

WORKBRAIN CORPORATION



ANNUAL INFORMATION FORM

April 30, 2004

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INFORMATION INCORPORATED BY REFERENCE

Certain of the information contained in this Annual Information Form (“AIF”) may be found in other documents filed by us with Canadian securities regulators, which documents we make available via SEDAR and which can be accessed at www.sedar.com. See also the section in this Annual Information Form entitled “Additional Information”.

Unless otherwise noted, the information contained in this AIF is given as at April 30, 2004. Unless otherwise noted or the context otherwise indicates, “Workbrain Corporation” refers to Workbrain Corporation alone and “Workbrain”, the “Company”, “we”, “us”, “our” and “our company” refers to Workbrain Corporation and its direct and indirect subsidiaries.

FORWARD-LOOKING INFORMATION

Certain statements made or incorporated by reference in this AIF are forward-looking and relate to, among other things, anticipated financial performance, business prospects, strategies, regulatory developments, new services, market forces, commitments and technological developments. By its nature, such forward-looking information is subject to various risks and uncertainties, including those discussed in this AIF or in documents incorporated by reference in this AIF, which could cause our actual results and experience to differ materially from the anticipated results or other expectations expressed. Readers are cautioned not to place undue reliance on this forward-looking information, and we undertake no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise.

CORPORATE STRUCTURE

Name and Incorporation

Workbrain Corporation was incorporated under the *Business Corporations Act* (Ontario) by articles of incorporation dated November 10, 1999 under the name Exato Corporation. Our name was subsequently changed to Workbrain Corporation pursuant to articles of amendment dated June 13, 2000. On incorporation, our authorized share capital consisted of Class A, Class B, Class C and common shares. Pursuant to restated articles dated April 17, 2001, our authorized share capital was amended to consist of an unlimited number of common shares and an unlimited number of Class A preferred shares and Class B preferred shares, both issuable in series. Concurrent with the completion of our initial public offering of common shares on December 11, 2003, our authorized share capital was amended to consist of an unlimited number of common shares.

Intercorporate Relationships

Our principal subsidiaries and their respective jurisdictions of incorporation are Workbrain, Inc. (Ontario) and Workbrain, Inc. (Delaware), each of which is wholly-owned by us.

Our registered and head office address is 250 Ferrand Drive, Suite 1200, Toronto, Ontario, M3C 3G8. We also maintain a U.S. head office at 3440 Preston Ridge Road, Suite 100, Alpharetta, Georgia 30005. Our web site address is www.workbrain.com. The information on that web site is not incorporated by reference into this AIF.

OUR BUSINESS

Company Overview

Workbrain develops, markets, implements, and supports software that helps large organizations optimally deploy and manage their workforces. Our solutions automate complex workforce management processes such as labour forecasting, employee schedule optimization, time and attendance, workforce analytics and employee self-service. We are recognized by independent industry analysts as a leading provider of enterprise workforce management software.

Customers that have deployed our solutions experience substantial cost savings and improved operational efficiencies. The benefits of our solutions include reductions in gross payroll costs, payroll management costs, information technology (IT) costs and paper-based form usage as well as improvements in staff utilization and regulatory compliance. In addition, our analytic tools help our customers identify opportunities for additional cost-saving changes to workforce management practices, labour contracts and pay rules.

Industry Overview

Large enterprises have experienced significant efficiency gains from investing in enterprise software that automates business processes. These solutions have automated the management of financial information and customer and supplier relationships. Many companies have also purchased back-office systems that manage static human resources information relating to compensation, benefits and personal information. In contrast, enterprises have invested relatively little to date in enterprise software that automates the dynamic deployment and management of their workforces.

We believe there is a large and growing market opportunity for enterprise-class workforce management software. This opportunity is driven by increased demand from senior operational and finance executives for software solutions that reduce costs. This opportunity is also driven by the workforce management challenges of large enterprises and the limitations of existing solutions, as described below.

Forrester Research estimates that the time and attendance component of the workforce management market will grow to nearly \$400 million in software licences by 2006. We believe that the combined market opportunity addressing all areas of workforce management, including processes such as employee scheduling and contractor management, greatly exceeds the opportunity for time and attendance solutions alone. IDC estimates that the combined workforce management market will grow at more than double the rate of the overall enterprise application market and exceed \$6.8 billion annually in products and services in 2006.

We currently compete primarily in the employee scheduling, enterprise time and attendance and employee self-service segments of the overall workforce management market. We believe that the overall market is under-penetrated and that our current market share represents a small fraction of the potential opportunity. Our strategy is to rapidly dominate the overall market for enterprise workforce management software.

Workforce Management Challenges

In many industries, labour costs represent the single largest component of operating expenses. In a typical Global 2000 organization, the workforce is managed through a variety of manual paper-based processes and a combination of isolated client/server and legacy mainframe systems. As a result, large organizations spend considerable time, effort and capital on the processes used to deploy and manage their workforces.

Examples of the workforce management challenges faced by large enterprises include:

- **Inefficient labour forecasting and scheduling:** Current processes for forecasting labour requirements and creating staff schedules are inefficient. Local managers use time-consuming spreadsheets and paper templates to create staff schedules based on rough estimates of forecasted labour demand. Complex leave and vacation policies, together with unauthorized employee schedule modifications, further complicate forecasting and scheduling. As a result, organizations are frequently over-staffed or under-staffed for production and service requirements, often schedule employees with inappropriate skills and are exposed to unplanned absences.
- **Pay calculation errors:** Existing processes for collecting pay information and calculating gross pay require substantial human intervention. These processes are prone to error, result in inconsistent application of pay rules, produce systematic employee overpayment and expose organizations to the potential for abuse, fraud and grievances. Complex seniority, overtime, and incentive rules exacerbate these challenges.
- **Regulatory compliance:** Intricate regulatory and union rules relating to overtime wages, vacation and leave entitlements, and minimum and maximum work hours subject large employers to the risk of substantial fines for non-compliance.
- **Excess clerical staff:** Employers often have many clerical employees dedicated to tasks associated with gathering and collating pay information and calculating gross pay. In a large organization, the fully-loaded cost of these clerical employees can be significant.
- **Limited enterprise-wide workforce information:** Paper-based processes and isolated client/server and legacy systems make it difficult for senior management to consolidate workforce management data and analyze those data for potential cost savings and efficiency.

As a result of these challenges, workforce management processes in large enterprises represent a significant area of potential savings. According to recent research by Gartner, Inc., savings from an enterprise solution that automates time and attendance as well as scheduling can reduce labour costs in enterprises with a large percentage of hourly workers by 5% or more. To illustrate the potential savings for an enterprise with 10,000 hourly employees and a gross payroll cost of \$25,000 per employee, this would translate into savings of at least \$12.5 million per year.

