

Corel Corporation and Vector Capital Sign Non-Disclosure and Standstill Agreement

CIBC world markets engaged by Corel to assess strategic alternatives

London, March 25, 2003 – Corel Corporation (NASDAQ: CORL, TSX: COR) and Vector Capital today announced that Corel’s board of directors has entered into a non-disclosure and standstill agreement with Vector CC Holdings, L.L.C. (a company affiliated with Vector Capital, a venture capital firm). The board of directors has also engaged CIBC World Markets to assess and identify other strategic alternatives to maximise value for its shareholders. As previously announced, Vector has agreed to purchase 22,890,000 Series A participating convertible preferred shares of Corel (the “Series A Shares”) at a price of US\$0.5625 per share from Microsoft Licensing, Inc. in a private transaction. Those shares are convertible on a one-for-one basis into common shares of Corel and represent approximately 19.95% of the issued and outstanding common shares of Corel, assuming conversion of those shares.

Pursuant to the agreement signed today with Corel, Vector will be given the opportunity to commence a detailed due diligence review of Corel’s business and to make a proposal to Corel and its shareholders for the acquisition of Corel. CIBC World Markets will assist Corel in exploring its strategic alternatives, and will immediately begin soliciting proposals from other parties, who will also be permitted to undertake due diligence reviews of Corel’s business.

Corel’s board of directors has agreed, subject to certain conditions, to recommend that shareholders support a Vector proposal for which Corel and Vector enter into a definitive agreement valued at US\$1.10 or more per share. Any such recommendation with respect to a Vector transaction is subject to the fiduciary right of Corel’s board of directors to consider and support at any time a superior proposal and to Corel’s board of directors receiving an opinion that the consideration to be received from Vector is fair from a financial point of view to the holders of its common shares. Vector has agreed to not oppose a competing proposal that provides for payment to Vector of at least US\$1.25 per Series A share and for payment to the holders of Corel’s common shares of at least 105% of Vector’s best offer. The agreement with Vector also prohibits Vector from making a formal takeover bid at a price below US\$1.00 per share during the next six months.

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“Vector expressed confidence in Corel’s potential by purchasing our Series A Shares,” said James Baillie, Chairman of Corel’s board of directors. “They approached us indicating an interest in investigating an offer for all the shares at a significant premium. The Corel board believes that, if an offer at such a premium is available, it should be provided to shareholders. Nonetheless, we continue to believe in the independent business strategy being followed by Corel and will continue with that strategy whether or not a sufficiently attractive offer emerges from the process initiated today.”

“We are pleased to have this framework in place and to be able to enter into detailed discussions with Corel’s board and management,” said Alex Slusky, Vector Capital’s Managing Partner. “We are impressed with Corel’s business and product mix and appreciate the board’s expression of support for a transaction at or above US\$1.10 per share. Based on publicly available information, Vector Capital is not yet prepared to extend an offer at US\$1.10 per share. As we conduct our due diligence over the next 30 days, however, we hope to determine an offer price that will be attractive to both Vector Capital and to Corel’s common shareholders. We look forward to working with Corel on a mutually-acceptable proposal.”

Prior to Vector entering into its agreement with Microsoft Licensing, Inc., no fund managed by Vector Capital owned any equity of Corel. After giving effect to the purchase, Vector will have acquired (1) ownership of and control over 22,890,000 Series A participating convertible preferred shares, representing approximately 95.38% of the issued and outstanding preferred shares and (2) deemed ownership of and control over the corresponding underlying 22,890,000 common shares, representing approximately 19.95% of the issued and outstanding common shares, assuming conversion of the 22,890,000 preferred shares. Vector will have ownership of and control over all of those shares and is not acting with any joint actor in connection with the purchases or the ownership of such shares. This press release is being issued as required under the “early warning” requirements of applicable Canadian securities legislation to reflect changes from Vector’s earlier press release issued in connection with those requirements.

The non-disclosure and confidentiality agreement will be filed with the Canadian Securities Regulators by Corel as an exhibit to Corel’s Material Change Report which can be viewed at www.sedar.com.

To obtain a copy of the early warning report to be filed by Vector under applicable Canadian securities legislation in connection with the transactions described above, please refer to www.vectorcapital.com/corel or contact Natalie Marsh at (415) 293-5000.

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Notes to editors:

About Corel Corporation

Founded in 1985, Corel Corporation (www.corel.com) is a leading technology company specializing in content creation tools, business process management and XML-enabled enterprise solutions. The company's goal is to give consumers and enterprise customers the ability to create, exchange and instantly interact with visual content that is always relevant, accurate and available. With its headquarters in Ottawa, Canada, Corel's common stock trades on the Nasdaq Stock Market under the symbol CORL and on the Toronto Stock Exchange under the symbol COR.

About Vector Capital

Vector Capital is a San Francisco-based venture capital firm focused on special opportunity investments in software and software-enabled services. Vector serves the needs of growing software companies by actively partnering with their management in creating value for their customers and shareholders. Vector Capital's investments include LANDesk Software, Real Networks (NASDAQ: RNWK), Savi Technology and ProcessClaims. Additional information about Vector Capital can be obtained at <http://www.vectorcapital.com>.

This press release contains forward-looking statements as defined by the United States Private Securities Litigation Reform Act of 1995, involving the company's expectations about future financial results and other matters. These statements reflect management's current forecast of certain aspects of the company's future business. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results of operations to differ materially from historical results or current expectations. The words "plan", "expect", "believe", "intend", "anticipate", "forecast", "target", "estimate" and similar expressions identify forward-looking statements. Risk factors include shifts in customer demand, product shipment schedules, product mix, competitive products and pricing, technological shifts and other variables. Readers are referred to Corel's most recent reports filed with the Securities and Exchange Commission for a more complete discussion of the other risks and uncertainties. The factors underlying forecasts are dynamic and subject to change. As a result, forecasts speak only as of the date they are given and do not necessarily reflect the company's outlook at any other point in time. The company does not undertake to update or review these forward-looking statements.

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