not able to retain an increasing number of its customers, then sales growth cannot be maintained at historical levels.

Productivity

As sales of hardware products increase as a proportion of total revenue, there is a risk that productivity levels will decline as a result of the smaller size of most hardware orders. There can be no assurance that the Company will be able to increase its overall productivity to compensate for the increase in smaller orders.

Compliance with U.S. Government Procurement Processes

Sales to the U.S. federal government comprised about 11 percent of total US sales in 2009. The success of this business unit is contingent upon the Company's ability to identify and manage the government procurement processes. If government procurement requirements are not met, the government can revoke all authorizations to sell to this customer base and the segment would be lost until such time as the authorizations were reinstated. There can be no assurances that Softchoice has identified all the required processes or that it will be able to meet all such requirements.

Sales Model Risks

The Softchoice sales model includes outbound sales staff who visit customers face to face and are supported by a variety of inside sales personnel. The face-to-face model requires that Softchoice maintain facilities across North America, with the resulting increased cost base for such items as travel, training, data communication and systems. Management believes that this model will be more cost-effective in the long run as the face-to-face model allows for greater penetration of the customer account and greater revenue per customer. There is no assurance that the increased costs of the diversified model will lead to greater customer penetration and a better return for investors.

Hiring, Training and Retention of Personnel

Softchoice believes that its continued success and sustained growth depend on its ability to hire, train and retain a large number of qualified personnel. There can be no assurance that Softchoice will be successful in attracting and retaining the personnel it requires. Softchoice in 2009 experienced an annual turnover rate of approximately 18 percent; Softchoice cannot be certain that such rate will not increase in the future.

Variability of Quarterly Operating Results

Softchoice's quarterly results of operations may fluctuate, resulting in a lower price for Softchoice shares. Softchoice's quarterly results may be affected by factors that are beyond its control, such as the buying patterns of customers, delay in a major software release by a manufacturer or changes in a manufacturer's prices or rebates, each of which could affect Softchoice's business, financial condition and results of operations. Softchoice's sales have tended to be highest in the quarters ending June 30 and December 31. A high percentage of Softchoice's operating expenses, particularly personnel and rent, are relatively fixed in advance of any particular quarter. This makes the prediction of results of operations on a quarterly basis unreliable. Also, due to these and other factors, it is possible that Softchoice's quarterly results of operations may be below the expectations of public market analysts and investors. This could adversely affect the price of the Softchoice shares.

Information Systems

The Company's information systems are internally developed. They contain external applications that are linked to the proprietary core. These external applications include the Oracle ERP system modules for finance and human resources and the customer relationship management (CRM) system. There are continued risks when various departments in the Company operate on different systems and the Company must rely on developed interfaces between these systems. There can be no assurance that these systems will continue to expand to meet the needs of the growth of the Company or that the interfaces will be robust enough as the Company grows.

Damage to Softchoice's Computer Systems

Softchoice's operations are dependent on the continued and uninterrupted performance of Softchoice's computer systems and, accordingly, on its ability to protect its computer systems against damage from computer viruses, fire, power loss, telecommunications failures, vandalism and other malicious acts, and similar unexpected adverse events. Any system failure, security breach or other damage or unanticipated problem with Softchoice's computer systems could interrupt or delay Softchoice's operations, damage its reputation and, if sustained or repeated, reduce the attractiveness of Softchoice's services and result in the loss of customers.

Dependence Upon Management

Softchoice depends heavily on its executive management team. Softchoice's success depends, to a significant extent, upon the efforts and abilities of its current executive management team. Loss of their services could materially and adversely affect Softchoice's business, results of operations and financial condition.

DIVIDENDS

The Company paid a quarterly dividend of C$0.10 per share for each quarter in 2007 and for the first three quarters of 2008. Effective for the fourth quarter of 2008, the Company suspended its practice of paying dividends. The Company's banking arrangements prohibit the payment of dividends, if certain financial covenants are not met.

CAPITAL STRUCTURE

The authorized capital of the Company is an unlimited number of common shares and an unlimited number of preferred shares, issuable in series, of which 19,759,189 common shares and no preferred shares were outstanding at December 31, 2009. The preferred shares may be issued from time to time in one or more series, the number of shares, designation, rights, privileges, restrictions and conditions of which will be determined by resolution of the Board of Directors of Softchoice. The preferred shares will be entitled to priority over common shares with respect to payment of dividends and distributions in the event of the dissolution, liquidation or winding-up of the Company except as required by law or the provisions of any series. The holders of preferred shares will not be entitled to receive notice of, attend or vote at any meeting of the shareholders of Softchoice.

MARKET FOR SECURITIES

Softchoice's common shares are listed for trading on the Toronto Stock Exchange (TSX) under the symbol "SO." The following table shows the closing, high and low trading prices and the volume of shares traded for the common shares of the Company for each month in 2009.