Limitations of Existing Workforce Management Solutions

Some organizations have attempted to automate workforce management processes using internally-developed applications. These solutions can require substantial internal resources to develop, deploy and maintain. In addition, these solutions generally do not address the complexity and significant technical barriers inherent in the enterprise-wide deployment of a

workforce management solution. Other organizations have purchased a variety of workforce management applications from multiple vendors. While many of these solutions provide functionality to address specific components of a unified workforce management solution, we believe they have the following limitations:

- **Limited integration:** Workforce management processes such as forecasting, scheduling, time collection, wage calculation, leave and attendance management, and skills tracking are closely related. They require access to common and detailed data about employee skills, availability, time worked, and compensation policies. Few vendors have incorporated the sophisticated functionality required to automate all of these processes in a single web-based product.
- **Fragmented enterprise information:** Many existing workforce management systems are expensive to maintain because they incorporate a mixture of isolated client/server applications, spreadsheets and legacy mainframe applications. This patchwork of disparate applications impedes the consolidation of workforce management information into a single enterprise-wide view.
- **Inability to support hourly workforces and complex rules:** Enterprise Resource Planning (ERP) vendors offer workforce management software that was primarily developed for salaried employees and has limited functionality. Few options exist for large, complex enterprises with both salaried and hourly workforces, which often operate in multi-site, multi-union environments. In addition, many products are limited in their ability to manage the diversity of scheduling, wage and entitlement calculation methods across locations, business units and departments.
- **Complex user interfaces:** Many workforce management applications focus on delivering data from production processes to management rather than managing and servicing employees. As a result, they typically have complicated interfaces that require significant training.

The Workbrain Solution

We develop, market, implement, and support software that helps large organizations optimally deploy and manage their workforces. Our solutions automate complex workforce management processes such as labour forecasting, employee schedule optimization, time and attendance, workforce analytics and employee self-service. By unifying all of these processes on our platform, customers are able to integrate and automate complex and frequent workforce management processes in real-time across the enterprise and gain insight into key workforce metrics.

We believe that we provide the leading workforce management solution for large enterprises, for the following reasons:

Focus on industry-specific offerings: We have tailored our solutions to meet the workforce management needs of specific industries. For example, our retail solution was specifically designed to meet the complex labour challenges faced by large retailers, including allocating appropriate staff against forecast customer demand while ensuring that budgets are not exceeded, labour rules are not violated, employee preferences are respected and contractual obligations are met.

Flexibility to manage complex rules: Large workforces are subject to very complex rules that govern workforce schedules and the calculation of pay and benefits. In addition, these rules vary across jurisdictions, industries, companies, departments, sites and unions. Automation of these rules is beyond the technical capabilities of many workforce management solutions and may require significant customizations that are costly and difficult to maintain and upgrade. Our integrated solution is able to scale to effectively manage the complexity of time and attendance, employee scheduling and other workforce processes in large organizations.

Ease-of-use: Our products require minimal training and are designed for use by non-technical employees. Our easy-to-use employee interface is patterned after the ubiquitous ATM banking interface to ensure that employees can quickly use and adopt our solutions.

Robust technology platform: Our technology was designed to meet the rigorous IT standards of the world's largest and most sophisticated organizations. Key features of our technology and applications include:

- **Scalability:** Our web-based architecture scales to meet the deployment and concurrent usage needs of large organizations and can quickly process large transaction volumes.
- **Flexibility:** The component-based nature of our software allows customers to purchase functionality that fits their particular needs and allows them to easily extend the solution as required. We provide our customers with tools that they can use to easily configure, extend, and modify our solution without requiring additional services from us.
- **Integration with existing software infrastructure:** Our solutions have been entirely built using the industry-standard J2EE architecture to ensure rapid deployment and low total cost of ownership. Our software operates with a broad variety of operating systems, web and application servers, databases and Internet browsers. Our products are designed to integrate with enterprise resource planning, human resource management, payroll, portal and e-mail packages.
- **Data-collection device compatibility:** Our products are interoperable with a broad variety of data collection devices. Our standard interfaces allow customers to maintain their existing data collection hardware investments, which reduces the cost of switching from legacy software applications to our solution.

The robust functionality of our software is, in our view, a key competitive advantage that has allowed us to displace incumbent vendors at many of our customers. In a September 2003 Forrester Research Wave™ analysis of the workforce management market, we were cited as having leading product functionality and product strategy. Our solution's strong functionality has also been recognized by industry analysts, including AMR Research, Gartner Inc., and Giga Information Group. In 2002, our solution was recognized as one of the "Products of the Year" by *HR Executive* magazine and as a "Best of the Web" product by *Forbes* magazine.

Growth Strategy

Our strategy is to rapidly dominate the market for enterprise workforce management software by expanding our world-wide distribution capabilities, broadening our network of strategic relationships, enhancing our industry-specific software applications, deepening our relationships with existing customers and continuing to pursue a disciplined acquisition approach.

Expand our world-wide distribution capabilities

We currently have direct sales locations across North America and in the United Kingdom. We also have a reseller relationship with Fujitsu HyperSoftware Technologies (Fujitsu HST) under which it markets and distributes our software in Japan. We intend to expand our world-wide distribution capability to significantly increase market share and penetration. This will include increasing our direct sales force in North America, Europe, and other areas with significant market potential. We intend to expand our relationships with international resellers where appropriate to accelerate market penetration and to selectively augment our regional marketing operations.

Broaden our network of strategic relationships

Our network of alliances provides access to new customers and industries. We will continue to broaden this network of systems integrators, BPOs and technology alliances. We also intend to develop distribution and support channels to market our solutions to mid-sized organizations. We expect our alliance partners to assume an increased role in service delivery and distribution over time, allowing us to maintain our focus on core software development.

Enhance our industry-specific software applications

Our product strategy is to develop industry-specific solutions built on a common technology platform. We plan to develop additional functionality that extends our existing industry-specific solutions. We will continue to identify other industries where our solutions can reduce operating costs and we intend to develop market-tailored applications for these industries.

Deepen our relationships with existing customers

We view our customer base as a significant asset. Since our platform facilitates the addition of new capabilities to clients' established infrastructure, our current customer base represents a significant market for follow-on sales. In addition, our customers increasingly desire enhanced tools that provide real-time information and help identify areas for operational improvements. We believe that we are well positioned to address this need because our solutions provide detailed information about workforce performance, costs, activities and effectiveness.

Continue to pursue a disciplined acquisition approach

In April 2003 we acquired and integrated the net operating assets of Workforce Logistics Inc., a provider of schedule optimization software. See "Acquisition of Workforce Logistics and Escrowed Securities". The acquisition enhanced our existing workforce management solution with additional schedule optimization functionality. As a result of the acquisition, we were able to market a fully integrated schedule optimization product more quickly than if we had built the technology in-house.

We intend to continue to pursue selective strategic acquisitions that will enhance the functionality of our product offerings, augment our distribution channels, expand our market opportunity and broaden our customer base. It is our intention to seek out selective acquisitions that will accelerate the development of additional industry-specific solutions.

