



COREL CORPORATION ACQUIRES JASC TO EXTEND GRAPHICS SOFTWARE PORTFOLIO

*Recognized, Trusted Provider Of Graphics, Office and Personal Productivity
Software Acquires Leading Imaging Software Vendor*

London, UK – 14 October 2004—Corel Corporation today acquired Jasc Software, Inc., an award-winning developer of the Paint Shop™ family of digital photography and image editing software. A critical milestone of Corel's ongoing growth strategy, this acquisition follows four consecutive quarters of profitability and a successfully completed turnaround since Corel was taken private in August 2003. The acquisition further extends Corel's position as a powerful force in the packaged software industry providing office and personal productivity and graphics products. Corel will now serve a combined base of more than 60 million customers worldwide with an extended software portfolio that combines innovative photo editing and graphics creation, vector illustration and technical graphics products along with Corel's popular WordPerfect line of products. The acquisition is expected to officially close by the end of October 2004.

Corel corporate headquarters will remain in Ottawa, Ontario, Canada. Corel will maintain the former Jasc facility in Minneapolis, MN for the Paint Shop family operations. Amish Mehta will continue to serve as the Chief Executive Officer of Corel Corporation. Several members of the Jasc senior management team will join Corel.

Corel will sell Paint Shop™ Pro®, Paint Shop™ Pro® Studio and Paint Shop™ Photo Album™ as stand alone products and will continue to provide worldwide service and support to customers under the Corel brand. In addition, Corel will actively support new R&D initiatives for the Paint Shop family, ensuring that the next-generation of Jasc products will continue to flourish.

In August 2003, Corel was acquired by Vector Capital Group, a San Francisco-based venture capital concern which currently manages over \$500 million dollars in capital. Vector helped Corel create and execute a focused product and market strategy – leveraging Corel's most popular and enduring products, the WordPerfect Office Suite, CorelDRAW Graphics Suite and Corel Painter – while streamlining its operations and product lines. With the support of Vector, Corel is poised for future growth with the addition of the Paint Shop family as well as through future acquisitions on the horizon.

Corel's innovative software offerings, which include the popular WordPerfect Office Suite, the CorelDRAW Graphics Suite and Corel Painter natural media, painting and illustration software, have earned a strong following of value-conscious consumers and businesses around the world. This acquisition extends Corel's unique value proposition to millions of customers worldwide and dramatically expands Corel's reach in both the business and consumer graphics market sectors.

Now, Corel can provide users of graphics software a complete migration path from the most basic picture organizing and sharing, to image improvement and retouching, all the way to

advanced image editing and graphics creation. The addition of the Paint Shop product family allows Corel to serve sizable new consumer graphics markets while expanding its coverage of the business graphics market segment.

Extending Corel's Presence In The High-Growth Digital Software Market

“The acquisition expands our reach in digital imaging software – one of the key drivers behind our growth strategy,” said Mehta. “The Paint Shop family gives us strong entry level graphics and imaging software products that will help Corel capture millions of new customers. Over the long term, we will significantly expand our footprint with consumers who regularly purchase digital photography software – a fast growing software market segment.”

According to InfoTrends/CAP Ventures, the worldwide market for consumer digital cameras is expected to expand at a CAGR of approximately 20%, to over 100 million units that will ship in 2008, up from 45 million in 2003. A recent survey by InfoTrends/CAP Ventures also stated that 55% of owners of digital cameras reported purchasing additional software for managing and enhancing digitally captured photos.

The Paint Shop family optimizes the digital photography and imaging experience for consumers and business professionals at all skill levels, offering a growth path from novice to seasoned professional. Its flagship products, Paint Shop Pro, Paint Shop Pro Studio and Paint Shop Photo Album, are recognized worldwide for innovation. “As a leading consumer software brand, the Paint Shop family is a natural and synergistic addition to the Corel packaged software portfolio,” said Mehta. “Like Corel, Jasc has consistently delivered innovative, reliable and easy-to-use graphics solutions at a very competitive price point. This acquisition signals our focus on increasing the breadth of our product family in order to service the broad, growing market of value-conscious consumers and businesses.”

Extending Reach Through Global Distribution Network

The combined global sales channels of both Corel and Jasc will yield a much wider worldwide distribution network. With this acquisition, the Paint Shop family will now be sold through a broader channel that reaches millions of Corel and Jasc customers around the world. Combined, Corel and Jasc's global distribution network includes more than 5,000 value-added resellers and major retailers serving 75 countries around the globe.

In addition, both Corel and Jasc have secured powerful OEM bundling partnerships with several major companies, including DELL Computer and Wacom, among others. These OEM relationships will continue to expand the combined Company's reach with consumers and businesses alike.

Record Profitability And Focused Direction Fuel Corel's Growth Strategy

This year, privately-held Corel achieved record levels of profitability and realized significant growth across all of its product lines. Corel is now poised for future market growth with the addition of the Paint Shop family of digital photography and image editing software.

“This has all the signs of a very successful acquisition because both companies need what the other provides,” said Rob Enderle, Principal Analyst for the Enderle Group. “Corel has a strong international brand and products that effectively target professional digital photographers but needed a strong entry-level product like Jasc’s to capture new customers. Jasc needed the power of an international brand and robust product set to expand their customer base. The combination of the two firms will deliver a powerful software portfolio encompassing consumers and businesses seeing a proven digital photography solution at a very competitive price.”

About Jasc

Jasc is recognized as a global leader of digital photography and imaging software, providing the Paint Shop family of products that is anchored by Paint Shop Pro, Paint Shop Pro Studio and Paint Shop Photo Album. Jasc is focused on optimizing the digital photography and imaging experience for consumers and business professionals at all skill levels, offering a growth path from novice to seasoned professional. Jasc products are Windows-based and provide an affordable solution for PC users – all backed by award-winning service and support.

About Corel

Corel Corporation provides innovative software solutions that help millions of value-conscious businesses and consumers in over 75 countries improve their productivity. The Company is best known for its graphics, office and personal productivity solutions, including the CorelDRAW® Graphics Suite, the WordPerfect® Office Suite and the Corel Painter natural media®, painting and illustration software. Corel was acquired by San Francisco-based Vector Capital Group in August 2003 and, since that time has achieved record levels of profitability and growth across all product lines. Founded in 1985, Corel is headquartered in Ottawa, Canada. For more information, please visit www.corel.com.

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