



For Immediate Release

Corel Corporation Reports Fourth Quarter and Fiscal 2008 Financial Results

- *FY08 Revenue Up 7% Year Over Year*
- *GAAP Net Income of \$3.7M in FY08 Versus GAAP Net Loss of \$13.1M in FY07*

OTTAWA, Canada – February 6, 2009 – Corel Corporation (NASDAQ:CREL; TSX:CRE) today reported financial results for its fourth quarter and year ended November 30, 2008. Revenues in the fourth quarter of fiscal 2008 were \$69.4 million, a decrease of 4 percent over revenues of \$72.4 million in the fourth quarter fiscal 2007. GAAP net income in the fourth quarter of fiscal 2008 was \$1.2 million, or \$0.05 per basic and diluted share, compared to GAAP net income of \$3.3 million, or \$0.13 per basic and diluted share, in the fourth quarter of fiscal 2007.

Non-GAAP adjusted net income for the fourth quarter fiscal 2008 was \$11.4 million, or \$0.43 per diluted share, compared to non-GAAP adjusted net income for the fourth quarter of fiscal 2007 of \$13.4 million, or \$0.51 per diluted share. Non-GAAP adjusted EBITDA in the fourth quarter of 2008 was \$16.9 million, a decrease of 15 percent over \$19.9 million in the fourth quarter of 2007.

Revenues for the year ended November 30, 2008 were \$268.2 million, an increase of 7 percent over revenues of \$250.5 million for the year ended November 30, 2007. GAAP net income for the year ended November 30, 2008 was \$3.7 million, or \$0.14 per basic and diluted share, compared to a GAAP net loss of \$13.1 million, or \$0.52 per diluted share, for the year ended November 30, 2007.

Non-GAAP adjusted net income for the year ended November 30, 2008 was \$37.8 million, or \$1.44 per diluted share, compared to non-GAAP adjusted net income for the year ended November 30, 2007 of \$34.0 million, or \$1.32 per diluted share. Non-GAAP adjusted EBITDA for the year ended November 30, 2008 was \$60.9 million, an increase of 6 percent over \$57.3 million for the year ended November 30, 2007.

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.

“Thanks to the efforts of our global team, Corel delivered a solid 2008,” said Kris Hagerman, Interim CEO of Corel. “Despite facing a tough economic climate as we closed out the fourth quarter, revenues

for the full year were up across all geographies and business units, demonstrating the benefits of Corel's broad product portfolio and diversified channel strategy. Looking ahead to 2009, we have an exciting slate of new product introductions that we believe will further enhance our market position, even in a challenging economy."

Given the uncertainty of the current global economic environment, the Company has elected not to provide guidance for Q1 or the full year at this time.

Corel will host a conference call to discuss its financial results at 8:00 AM ET today. To access the conference call, please dial (877) 856-1961 or (719) 325-4758 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 between 11:00 AM ET on February 6, 2009 and 12:00 AM ET on February 20, 2009 from Corel's Investor Relations website or by calling (888) 203-1112 or (719) 457-0820, Passcode: 4635545.

Financial Statements Governance Practice:

The Audit Committee of Corel's Board of Directors reviewed 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 contents 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 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 challengers, 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 8, 2008, 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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