Products

Our products enable large enterprises to manage complex workforce processes, including labour forecasting, employee schedule optimization, time and attendance, workforce analytics and employee self-service. Our Java-based platform is designed for ease-of-use and flexibility in distributed enterprises and can scale to support tens of thousands of users within a single enterprise.

We offer a number of pre-packaged applications that are all built on a common platform. Our products are licensed to customers as integrated suites consisting of several applications or as separate applications or modules, depending on customer requirements. Our current product offering includes the following applications:

- **Workbrain Enterprise Time & Attendance** is a solution for automating the management of time and attendance processes, including employee time tracking, attendance management, pay rule application and calculations, labour distribution and costing and leave management.
- **Workbrain Enterprise Scheduling** is a solution for creating, managing and publishing employee schedules to optimize workforce utilization. Workbrain Enterprise Scheduling automates processes such as workforce forecasting, schedule optimization, staff scheduling, schedule bidding and shift trading. Our demand-based and staff scheduling applications have proven applicability across a broad range of industries.
- **Workbrain Self-service** is a solution for automating an organization's frequent human resources and people-related processes. The self-service solution delivers end-to-end manager and employee self-service for operational human resources (HR) processes, such as job change requests, grievance reporting, equipment requisitions and accident incident reporting.
- **The Workbrain Toolkit** provides an organization with tools for configuring, extending and modifying the Workbrain solution to meet its changing business needs without the need for additional implementation services or core application customization. The Workbrain Toolkit includes a form and workflow builder that allows users to create and modify business forms, workflows and reports.

We bundle these applications into offerings that provide functionality tailored to industry-specific workforce management challenges. Examples include Workbrain for Retail, which provides an end-to-end labour management solution for large retailers, including optimized demand-based scheduling, and Workbrain for Manufacturing, which is designed to meet the needs of large, distributed manufacturing organizations working within a complex regulatory environment. In the future, we anticipate adding additional industry-specific functionality.

We also resell database and application server products that our customers use to operate our software. In addition to software products, we resell a wide range of data capture and interface devices.

Services

Services are a critical part of our workforce management solution and are aimed at providing the highest level of customer satisfaction. We offer a full range of services to our customers including implementation services, maintenance and technical support, educational, consulting and hosting services.

Our implementation services are provided through an automated project management tool and standardized practice that we collectively market as "Speed to Value" or "S2V". Use of this proprietary tool enables our customers and partners to deploy individual applications of our solution in as few as 90 days with minimal use of our services. Our implementation services contribute to a successful deployment of our software by assisting our customers with project planning, business rule optimization, solution regression testing and architecture design.

Our maintenance services consist of software updates and customer support. Our support organization provides world-wide problem resolution services 24 hours a day, 365 days a year, by telephone, e-mail and through our Web-based support tools.

We offer our customers a full range of educational services including computer, web-based, classroom and on-site customer training. We market these services collectively as Workbrain University and provide these services on both a scheduled and as-requested basis.

We also provide consulting and hosting services to our customers. Consulting services help our customers and prospects understand the business value of our solutions and assist customers to identify and measure the returns on investment from our products. Our hosting services are offered in conjunction with industry-leading third party hosting providers to provide a complete application hosting service offering for our customers.

Target Markets and Customers

We have targeted industries characterized by large workforces, complex employee pay and scheduling requirements, multiple sites, and inefficient, paper-based workforce management processes. These industries include retailing, manufacturing, financial services, transportation, utilities and the public sector. We believe that customers within these industries possess certain characteristics that make them well suited for our workforce management solutions.

The following is a partial list of our significant customers:

AMC Theatres	Earthlink	St. Joseph's Health Care
America West Airlines	General Mills	Target
American Airlines	Holt Renfrew	Tennessee Valley Authority
Avon	International Steel Group	The TJX Companies
Baptist Health System	Kohler	Toronto Police Services
BellSouth Communications	London Health Sciences	Tyson Foods
Big Y Foods	London Metropolitan Police Authority	United Rentals
British Airways	Longs Drugs	US Airways
Burlington Coat Factory	Overnite Transportation	Wachovia
C&S Wholesale Grocers	Owens-Illinois	Weyerhaeuser
Delphi	REI	Winn Dixie
	Smurfit Stone	

Sales and Distribution Strategy

We market and sell our products through both direct and indirect channels to maximize market coverage on a cost-effective basis. We also maintain a comprehensive network of alliance relationships that helps expand our market reach and accelerate our sales growth. As of March 31, 2004, we employed 61 people in our world-wide sales and marketing organization which operated from 13 locations. We intend to significantly enhance our capability in these areas in the near future.

Direct Sales and Marketing

We use a direct sales force in our major markets as our primary distribution channel. We believe our direct sales force increases our visibility and market penetration, ensures long-term customer contact and facilitates sales of additional products. Our sales force targets senior financial and operational executives.

We support our sales channels with comprehensive lead generation and marketing programs including direct mail, public relations, advertising, targeted interactive marketing, web-based programs, promotional seminars, speaking engagements and participation in trade show and user group meetings. We use internal telesales representatives to support these activities and assist our direct sales force in prospecting new customer opportunities.

Alliances

We have formed relationships with industry leading firms to assist with our sales and marketing efforts. We support these alliances with dedicated business development staff. These alliances include:

- **Systems Integrators:** We have relationships with leading systems and business integrators such as Accenture, IBM, and BearingPoint. These firms promote our solution to their clients either on a stand-alone basis or as part of a larger workforce management initiative. Systems integrators derive benefit from working with us by generating implementation services and related consulting fees. We derive benefits from working with these systems integrators in the form of incremental sales opportunities, additional promotion through co-marketing activities and increased scalability of our delivery model.
- **Technology Vendors:** We have formed alliances and have certified integration with industry-leading technology vendors whose solutions are complementary to ours and whose sales success within a particular client is linked to our own. These include vendors of related software applications, such as human resource management, payroll, point-of-sale, and knowledge management, and vendors of infrastructure technologies, such as application server software, database software and data capture hardware. Key relationships include BEA, IBM, Lawson, Microsoft, and Oracle. In addition, we have developed Certified Integration interfaces with SAP. We have also entered into an agreement with Cognos that will allow us to incorporate certain components of their business intelligence software into our offering. These alliances enable us to offer a broader client solution and operate seamlessly within a client's existing technology environment. In some cases, these vendors also refer sales leads to us and co-operate in joint marketing initiatives.

Business Process Outsourcers (BPOs)

In recent years large organizations have increasingly outsourced the administrative and service aspects of their HR functions. Gartner Inc. forecasts that by 2005, 85% of U.S. enterprises will have outsourced at least one component of their HR function and that HR BPO spending will exceed \$55 billion annually world-wide.

In response to this trend, we have formed relationships with leading BPOs, including Exult, Accenture and Fidelity Employer Services Company (FESCO). These firms offer our solution to their clients through an outsourced service model that provides both software and services to manage workforce processes.

