



Corel Corporation Reports Fourth Quarter and Fiscal 2007 Financial Results

- *2007 fourth quarter revenue increases 53% over 2006;
Organic revenue increases 8% year over year*
- *2007 fourth quarter GAAP net income = \$3.3 million or \$0.13 per share;
Non-GAAP adjusted net income = \$13.4 million or \$0.51 per share*
- *2007 revenue increases 41% over 2006;
GAAP net loss = \$13.1 million or \$(0.52) per share;
Non-GAAP adjusted net income = \$34.0 million or \$1.32 per share*

OTTAWA, Canada – February 6, 2008 – Corel Corporation (NASDAQ:CREL; TSX:CRE) today reported financial results for its fourth quarter and year ended November 30, 2007. Revenues in the fourth quarter of fiscal 2007 were \$72.4 million, an increase of 53 percent over revenues of \$47.4 million in the fourth quarter fiscal 2006. Fourth quarter 2007 revenue includes organic revenue growth of 8 percent, which excludes revenue from products acquired from Intervideo and Ulead. GAAP net income in the fourth quarter of fiscal 2007 was \$3.3 million, or \$0.13 per diluted share, compared to GAAP net income of \$9.4 million, or \$0.37 per diluted share, in the fourth quarter of fiscal 2006.

Non-GAAP adjusted net income for the fourth quarter fiscal 2007 was \$13.4 million, or \$0.51 per diluted share, compared to non-GAAP adjusted net income for the fourth quarter of fiscal 2006 of \$13.1 million, or \$0.52 per diluted share. Non-GAAP adjusted EBITDA in the fourth quarter of 2007 was \$19.9 million, an increase of 35 percent over \$14.7 million in the fourth quarter of 2006.

“Corel closed 2007 with a very strong fourth quarter driven by solid execution across our diverse mix of products, channels and geographies,” said David Dobson, Chief Executive Officer, Corel Corporation. “We continued to execute well on our key strategies in 2007 by delivering strong organic growth while successfully completing the integration of Intervideo and Ulead. The fundamental strength of the Corel business model is the ability to successfully integrate new products and teams while maintaining a sharp focus on profitably growing existing businesses.”

“Looking at the business over the past three years, I am very pleased with how we have re-positioned Corel into product and market segments that have better revenue growth and profit potential. As we enter 2008, we stand well-positioned to continue building on the foundation of our Graphics and Productivity products while leveraging our extensive Digital Media portfolio to pursue new growth opportunities.”

Revenues for the year ended November 30, 2007 were \$250.5 million, an increase of 41 percent over revenues of \$177.2 million for the year ended November 30, 2006. GAAP net loss for the year ended November 30, 2007 was \$13.1 million, or \$(0.52) per basic and diluted share, compared to a GAAP net income of \$9.3 million, or \$0.40 per diluted share, for the year ended November 30, 2006.

Non-GAAP adjusted net income for the year ended November 30, 2007 was \$34.0 million, or \$1.32 per diluted share, compared to non-GAAP adjusted net income for the year ended November 30, 2006 of \$37.6 million, or \$1.62 per diluted share. Non-GAAP adjusted EBITDA for the year ended November 30, 2007 was \$57.3 million, compared to \$55.2 million for the year ended November 30, 2006.

A reconciliation of GAAP net income to non-GAAP adjusted net income and non-GAAP adjusted EBITDA is provided in the notes to the financial information included in this press release.

Financial Guidance

First Quarter Fiscal 2008 Guidance

Corel provided guidance for the first quarter ending February 29, 2008. The Company currently expects:

- Revenue in the range of \$61 million to \$63 million.
- GAAP net loss in the range of \$(1.5) million to \$0.0 million and non-GAAP adjusted net income in the range of \$6.5 million to \$8.0 million.
- GAAP earnings per share in the range of \$(0.06) to \$0.00 and non-GAAP earnings per share in the range of \$0.24 to \$0.30.

Fiscal 2008 Guidance

Resulting guidance for the year ending November 30, 2008 is as follows:

- Revenue in the range of \$258 million to \$273 million.
- GAAP net income of \$9.3 million to \$14.8 million and non-GAAP adjusted net income of \$40.5 million to \$46.0 million.
- GAAP income per share of \$0.34 to \$0.55 and non-GAAP earnings per share of \$1.50 to \$1.70.

