

INDIGO ANNOUNCES RESULTS OF COMMON SHARE RIGHTS OFFERING

TORONTO, January 16, 2002 - Indigo Books & Music Inc. (TSE: IDG) announced today that it has successfully completed an offering of 3,395,074 common shares of the company at \$3.00 per share and that the shares issued pursuant to additional subscription privileges have now been allocated. The issue, which was completed by way of an offering of subscription rights to all holders of common shares of the company, was fully subscribed and resulted in gross proceeds of \$10,185,223.

The net proceeds from this rights offering will be used for working capital purposes, in connection with the repayment of term debt due December 31, 2001.

As a result of this rights offering, Trilogy Retail Enterprises L.P., which is controlled by Gerald Schwartz, slightly increased its ownership interest to 66.0% of the company's common shares, up from 64.7%, and Mr. Schwartz and Heather Reisman otherwise control an additional 0.9% of the company's common shares.

About Indigo

Indigo is a Canadian company and the largest book retailer in Canada, operating bookstores in all provinces under the names Indigo Books Music & more, Chapters, Coles, SmithBooks and World's Biggest Bookstore. Indigo operates www.chapters.indigo.ca, an online retailer of books, music videos and DVDs.

Indigo is a publicly traded company, listed on the TSE under the stock symbol IDG. To learn more about Indigo, please visit the About Our Company section of www.chapters.indigo.ca.

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