Resellers

We believe that our reseller channel complements our direct sales efforts and accelerates market penetration and customer acquisition. We have entered the Japanese market through a reseller relationship with Fujitsu HST. We intend to enter into additional reseller relationships where appropriate to accelerate market penetration.

Research and Development

We view our skilled research and development (R&D) organization and the technology it creates as a principal competitive advantage in the industry. Our R&D department consisted of 85 full-time employees as of March 31, 2004 operating in product management, development, quality assurance and documentation areas.

Our R&D organization designs, develops and tests new products, features and functionality and enhances the performance of existing products. R&D priorities are established by the Senior Vice President Operations with input from our Customer Advisory Group (CAG) and Product Advisory Councils (PACs) as well as our sales, marketing, and services departments. Our CAG comprises users and senior executives from our customers who provide detailed feedback and suggestions regarding product features, usability and development road map. Product managers are in turn responsible for managing the entire life cycle of a product, module or feature and follow standardized processes to ensure software performance and timely delivery in accordance with the product road map.

Our R&D group intends to expand the functionality of our current solutions, develop new product releases, create new industry-specific applications and enhance our underlying technology platform. We also intend to continue to enhance usability and ease of implementation. We expect to conduct substantially all of our R&D in-house.

Technology

Our technology has been designed from inception to meet the rigorous information technology standards of the world's largest and most sophisticated organizations. Our solutions are based on the Java 2 Enterprise Edition (J2EE) architecture that has become the industry standard for enterprise-class web-based software applications. This architecture allows us to inter-operate with multiple operating systems, relational databases and application servers.

In addition, our platform is designed for the rapid development of additional functionality and industry-specific features to support the execution of our corporate strategy. In particular, our platform includes underlying functionality for complex rule calculation, messaging, workflow, alerts, reporting, localization, security, integration, maintenance, error reporting and system diagnostics. By using industry-standard components, we can quickly integrate newly developed or acquired technologies into our existing platform, allowing us to rapidly expand our product footprint.

Our product architecture provides the following business benefits:

- **Ease of integration:** Our solution runs on multiple operating systems, application servers, web servers and databases and integrates with our customers' existing technology investments. Our use of Web Services technology supports ease of integration with our customers' legacy applications.
- **Scalability:** Our solution supports tens of thousands of users on a single database. This allows our customers to deploy the application to all of their employees using a simple, easy-to-maintain solution.
- **Smooth upgrade path:** The J2EE architecture of our solution separates customer-specific configurations and rules from core application components. This clear boundary between the core and customer layers allows our customers to upgrade to future releases without having to re-implement their customer-specific functionality.

Competition

We face competition primarily from two types of software vendors: Enterprise Resource Planning (ERP) suite vendors and specialized workforce management software vendors.

ERP vendors such as SAP and PeopleSoft offer limited workforce management capabilities within their software offerings. These vendors are often the incumbent human resource management system or payroll system vendor within our target clients, and will therefore be considered in many workforce management initiatives. We compete against these vendors by offering more complete functionality, including complex and industry-specific pay and scheduling capabilities.

Specialized workforce management vendors include time and attendance software vendors, notably Kronos, as well as scheduling software vendors. We offer a fully integrated workforce management solution that includes both advanced scheduling and time and attendance functionality. We compete against time and attendance vendors by offering solutions and services that more effectively address the needs of large, multi-site enterprise customers. We compete against scheduling vendors by offering a unique programming approach that produces mathematically optimized schedules. Our scheduling solution also provides demand-based and staff scheduling applications applicable across a broad range of industries. Additionally, our product design emphasizes ease of use, which is a critical driver of user adoption.

To a lesser extent, we face competition from custom solutions developed by the IT departments of large organizations. However, due to the complexity and technical barriers of developing a robust, accurate and highly-usable workforce management solution, most large organizations evaluate commercially-developed applications.

People

From the outset, we have sought to build a global leader in workforce management software. We excel in identifying, attracting and retaining talented employees. We view our highly motivated, customer-focused employees and our team-centred culture as key competitive advantages. We invest in our culture to support the recruitment, motivation, and retention of outstanding employees. Our focus is on the identification and development of high-performance and adaptable employees who will support our growth strategy.

As of March 31, 2004, we had 348 full-time employees. We have no unionized employees. Substantially all of our permanent full-time employees have been granted options under our stock option plan, and all of our employees participate in our performance-based bonus programs.

Intellectual Property

In accordance with industry practice, we rely on a combination of contractual provisions and patent, copyright, trademark and trade secret laws to protect our proprietary rights in our products.

We generally license the use of our products to our customers rather than transferring title to them. These licences contain terms and conditions prohibiting the unauthorized reproduction, disclosure, reverse engineering, or transfer of our products. In addition, we attempt to protect our trade secrets and other proprietary information through agreements with customers, suppliers, employees and consultants.

The source code versions of our products are protected as trade secrets and as unpublished copyright works. However, effective copyright protection may not be available in some countries in which we license or market our products. We recognize that patent law may offer some protection for our current and future products, and we have embarked on a program to identify and seek patent protection for appropriate elements of our products.

We have also obtained or applied for trademark registration for several of our trade names, including the name "Workbrain", in the U.S., Canada and the European Union. While the duration of trademark, patent and copyright protections varies from country to country, we believe that the duration of this protection will be adequate to protect our products during the periods of their economic value.

All material components of our products have been developed by our employees or contractors who have assigned all rights to us or were acquired from Workforce Logistics Inc., except for commercially-available components.

Operations and Facilities

Our head and registered office is located in Toronto, Canada. At this location, we also maintain research and development, services, support and global marketing activities. At our U.S. head office outside Atlanta, Georgia, we manage our global sales efforts and deliver implementation and training services. We also maintain research and development, service and support operations in New York City and an office in Newport Beach, California.

We do not own any real estate. The following table sets out certain information regarding our material leased office premises:

<u>Location</u>	<u>Approximate Square Footage</u>	<u>Lease Expiry</u>
250 Ferrand Drive, Ontario Toronto, Ontario	48,600	May 31, 2006
3440 Preston Ridge, Suite 100 Alpharetta, Georgia.....	9,800	July 30, 2005
60 Madison Avenue, 7th Floor New York, New York	4,400	December 31, 2004
100 Bayview Circle, Suite 340 Newport Beach, California	2,500	May 9, 2007

ACQUISITION OF WORKFORCE LOGISTICS

Effective April 1, 2003, we acquired the net operating assets of Workforce Logistics Inc., a Delaware corporation in the business of developing, marketing and selling web-based solutions for enterprise-wide workforce management, including implementation, integration, education, support and maintenance. The assets consisted primarily of property and equipment, customer relationships, developed technology, purchased in-process research and development and goodwill. In connection with the acquisition, we also assumed certain liabilities of Workforce Logistics Inc., including accounts payable, accrued expenses and withholdings, as well as certain liabilities and obligations of Workforce Logistics Inc. under the customer contracts we assumed. The purchase price of \$3.3 million (before consideration of the acquisition costs) was satisfied by the issuance to Workforce Logistics Inc. of two promissory notes in the principal amounts of \$2.9 million and \$400,000. The acquisition-related costs amounted to \$500,000. The acquisition was completed under the terms of a purchase agreement effective April 1, 2003.

