



For Immediate Release

Corel Corporation Reports Second Quarter 2009 Financial Results

OTTAWA, July 10, 2009 -- Corel Corporation (NASDAQ:CREL) (TSX:CRE) today reported financial results for its second quarter ended May 31, 2009. Revenues in the second quarter of fiscal 2009 were \$50.4 million, compared to \$67.0 million in the second quarter of fiscal 2008. GAAP net loss in the second quarter of fiscal 2009 was \$4.1 million or \$0.16 per basic and diluted share, compared to GAAP net income of \$930,000, or \$0.04 per basic and diluted share, in the second quarter of fiscal 2008.

Non-GAAP adjusted net income for the second quarter of fiscal 2009 was \$5.6 million, or \$0.22 per diluted share, compared to non-GAAP adjusted net income for the second quarter of fiscal 2008 of \$9.5 million, or \$0.36 per diluted share. Non-GAAP adjusted EBITDA in the second quarter of 2009 was \$10.1 million, compared to \$14.9 million in the second quarter of 2008.

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.

“While Corel continued to feel the effects of the economic climate, we took proactive steps to reduce expenses and were pleased by the industry recognition we received for our innovative efforts to improve user experience,” said Kris Hagerman, Interim CEO, Corel. “We continue to invest in the product strategies, distribution channels and regions that will further strengthen our competitive position and support our long term growth as the economy improves.”

Corel will host a conference call to discuss its financial results at 8:00 a.m. Eastern Time today. To access the conference call, please dial (877) 795-3613 or (719) 325-4799 approximately 5 minutes prior to the 8:00 AM 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 beginning at 11:00 AM ET on July 10, 2009 from Corel’s Investor Relations website or by calling (888) 203-1112 or (719) 457-0820, Passcode: 4081313.

Financial Statements Governance Practice:

The Audit Committee of Corel’s Board of Directors reviewed the earnings portion of this press release as well as the related financial statements and MD&A, and recommended they be

approved by the Board of Directors. Following review by the full Board, the financial statements, MD&A and the earnings portion of this press release were approved.

Forward Looking Statements:

This news release includes forward-looking statements which are based on estimates and assumptions made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances including but not limited to general economic conditions, product pricing levels and competitive intensity, and new product introductions.

Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause 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 the recent disruption in the overall economy and financial and credit markets, which may adversely impact our operations and financial results as well as our ability to obtain financing required to grow our business and make acquisitions. We may experience fluctuations in our operating results depending on the timing and success of product releases. 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, establish relationships with new original equipment manufacturer customers, or increase penetration of our installed base to achieve revenue growth. The long-term trend in our business reflects growth in revenues from acquisitions, which give rise to their own risks and challenges, rather than from our existing products, and that recent growth may not be representative of future growth. We face 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, 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. Any resulting litigation costs, settlement costs or royalty requirements could affect our profitability.

These and other risks, uncertainties and other important factors are described in Corel's Annual Report dated February 9, 2009, filed with the Securities and Exchange Commission (SEC) and the Canadian Securities Administrators (CSA) 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>. These factors should be considered carefully, and readers should not place undue reliance on our forward-looking statements. Forward-looking statements speak only as of the date of the document in which they are made. We disclaim any intention 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, except as required by law.

Financial Presentation and Use of Non-GAAP Measures:

Our financial statements are 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, to assist in evaluation of our ongoing operations and liquidity and to determine appropriate levels of indebtedness. We believe each of these non-GAAP financial measures is useful to investors in allowing for greater transparency with respect to supplemental information used by management in its financial and operational decision making. 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. These non-GAAP financial measures should not be considered in isolation, and should not be viewed as alternatives to measures of financial performance or changes in cash flows calculated in accordance with GAAP. We believe it is useful for ourselves and investors to review, as applicable, both GAAP information, which includes interest, income taxes, depreciation, amortization, provision for bad debts, effects of disposal of fixed assets and investments, restructuring, integration and reorganization costs, and certain other gains, losses and expenses, and the non-GAAP measures, which exclude certain of these amounts, in order to assess the performance of our continuing operations and for planning and forecasting in future periods. Investors are encouraged to review the related GAAP financial measures and the reconciliations of these non-GAAP financial measures to the closest GAAP measures as set out in the notes to the financial statements attached to this news release.

About Corel

Corel is one of the world's top software companies with more than 100 million active users in over 75 countries. We develop software that helps people express their ideas and share their stories in more exciting, creative and persuasive ways. Through the years, we've built a reputation for delivering innovative, trusted products that are easy to learn and use, helping people achieve new levels of productivity. The industry has responded with hundreds of awards for software innovation, design and value.

Our award-winning product portfolio includes some of the world's most widely recognized and popular software brands, including CorelDRAW® Graphics Suite, Corel® Painter™, Corel DESIGNER® Technical Suite, Corel® Paint Shop Pro® Photo, VideoStudio®, WinDVD®, Corel® WordPerfect® Office and WinZip®. Our global headquarters are in Ottawa, Canada, with major offices in the United States, United Kingdom, Germany, China, Taiwan and Japan.

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Press Contact:

Catherine Hughes

613-728-0826 x1659

catherine.hughes@corel.com

Investor Relations Contact:

Doug McCollam

613-728-0826 x 1953

doug.mccollam@corel.com