Summary of Monthly Trading

Month	Close	High	Low	Volume
January	2.60	4.23	2.39	226,916
February	1.75	3.00	1.70	314,876
March	1.75	2.00	1.50	443,005
April	3.14	3.45	1.73	406,377
May	4.00	4.14	2.91	1,078,966
June	3.90	4.54	3.74	435,261
July	4.33	4.34	3.59	76,114
August	6.66	8.49	4.03	294,711
September	8.44	8.45	6.56	185,951
October	7.80	9.22	7.40	269,689
November	7.64	8.90	7.50	306,827
December	7.09	7.69	6.60	424,680

DIRECTORS AND OFFICERS

The following sets out details with respect to the Directors and executive Officers of Softchoice, as of December 31, 2009. The names, the municipalities of residence, the positions held by each in Softchoice and the principal occupation for the past five years of the Directors and executive Officers of Softchoice are as follows:

Name and Municipality of Residence	Offices Held	Director Since	Principal Occupation
Lawrence Tapp(1)(3) Langley, British Columbia	Chairman of the Board; Director	2002	Director; prior to 2003, Dean, Richard Ivey School of Business, University of Western Ontario; prior to 1995, Executive in Residence and Adjunct Professor of the Faculty of Management of the University of Toronto; prior to 1992, Vice Chairman, President and Chief Executive Officer of the Lawson Mardon Group Limited (packaging conglomerate)
David MacDonald Unionville, Ontario	President and Chief Executive Officer, Director	2002	President and Chief Executive Officer, Softchoice
David Long Oakville, Ontario	Sr. Vice President, Finance, Chief Financial Officer, Secretary and Treasurer		Sr. Vice President, Finance, Chief Financial Officer, Secretary and Treasurer, Softchoice; prior to September 2009, Chief Financial Officer, Tundra Conductor Corp; prior to September 2006, Vice President Finance, Cognos Inc.
Steve Leslie Markham, Ontario	Sr. Vice President, Sales		Sr. Vice President, Sales, Softchoice; prior to December 31, 2006, Sr. Vice President, Sales and Marketing; prior to December 31, 2005, Vice President Sales, Softchoice
Nick Foster Toronto, Ontario	Sr. Vice President, Business Development		Sr. Vice President, Business Development; prior to December 31, 2008, Sr. Vice President, Mergers and Acquisitions; prior to December 13, 2007, Sr. Vice President, People and Growth, Softchoice; prior to December 31, 2005, Vice President, Marketing, Softchoice
Kevin Wright Markham, Ontario	Sr. Vice President, Chief Information Officer		Sr. Vice-President, Chief Information Officer, Softchoice; prior to 2004, vice president of IT Services, GE IT Solutions
Steve Johnson Duluth, Georgia	Sr. Vice President, Solutions		Sr. Vice President, Solutions, Softchoice; prior to January 2009, President, Optimus Solutions Inc.
Maria Odoardi Toronto, Ontario	Vice President, People		Vice President, People, Softchoice; prior to January 1, 2008, Director of Operations, Softchoice

Name and Municipality of Residence	Offices Held	Director Since	Principal Occupation
Sergio Vettese Toronto, Ontario	Vice President, Finance		Vice President, Finance, Softchoice; prior to July 2008, Director of Finance, Softchoice; prior to June 2004, manager, Business Process Engineering, Alcatel Transport Automation Inc.
Nicole Wengle, Toronto, Ontario	Vice President, Sales		Vice President, Sales, Softchoice; prior to January 2006, Vice President, Telesales, Softchoice
Rob O'Sullivan Boston, Massachusetts	Vice President, Sales		Vice President, Sales, Softchoice; prior to July 2008, Director of Sales, Softchoice
Josh Greene Chicago, Illinois	Vice President, Sales		Vice President, Sales, Softchoice; prior to July 2008, Director of Sales, Softchoice
Sandy Potter, Atlanta, Georgia	Vice President, Solutions		Vice President, Solutions, Softchoice; prior to January 1, 2009, Vice President, Marketing, Optimus Solutions
Dr. A. Kevin Francis(2) San Jose, California	Director	2007	President and CEO, Centerbeam Inc. (information technology outsourcing company)
Gilles Lamoureux(2) Toronto, Ontario	Director	2008	Corporate Director; prior to August 2009, Senior Advisor, Ernst & Young Corporate Finance Inc. (corporate finance and M&A advisory services); prior to July 2007, vice-chairman of Ernst & Young Orenda Corporate Finance Inc.; prior to July 2004, director of Orenda Corporate Finance Inc.
William W. Linton(3) Toronto, Ontario	Director	2007	Chief financial officer, Rogers Communications Inc. (communications company); prior to July 2005, president and chief executive officer of Call-Net Enterprises Inc. (telecommunications company)
Robert W. Luba(1) Toronto, Ontario	Director	2007	President, Luba Financial Inc. (investment company)
Allan J. Reesor(2) Toronto, Ontario	Director	2007	Corporate director; prior to April 2004, executive vice-president, member services, and chief information officer of Ontario Teachers' Pension Plan

Name and Municipality of Residence	Offices Held	Director Since	Principal Occupation
William P. Robinson(1)(3) Calgary, Alberta	Director	2002	President and a director of Manvest Inc. (private equity investment company)

Notes:
(1) Member of Audit Committee.
(2) Member of Management Resources and Compensation Committee.
(3) Member of the Nominating and Governance Committee.