Neither Workforce Logistics Inc. nor any of its shareholders were insiders, associates or affiliates of Workbrain at the time of the closing of the transaction. The acquisition of the assets of Workforce Logistics Inc. is considered a significant acquisition for the purpose of applicable securities law. Revenue directly attributable to the acquisition was less than 4% of our net revenue for our fiscal year ended December 31, 2003.

RISK FACTORS

You should carefully consider the following risk factors in addition to the other information contained in this document. The risks and uncertainties below are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business operations and cause the price of our common shares to decline. If any of the following risks actually occur, our business may be harmed and our financial condition and results of operations may suffer significantly.

Failure to manage our growth successfully may adversely impact our operating results.

The growth of our operations places a strain on managerial, financial and human resources. Our ability to manage future growth will depend in large part upon a number of factors, including the ability to rapidly:

- build and train sales and marketing staff to create an expanding presence in the evolving marketplace for our products, and to keep staff informed regarding the technical features, issues and key selling points of our products;
- attract and retain qualified technical personnel in order to continue to develop reliable and scalable products and services that respond to evolving customer needs;
- develop customer support capacity as sales increase, so that we can provide customer support without diverting resources from product development efforts; and
- expand our internal management and financial controls significantly, so that we can maintain control over our operations and provide support to other functional areas within Workbrain as the number of personnel and size of Workbrain increases.

Our inability to achieve any of these objectives could harm our business and operating results.

We have a history of losses, and we cannot assure you that we will sustain our profitability. If we fail to do so, our share price may decline.

We incurred net losses of \$4.5 million for 2000, \$9.3 million for 2001 and \$3.1 million for 2002. We recorded net income of \$1.2 million for 2003. We expect to significantly increase our expenses in the near term in order to expand our business. These increased operating expenses may adversely affect our operating results and may result in or contribute to net losses in future periods. We cannot assure you that we will be able to sustain profitability on a quarterly or annual basis. Our business strategies may not be successful. Our results of operations will be harmed if our revenue does not increase at a rate equal to or greater than increases in our expenses or if our revenue is insufficient for us to sustain profitability. If we are not able to sustain profitability, our share price may decline and we may require additional financing, which may not be available.

Our quarterly revenue and operating results can be difficult to predict and can fluctuate substantially, which may harm our results of operations.

Our revenue is difficult to forecast and is likely to fluctuate significantly from quarter to quarter. In addition, our operating results may not follow any past trends. The factors affecting our revenue and results, many of which are outside of our control, include:

- competitive conditions in our industry, including new products, product announcements and special pricing offered by our competitors;
- market acceptance of our products;
- our ability to hire, train and retain sufficient sales and professional services staff;
- our ability to complete our service obligations related to product sales in a timely manner;
- varying size, timing and contractual terms of orders for our products, which may delay the recognition of revenue;
- our ability to maintain existing relationships and to create new relationships to assist with our sales and marketing efforts;

- the discretionary nature of our customers' purchase and budget cycles and changes in their budgets for, and timing of, software and related purchases;
- the length and variability of the sales cycles for our products;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- general weakening of the economy resulting in a decrease in the overall demand for computer software and services or otherwise affecting our customers' capital investment levels in workforce management software;
- changes in our pricing policies and the pricing policies of our competitors;
- timing of product development and new product initiatives; and
- changes in the mix of revenue attributable to substantially lower-margin service revenue as opposed to higher-margin product licence revenue.

Because our quarterly revenue is dependent upon a relatively small number of transactions, even minor variations in the rate and timing of conversion of our sales prospects into revenue could cause us to plan or budget inaccurately, and those variations could adversely affect our financial results. Delays, reductions in the amount or cancellations of customers' purchases would adversely affect our revenue, results of operations and financial condition.

We face intense competition from several software competitors. If we do not compete effectively with these competitors, our revenue may not grow and could decline.

We have experienced, and expect to continue to experience, intense competition from a number of software companies. We compete principally with vendors of enterprise resource planning software, such as PeopleSoft and SAP, vendors of time and attendance software, notably Kronos, as well as vendors of schedule optimization software. Our competitors may announce new products, services or enhancements that better meet the needs of customers or changing industry standards. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on our business, results of operations and financial condition. Many of our competitors and potential competitors have significantly greater financial, technical, marketing, service or resources than we have. Many of these companies also have a larger installed base of users, have longer operating histories or have greater name recognition than we have. Customers of enterprise software solutions are particularly concerned that their suppliers will continue to operate and provide upgrades and maintenance over a long-term period. Our relatively smaller size and short operating history may be considered negatively by prospective customers. Even if our competitors provide products with more limited workforce management system functionality than our products, these products may incorporate other capabilities of interest to some customers and may be appealing to some customers because they would reduce the number of different types of software used to run their business. Further, our competitors may be able to respond more quickly than we can to changes in customer requirements and devote greater resources to the enhancement, promotion and sale of their products.

We derive a substantial majority of our revenue from our workforce management software and related products and services.

We derive a substantial majority of our revenue from our workforce management software and related products and services, and revenue from these products and services are expected to continue to account for a substantial portion of our revenue for the foreseeable future. Because we generally sell licences to our products on a perpetual basis and deliver new versions and

enhancements to customers who purchase maintenance contracts, our future licence revenue is substantially dependent on sales to new customers. As a result of these factors, we are particularly vulnerable to fluctuations in demand for our workforce management software. Accordingly, if demand for our workforce management software and related products and services declines significantly, our business and operating results would be adversely affected.

Our success depends on our ability to develop new products and enhance our existing products.

To keep pace with technological developments, satisfy increasingly sophisticated customer requirements and achieve market acceptance, we must enhance and improve existing products and we must also continue to introduce new products and services. If we are unable to successfully develop new products or enhance and improve our existing products or if we fail to position and/or price our products to meet market demand, our business and operating results will be adversely affected. Accelerated product introductions and short product life cycles require high levels of expenditures for research and development that could adversely affect our operating results. Further, any new products we develop could require long development and testing periods and may not be introduced in a timely manner or may not achieve the broad market acceptance necessary to generate significant revenue.

If we are required to change our pricing models to compete successfully, our margins and operating results may be adversely affected.

The intensely competitive market in which we conduct our business may require us to reduce our prices. If our competitors offer deep discounts on certain products or services in an effort to recapture or gain market share or to sell other software products, we may be required to lower prices or offer other favourable terms to compete successfully. Any such changes would be likely to reduce our margins and could adversely affect our operating results. Some of our competitors may bundle software products that compete with ours for promotional purposes or as a long-term pricing strategy or provide guarantees of prices and product implementations. These practices could, over time, limit the prices that we can charge for our products. If we cannot offset price reductions with a corresponding increase in the number of sales or with lower spending, then the reduced software licence revenue resulting from lower prices would adversely affect our margins and operating results.