Corel will host a conference call to discuss its financial results at 4:30 p.m. Eastern Time today. To access the conference call, please dial (877) 627-6562 or (719) 325-4921 approximately 5 minutes prior to the 4:30 p.m. ET start time. A live webcast will also be available through Corel's Investor Relations website at <http://investor.corel.com/events.cfm>. Following the call, an audio replay will be available between 7:30 p.m. (ET) February 6, 2008 and midnight (ET) February 20, 2008 from Corel's Investor Relations website or by calling (888) 203-1112 or (719) 457-0820, Passcode: 8058024.

Forward-Looking Statements:

This news release includes forward-looking statements that are based on certain assumptions and reflect our current expectations. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements to differ materially from any future results, performance, or achievements discussed or implied by such forward-looking statements. Such risks include competitive threats from well-established software companies that have significantly greater market share and resources than us and from online services companies that are increasingly seeking to provide software products at little or no incremental cost to their customers to expand their Internet presence and build consumer loyalty. We rely on a small number of key strategic relationships for a significant percentage of our revenue and these relationships can be modified or terminated at any time. In addition, our core products have been marketed for many years and the packaged software market in North America and Europe is relatively mature and characterized by modest growth. Accordingly, we must successfully complete acquisitions, penetrate new markets or increase penetration of our installed base to achieve revenue growth. In addition, we face potential claims from third parties who may hold patent and other intellectual property rights which purport to cover various aspects of our products and from certain of our customers who may be entitled to indemnification from us in respect of potential claims they may receive from third parties related to their use or distribution of our products.

These and other risks, uncertainties and other important factors are described in Corel's Annual Report dated February 23, 2007, filed with the Securities and Exchange Commission (SEC) and the Canadian Securities Administrators (CSA) and Corel's other filings including Corel's form 10-Q for the quarter ended August 31, 2007 under the caption "Risk Factors" and elsewhere. A copy of the Corel Annual Report and such other filings can be obtained on Corel's website, on the SEC's website at <http://www.sec.gov/> or on the CSA's website at <http://www.sedar.com>. In addition, these and other risks can be found in InterVideo's previous reports filed with the SEC under the caption "Risk Factors" and elsewhere, including InterVideo's 10-Q for the quarter ended September 30, 2006, which can be found on InterVideo's website or on the SEC's website at <http://www.sec.gov>. Forward-looking statements speak only as of the date of the document in which they are made. We disclaim any obligation or undertaking to provide any updates or revisions to any forward-looking statement to reflect any change in our expectations or any change in events, conditions or circumstances on which the forward-looking statement is based.

Financial Presentation and Use of Non-GAAP Measures:

Our financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP, which differ in certain material respects from Canadian generally accepted accounting principles. In addition, our financial statements and information in this release are presented in U.S. Dollars, unless otherwise indicated. This news release includes certain non-GAAP financial measures, such as adjusted net income and adjusted EBITDA. We use these non-GAAP financial measures to confirm our compliance with covenants contained in our debt facilities, as supplemental indicators of our operating performance and to assist in evaluation of our liquidity. These measures do not have any standardized meanings prescribed by GAAP and therefore are not comparable to the calculation of similar measures used by other companies, and should not be viewed as alternatives to measures of financial performance or changes in cash flows calculated in accordance with GAAP. Reconciliations of these non-GAAP financial measures to the closest GAAP measures are set out in the notes to the financial statements attached to this news release.

About Corel

Corel is a leading developer of graphics, productivity and digital media software with more than 100 million users worldwide. The Company's product portfolio includes some of the world's most popular and widely recognized software brands including CorelDRAW® Graphics Suite, Corel® Paint Shop Pro® Photo, Corel® Painter™, Corel DESIGNER®, Corel® WordPerfect® Office, WinZip®, WinDVD® and iGrafx®. Designed to help people become more productive and express their creative potential, Corel's software strives to set a higher standard for value with full-featured products that are easier to learn and use. The industry has responded with hundreds of awards recognizing Corel's leadership in software innovation, design and value.

Corel's products are sold in more than 75 countries through a well-established network of international resellers, retailers, original equipment manufacturers, online providers and Corel's global websites. The Company's headquarters are located in Ottawa, Canada with major offices in the United States, United Kingdom, Germany, China, Taiwan and Japan. Corel's stock is traded on the NASDAQ under the symbol CREL and on the TSX under the symbol CRE. www.corel.com

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