To the knowledge of Softchoice, none of the nominees for director is or, in the past 10 years has been, a director, chief executive officer or chief financial officer of any issuer that (a) while the person was acting in that capacity was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemption under securities legislation for a period of more than 30 consecutive days or (b) was subject to an order described in (a) that was issued after that person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the person was acting in that capacity.

To the knowledge of Softchoice, none of the nominees for director (a) is, or has been within the past 10 years, a director or executive officer of any issuer that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver/manager or trustee appointed to hold its assets; or (b) has made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver/manager or trustee appointed to hold the assets of the person, except as follows:

Mr. Luba served as a director of Safety-Kleen Corp. ("Safety-Kleen"), a New York Stock Exchange listed company, which, on June 9, 2000, filed voluntary petitions for Chapter 11 relief in the United States Bankruptcy Court for the District of Delaware. Safety-Kleen emerged from bankruptcy in December 2003.

Within one year after Mr. Robinson ceased to be a director of Concert Industries Ltd. on June 25, 2003, that issuer filed for protection under the Companies' Creditors Arrangement Act.

The term of each Director will expire at the next annual meeting of the Company. The Directors and executive Officers of Softchoice and their respective associates and affiliates, as a group, beneficially own, or control or direct, directly or indirectly, an aggregate of 430,831 Softchoice shares, representing 2.2 percent of the issued and outstanding Softchoice shares as of the date of this annual information form. There are no material conflicts of interest among any of the Directors or Officers and the Corporation.

AUDIT COMMITTEE

The composition of the Audit Committee, its mandate, its policy for the preapproval of audit services, the relevant education and experience of the Audit Committee members and the fees charged by the auditors in 2008 and 2009 have been described in the Management Proxy Circular, which document is incorporated herein by reference.

LEGAL PROCEEDINGS

During the normal course of business, claims by or against the Company arise from time to time. Management is not aware of any claims sufficient to cause a materially adverse effect on the Company or the results of its operations. No amount has been provided for in the financial statements in respect of such claims.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent is Computershare Investor Services Canada at 100 University Avenue, Toronto, Ontario M5J 2Y1.

MATERIAL CONTRACTS

The Company enters into a variety of contracts in the normal course of business. The only material contracts entered into since January 1, 2009 or prior to that date but which are still in effect and that are or were required to be filed under Section 12.2 of National Instrument 51-102 include:

Share Purchase Agreement dated December 11, 2007, between the Corporation and the shareholders of Software Plus, described in "Development of the Business – Software Plus."

Share Purchase Agreement dated January 2, 2008, between the Corporation and OHC LLC described under "Development of the Business – Optimus Solutions."

On November 20, 2009, the Company entered into a bought-deal equity financing agreement whereby the Company issued a total of 2,250,000 common shares at a price of C$7.75 for gross proceeds of C$17,437,500. In connection with the financing, the underwriters received a fee equal to 5 percent of the gross proceeds of the offering. Proceeds of the offering were used by the Company to repay the Company's short-term indebtedness under a three-year C$115 million revolving asset-backed loan facility and to reduce the dependence of the Company on this facility. The additional amounts remaining after such repayment will be used for general corporate and working capital purposes

EXPERTS

The Corporation's auditors were PricewaterhouseCoopers LLP, Chartered Accountants, who have prepared an independent auditors' report dated February 11, 2010, in respect of the Corporation's consolidated financial statements with accompanying notes as at and for the years ended December 31, 2009 and 2008. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

PricewaterhouseCoopers LLP resigned as auditors of Softchoice as of March 11, 2010 at the request of the Company. KPMG LLP, Chartered Accountants, has been appointed as auditors of Softchoice effective as of March 11, 2010 to hold office until the next annual meeting. .

ADDITIONAL INFORMATION

Additional information with respect to Softchoice may be found on the SEDAR website at www.sedar.com. Additional financial information is provided in the Company's financial statements and Management's Discussion and Analysis for the year ended December 31, 2009.

Additional information, including Directors' and Officers' remuneration and indebtedness, principal holders of Softchoice's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in Softchoice's latest Management Information Circular.