Our business may be harmed if we do not successfully develop and maintain strategic relationships to implement and sell our products.

We have relationships with third-party systems integrators, software and hardware vendors and BPOs. These third parties may provide us with customer referrals, co-operate with us in marketing our products and provide our customers with systems implementation services or overall program management. However, we do not have formal agreements governing our ongoing relationship with certain of these third-party providers and the agreements we do have generally do not include obligations with respect to generating sales opportunities or co-operating on future business. Should any of these third parties go out of business or choose not to work with us, we may be forced to increase the development of those capabilities internally, incurring significant expense and adversely affecting our operating margins. Any of our third-party providers may offer products of other companies, including products that compete with our products. We could lose sales opportunities if we fail to work effectively with these parties or they choose not to work with us.

Our ability to recruit and retain management and other qualified personnel is crucial to our ability to develop, market and support our products and services.

We depend on the services of our key technical and management personnel. The loss of the services of any of these persons could have a material adverse effect on our business, results of operations and financial condition. Our success is also highly dependent on our continuing ability to identify, hire, train, motivate and retain highly qualified management, technical, sales and marketing personnel. Competition for such personnel can be intense, and we cannot assure you that we will be able to attract or retain highly qualified technical and managerial personnel in the future. Our inability to attract and retain the necessary management, technical, sales and marketing personnel may adversely affect our future growth and profitability. It may be necessary for us to increase the level of compensation paid to existing or new employees to a degree that our operating expenses could be materially increased.

We may be unable to identify and complete acquisitions. Acquisitions could divert management's attention and financial resources, may negatively affect our operating results and could cause significant dilution to shareholders.

In the future, we may engage in selective acquisitions of products or businesses that we believe are complementary to ours. There is a risk that we will not be able to identify suitable acquisition candidates available for sale at reasonable prices, complete any acquisition, or successfully integrate any acquired product or business into our operations. We are likely to face competition for acquisition candidates from other parties including those that have substantially greater available resources. Acquisitions may involve a number of other risks, including:

- diversion of management's attention;
- disruption to our ongoing business;
- failure to retain key acquired personnel;
- difficulties in integrating acquired operations, technologies, products or personnel;
- unanticipated expenses, events or circumstances;
- assumption of disclosed and undisclosed liabilities; and
- inappropriate valuation of the acquired in-process research and development, or the entire acquired business.

If we do not successfully address these risks or any other problems encountered in connection with an acquisition, the acquisition could have a material adverse effect on our business, results of operations and financial condition. Problems with an acquired business could have a material adverse effect on our performance or our business as a whole. In addition, if we proceed with an acquisition, our available cash may be used to complete the transaction, diminishing our liquidity and capital resources, or shares may be issued which could cause significant dilution to existing shareholders.

Mergers or other strategic transactions by our competitors could weaken our competitive position or reduce our revenue.

If one or more of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could adversely affect our ability to compete effectively. Our competitors may also establish or strengthen co-operative relationships with systems integrators, third-party consulting firms or other parties with whom we have relationships, thereby limiting our ability to promote our products and limiting the number of consultants

available to implement our software. Disruptions in our business caused by these events could reduce our revenue.

Errors in our products could result in significant costs to us and could impair our ability to sell our products.

Our products are complex and, accordingly, they may contain errors that could be detected at any point in their product life cycle. Errors in our products could materially and adversely affect our reputation, result in significant costs to us, delay planned release dates and impair our ability to sell our products in the future. The costs incurred in correcting any product errors may be substantial and could adversely affect our operating margins. While we plan to continually test our products for errors and work with customers through our maintenance support services to identify and correct bugs, errors in our products may be found in the future.

If a successful product liability claim were made against us, our business could be seriously harmed.

Our licence agreements with our customers typically contain provisions designed to limit our exposure to potential product liability claims. Despite this, it is possible that these limitation of liability provisions may not be effective as a result of existing or future laws or unfavourable judicial decisions. We have not experienced any product liability claims to date. However, the sale and support of our products may entail the risk of those claims, which are likely to be substantial in light of the use of our products in critical applications. A successful product liability claim could result in significant monetary liability and could seriously disrupt our business.

If our intellectual property is not adequately protected, we may lose our competitive advantage.

Our success depends in part on our ability to protect our rights in our intellectual property. We rely on various intellectual property protections, including contractual provisions, patents, copyright, trademark and trade secret laws, to preserve our intellectual property rights. Despite our precautions, it may be possible for third parties to obtain and use our intellectual property without our authorization. Policing unauthorized use of intellectual property is difficult, and some foreign laws do not protect proprietary rights to the same extent as the laws of Canada or the U.S. To protect our intellectual property, we may become involved in litigation, which could result in substantial expenses, divert the attention of our management, cause significant delays, materially disrupt the conduct of our business or adversely affect our revenue, financial condition and results of operations.

Intellectual property claims brought against us could be time consuming, costly to defend, and disruptive to our business.

A number of our competitors and other third parties have been issued patents and may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by us in our products. Some of these patents may grant very broad protection to the owners of the patents. We cannot determine with certainty whether any existing third party patents or the issuance of any third party patents would require us to alter our technology, obtain licenses or cease certain activities. We may become subject to claims by third parties that our technology infringes their property rights due to the growth of software products in our target markets, the overlap in functionality of these products and the prevalence of software products. We may become subject to these claims either directly or through indemnities against these claims that we routinely provide to our customers. Litigation may be necessary to determine

the scope, enforceability and validity of such third party proprietary rights or to establish our proprietary rights. Some of our competitors have substantially greater resources than we do, and those competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than we could. Regardless of their merit, any such claims could:

- be time consuming;
- be expensive to defend;
- divert management's attention and focus away from the business;
- cause product shipment delays or stoppages;
- subject us to significant liabilities; and
- require us to enter into costly royalty or licensing agreements or to modify or stop using the infringing technology.

Economic uncertainty and downturns in the software market may lead to decreases in our revenue and margins.

The market for our products depends on economic conditions affecting the broader software market. Downturns in the economy may cause businesses to delay or cancel software projects, reduce their overall information technology budgets or reduce or cancel orders for our products. This is particularly true of the U.S. economy, where the vast majority of our revenue to date has been generated. In this environment, customers may experience financial difficulty, fail to purchase or defer the budget for the purchase of our products or cease operations. This, in turn, may lead to longer sales cycles, delays or failures in payment and collection, and price pressures, causing us to realize lower revenue and margins.

We may lose sales, or sales may be delayed, due to the long sales and implementation cycles for our products.

