

FORM 27

MATERIAL CHANGE REPORT

Filed pursuant to Section 75(2) of the *Securities Act*, Ontario
and corresponding provisions of the
securities legislation in other provinces

1. **Reporting Issuer**

Corel Corporation
1600 Carling Avenue
Ottawa, Ontario
K1Z 8R7

2. **Date of Material Change**

August 20, 2003 and August 22, 2003

3. **Press Release**

August 20, 2003 and August 22, 2003

4. **Summary of Material Change**

On August 20, 2003, Corel Corporation held a special meeting of its securityholders. At the meeting, the Corel Corporation securityholders approved the arrangement resolution, the continuance resolution and the rights plan resolution, each by the requisite percentages to permit the Vector Capital group to acquire all the shares of Corel Corporation.

On August 22, 2003, following a hearing before Justice James Chadwick on August 21, 2003, Corel Corporation received a final court order from the Ontario Superior Court of Justice approving the arrangement which will implement the acquisition of all the shares of Corel Corporation by the Vector Capital group.

5. **Full Description of Material Change**

See press release dated August 20, 2003, attached hereto as Exhibit A, and press release dated August 22, 2003, attached hereto as Exhibit B.

6. **Reliance on Section 75(3) of the Act**

Not applicable.

7. **Omitted Information**

Not applicable.



Schedule A
For Immediate Release

Corel Securityholders Approve Vector Acquisition *Company To Seek Final Court Approval Tomorrow*

Ottawa, Canada – August 20, 2003 – Corel Corporation (NASDAQ: CORL, TSX: COR) today announced that the proposed acquisition by the Vector Capital group has received the required approvals from Corel securityholders. The Company will seek final court approval on the transaction on Thursday, August 21, 2003. If court approval is granted, the acquisition is expected to be completed during the week of August 25, 2003.

Votes tallied during Corel's special meeting of securityholders today demonstrate strong support for the acquisition among those who voted.

The results of the vote are as follows:

- A total of **81.1 per cent** of the votes cast by holders of Corel common shares and voting convertible securities were in favor of the Arrangement Resolution, which approves the Plan of Arrangement giving effect to the Vector acquisition.
- In a separate vote on the Arrangement Resolution, **72.7 per cent** of the votes cast by common shareholders, excluding Vector, voted in favor. Vector owns 12.5 million common shares.
- A total of **84.6 per cent** of the votes cast by holders of Corel common shares and Series A preferred shares were voted in favor of the Continuance Resolution, which approves the continuance of Corel from the jurisdiction of the Canada Business Corporations Act to the jurisdiction of the Business Corporations Act (Ontario).
- A total of **80.5 per cent** of the votes cast by the holders of Corel common shares were voted in favor of the Rights Plan Resolution, which approves the termination of the Corel shareholders' rights plan.

"This is an important day and a significant milestone in the continuing evolution of Corel," said Derek Burney, President & CEO of Corel. "Today's results illustrate a recognition on the part of the majority of Corel's securityholders that, while Corel continues to develop some of the most innovative software in the industry, it still faces challenges converting enthusiasm for its products into meaningful revenue growth that will be rewarded by the market."

“We want to thank all Corel securityholders for their participation in this process,” said James Baillie, Chairman of Corel’s Board of Directors. “Based on the results today, it is clear that the majority of Corel securityholders support the Board of Directors’ recommendation and view Vector’s proposal as the best option available today for them to maximize the value of their Corel holdings. We will now move forward to seek the required court approval with a view to completing the transaction next week.”

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.

Vector Capital

Vector Capital is a San Francisco-based venture capital and private equity firm focused on special opportunity investments in software and information technology 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, Savi Technology and ProcessClaims. Additional information about Vector Capital can be obtained at 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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Schedule B
For Immediate Release

Corel Acquisition Receives Court Approval

Ottawa, Canada – August 22, 2003 – Corel Corporation (NASDAQ: CORL, TSX: COR) today announced that it has received approval from the Ontario Superior Court of Justice to complete the acquisition by Vector Capital. The court approval was granted today by Justice James Chadwick following a hearing in Ottawa, Canada on August 21, 2003.

“I am satisfied that the applicants have complied with all of the terms of the interim order and also the provision of the Canada Business Corp. Act and the Ontario Business Corporations Act,” stated Justice Chadwick in today’s ruling. “I am satisfied that the arrangement is fair and reasonable and in the best interest of [Corel’s] shareholders.”

“We are very pleased to complete this last significant step required to close the acquisition by Vector,” said James Baillie, Chairman of Corel’s Board of Directors. “Once the final paperwork is complete, the transaction will officially close and Corel will move forward as a private company. We believe that, with Vector’s involvement, Corel can reach its full potential as it continues to provide exceptional products to its customers and partners around the globe.”

“Vector Capital welcomes the Court’s decision today and is gratified by the support this transaction received from the great majority of other Corel shareholders,” said Alex Slusky, Managing Partner of Vector Capital. “We were particularly impressed with the level of support for Vector among the employees of Corel and see that as an important basis for working together with management to help Corel fully capitalize on the opportunities ahead.”

The acquisition was approved by Corel shareholders on August 20, 2003. A total of 81.1 per cent of the votes cast by holders of Corel common shares and voting convertible securities voted in favor of the Arrangement Resolution, which approves the Plan of Arrangement giving effect to the Vector acquisition. Excluding the shares owned by Vector, 72.7 per cent of the votes cast by common shareholders voted in favor.

The acquisition is expected to close during the week of August 25, 2003 or shortly thereafter.

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