Our customers typically invest substantial time, money and other resources researching their needs and available competitive alternatives before deciding to license our software products. Typically, the larger the potential sale, the more time, money and other resources will be invested. As a result, it may take many months after our first contact with a customer before a sale can actually be completed. We may invest significant sales and other resources in a potential customer that may not generate revenue for a substantial period of time, if at all. The time required for implementation of our products varies among our customers and may last several months, depending on our customers' needs and the products deployed. During these long sales and implementation cycles, events may occur that affect the size or timing of the order or even cause it to be cancelled. For example,

- purchasing decisions may be postponed, or large purchases reduced, during periods of economic uncertainty;
- we or our competitors may announce or introduce new products; or
- the customer's own budget and purchasing priorities may change.

If these events were to occur, sales of our products or services may be cancelled or delayed, which would reduce our revenue.

Our maintenance and service revenue produce substantially lower gross margins than our licence revenue, and an increase in service revenue relative to licence revenue would harm our overall gross margins.

Our maintenance and service revenue, which include fees for consulting, implementation, maintenance and training, represented 69% of our net revenue for 2003 and 75% of our net revenue for 2002. Our maintenance and service revenue have substantially lower gross margins than our licence revenue. An increase in the percentage of net revenue represented by maintenance and service revenue would adversely affect our overall gross margins. The volume and profitability of services can depend in large part upon:

- competitive pricing pressure on the rates that we can charge for our professional services;
- billable utilization of our services personnel;
- the complexity of customers' IT environments; and
- the resources directed by customers to their implementation projects.

Any erosion of our margins for our maintenance and service revenue, or any adverse changes in the mix of our licence versus maintenance and service revenue, would adversely affect our operating results.

The loss of our rights to use software currently licensed to us by third parties could increase our operating expenses by forcing us to seek alternative technology and adversely affect our ability to compete.

We license certain technologies used in our products from third parties, generally on a non-exclusive basis, including a mathematical modelling and optimization tool. The termination of any of these licences, or the failure of the licensors to adequately maintain or update their products, could delay our ability to ship our products while we seek to implement alternative technology offered by other sources and require significant unplanned investments on our part. In addition, alternative technology may not be available on commercially reasonable terms. In the future, it may be necessary or desirable to obtain other third-party technology licences relating to one or more of our products or relating to current or future technologies to enhance our product offerings. There is a risk that we will not be able to obtain licensing rights to the needed technology on commercially reasonable terms, if at all.

We use open source software in connection with our products, which exposes us to uncertainty and potential liability.

Certain modules of our products make use of or incorporate open source software components. These components are developed by third parties over whom we have no control. We have no assurances that those components do not infringe upon the intellectual property rights of others. We could be exposed to infringement claims and liability in connection with the use of those open source software components. The developers of open source software are under no obligation to maintain or update those software components, and we may be forced to replace those components with internally developed or commercially licensed software. Certain open source software licences provide that any software that makes use of or incorporates components distributed under that licence will itself become subject to the same general distribution rights and other terms of that licence. As a result, there is a risk that third parties, including our competitors, could have the right to use and distribute certain elements of our products.

Currency fluctuations may adversely affect us.

A substantial portion of our revenue is earned in U.S. dollars, but a substantial portion of our operating expenses is incurred in Canadian dollars. Fluctuations in the exchange rate between the U.S. dollar and other currencies, such as the Canadian dollar, may have a material adverse effect on our business, financial condition and operating results. Our policy is to hedge a portion of our foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, we do not hedge entirely the exposure related to any one foreign currency and we do not hedge our exposure at all with respect to certain foreign currencies. In addition, the use of forward contracts to hedge our foreign currency exposure carries risk and could limit our gains or result in a loss.

We may be subject to transfer pricing challenges by international taxing authorities that may adversely affect our income tax expense.

We conduct business operations in various jurisdictions and through legal entities in Canada, the United States and the United Kingdom. Certain of our subsidiaries provide products and services to, and may from time to time undertake certain significant transactions with, other subsidiaries in different jurisdictions. The tax laws of these jurisdictions have detailed transfer pricing rules which require that all transactions with non-resident related parties be priced using arm's length pricing principles, and that contemporaneous documentation must exist to support such pricing. International taxation authorities, including Canada Customs and Revenue Agency, the United States Internal Revenue Service and the United Kingdom Inland Revenue, could challenge the validity of our arm's length related party transfer pricing policies. International transfer pricing is a subjective area of taxation and generally involves a significant degree of judgment. If any of these taxation authorities are successful in challenging our transfer pricing policies, our income tax expense may be adversely affected and we could also be subjected to interest and penalty charges. Any such increase in our income tax expense and related interest and penalties could have a significant impact on our future earnings and future cash flows.

Our share price will fluctuate.

The market price of our common shares may be volatile and could be subject to wide fluctuations due to a number of factors, including:

- actual or anticipated fluctuations in our results of operations;
- changes in estimates of our future results of operations by us or securities analysts;
- announcements of technological innovations or new products by us or our competitors;
- general industry changes in the enterprise workforce management software or related markets; or
- other events or factors.

In addition, the financial markets have experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many technology companies and that sometimes have been unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally and in the software industry specifically, may adversely affect the market price of our common shares.

We do not currently intend to pay any cash dividends on our common shares in the foreseeable future and therefore our shareholders may not be able to receive a return on their shares unless they sell them.

We have not declared or paid any cash dividends on our common shares to date. Our current policy is to retain earnings to finance expansion and to develop, license and acquire new software products and to otherwise reinvest in the company. Therefore, we do not anticipate paying cash dividends in the foreseeable future. Our dividend policy will be reviewed from time to time by our Board of Directors in the context of our earnings, financial condition and other relevant factors. Until we pay dividends, which we may never do, our shareholders will not be able to receive a return on their shares unless they sell them.

A small number of our shareholders control our company.

As at December 31, 2003 our officers, directors, principal shareholders and their affiliates beneficially own or control, directly or indirectly, in excess of 50% of our outstanding common shares. As a result, if some of these persons or entities act together, they will likely have the ability to control all matters submitted to our shareholders for approval, including the election and removal of directors, amendments to our articles of incorporation and bylaws and the approval of any business combination. This may delay or prevent an acquisition or cause the market price of our shares to decline. Some of these persons or entities may have interests different than other investors. For example, because many of these shareholders purchased their shares at prices substantially below the price at which shares are being sold in this offering and have held their shares for a relatively longer period, they may be more interested in selling Workbrain to an acquiror than other investors or may want us to pursue strategies that are different from the wishes of other investors.

An active public market for our common shares may not be sustained

There has only been a public market for our common shares since December 2003, and an active public market for our common shares may not be sustained in the future. If an active public market is not sustained, the liquidity of an investment in our shares may be limited, and our share price may decline.

DIVIDENDS

Workbrain Corporation has never declared or paid any dividends on its shares. We currently intend to retain any future earnings to fund the development and growth of our business, and we do not anticipate paying any cash dividends in the foreseeable future.

CAPITAL STRUCTURE

The authorized share capital of Workbrain Corporation consists of an unlimited number of common shares. Each common share is entitled to one vote at meetings of our shareholders, except for meetings at which only holders of another specified class or series of our shares are entitled to vote separately as a class or series. Each common share is also entitled to receive dividends if, as and when declared by our Board of Directors. Holders of common shares are entitled to participate in any distribution of our net assets upon liquidation, dissolution or

winding-up on an equal basis per share. There are no pre-emptive, redemption, purchase or conversion rights attaching to the common shares.

MARKET FOR SECURITIES

Our common shares are listed on the Toronto Stock Exchange. As at March 31, 2003, there were 16,637,829 common shares outstanding and the monthly price ranges and total monthly trading volumes for our common shares during 2003 and for the first four months of 2004⁽¹⁾ were as follows:

Month	Share Price (High) (C\$)	Share Price (Low) (C\$)	Total Monthly Volume
December ⁽²⁾	19.25	15.60	1,813,573
January	20.50	17.00	495,971
February	19.75	17.35	365,428
March	18.75	17.00	1,584,291
April	17.49	15.50	152,075

⁽¹⁾Data supplied by the Toronto Stock Exchange.

⁽²⁾Represents trading commencing on December 4th, 2003.

The transfer agent and registrar for our common shares is Computershare Investor Services Inc. at its principal office in Toronto.

DIRECTORS AND OFFICERS

Directors and Officers

Below is a list of the current members of our Board of Directors and our current executive officers. Additional information regarding our directors and executive officers is found on pages 4 through 6 of our Management Information Circular distributed to shareholders in connection with our annual general meeting to be held on June 8, 2004 (the “2004 Management Information Circular”) and is incorporated in this Annual Information Form by reference. Each director holds office until the next annual meeting of our shareholders.

Directors

Peter Dey
David Goldman
Roger Martin (Chair)
David Ossip
Scott Yaphe

Committees

Corporate Governance (Chair), HR & Compensation
Corporate Governance, HR & Compensation (Chair), Audit
HR & Compensation, Audit
None
Corporate Governance, HR & Compensation, Audit (Chair)

Executive Officers

David Ossip	President and Chief Executive Officer
David Stein	Executive Vice-President
Stephen DeBacco	Senior Vice-President, Worldwide Sales and Marketing
Robert Marsh	Senior Vice-President, Operations
Matthew Chapman	Chief Financial Officer

The Board of Directors and its Committees

Our Board of Directors is accountable to our shareholders for the conduct of our business and affairs and to establish policies and procedures designed to promote and monitor good corporate governance and effective corporate management. The role of our Board of Directors is to supervise our management and focus on stewardship rather than our day-to-day operations. Our Board of Directors currently has an Audit Committee, a Human Resources & Compensation Committee and a Corporate Governance Committee. A summary of each committee's responsibilities is set out below.

Audit Committee

The Audit Committee assists our Board of Directors in fulfilling its oversight responsibilities in relation to: the integrity of our financial statements and our internal control systems; our compliance with legal and regulatory requirements; the qualifications, independence and performance of our external auditor; the performance of our internal audit function; and our risk management, financial planning, investment and capital-raising activities. The Audit Committee supervises the adequacy of our internal accounting controls and financial reporting practices and procedures and the quality and integrity of our audited and unaudited financial statements, including through discussions with our external auditor. The Audit Committee reviews business plans and operating and capital budgets, meets with our management and Chief Financial Officer to keep informed of all significant financial matters, and meets with our external auditor to ensure its independence from management and that it is provided with sufficient resources to carry out its mandate. The Audit Committee is responsible for ensuring efficient and effective assessment of management of risk throughout the Company.

Human Resources & Compensation Committee

The Human Resources & Compensation Committee (the "Compensation Committee") assists our Board of Directors to ensure that we maintain a high calibre of executive management and a total compensation plan that is competitive, motivating and rewarding for participants. The Compensation Committee reviews and makes recommendations to our Board of Directors regarding the appointment of executive officers and the establishment of, and any material changes to, executive compensation programs, including that of the Chief Executive Officer. The Compensation Committee approves and reports to our Board of Directors on management succession plans. The Compensation Committee is also responsible for overseeing our employee compensation and benefits plans.

Corporate Governance Committee

The Corporate Governance Committee is responsible for advising and making recommendations to our Board of Directors in the development and monitoring of our approach to corporate governance and all matters relating to our corporate governance practices including: all matters relating to the stewardship role of our Board of Directors; the size and composition of our Board of Directors including the identification of new nominees; compensation of our Directors; and such procedures as may be necessary to allow our Board of Directors to function independently of management. The Corporate Governance Committee periodically reviews the size, composition and compensation of our Board of Directors and its committees. The Committee also assesses the effectiveness of our Board of Directors and its individual members, and the appropriateness and effectiveness of its committee structures and mandates. The Corporate Governance Committee also reviews the Chief Executive Officer's goals and objectives at the start of each year, provides an appraisal of the Chief Executive Officer's performance for the most recently completed year, and is responsible for succession planning in respect of our Chief Executive Officer.

Shareholdings of Directors and Executive Officers

To the knowledge of the Company, as at April 30, 2004, the directors and executive officers of the Company as a group beneficially owned, directly or indirectly, or exercised control or direction over 33% of the outstanding common shares of the Company and no director or executive officer of the Company owned or controlled voting securities of any of the Company's subsidiaries.

ADDITIONAL INFORMATION

Copies of this Annual Information Form, as well as copies of Workbrain Corporation's Annual Report to Shareholders for the year ended December 31, 2003 (the "2003 Annual Report") and the 2004 Management Information Circular and such other information and documentation that we make available via SEDAR can be found at www.sedar.com. Certain of this information has been distributed to shareholders in connection with our annual general meeting on June 8, 2004 and may be obtained from:

Workbrain Corporation
Investor Relations
250 Ferrand Drive
Suite 1200
Toronto, Ontario
M3C 3G8

Telephone: 416-421-6700 (Toronto area)
1-888-219-9993 (North America)
Facsimile: 416-421-8440
Email: investor@workbrain.com

We will provide to any person or company upon request to our Investor Relations department the following information at the contact set out previously:

- (a) when our securities are in the course of a distribution under a preliminary short form prospectus or a short form prospectus
 - (i) one copy of this Annual Information Form, together with a copy of any document, or the pertinent pages of any document, incorporated by reference in this Annual Information Form;
 - (ii) one copy of our comparative consolidated financial statements for our most recently completed financial year for which financial statements have been filed together with the accompanying reports of our auditor and one copy of our most recent interim consolidated financial statements that have been filed, if any, for any period after the end of our most recently completed financial year;
 - (iii) one copy of our information circular in respect of our most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared instead of that information circular, as appropriate; and
 - (iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under clauses (i), (ii) or (iii); or
- (b) at any other time, one copy of any documents referred to in clauses (a)(i), (ii) and (iii), provided that we may require the payment of a reasonable charge if the request is made by a person or company who is not a security holder of Workbrain.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities, options to purchase securities and interests of insiders in material transactions, if applicable, is contained in the 2004 Management Information Circular. Additional financial information is provided in our 2003 Annual Report.