

## **Indigo to offer rights to existing common shareholders**

**Toronto, January 25, 2002** – Indigo Books & Music Inc. (TSE: IDG) announced today that its board of directors has approved an offering of rights to the company's existing common shareholders. Shareholders will receive one right for each common share held by them. Four rights will entitle the holder thereof to one common share of Indigo. The exercise price will be \$3.50 per Indigo common share.

Proceeds net of expenses, assuming exercise of 100% of the rights, are expected to be approximately \$14.6 million, and will be used to provide the company with capital to further reduce overall levels of indebtedness. Proceeds will also be used to cover certain costs associated with the restructuring of stores previously offered for sale and with initiatives to improve merchandising and logistics information systems. Indigo expects that the proposed rights offering will be completed shortly after the end of the company's current fiscal year, which ends on March 30, 2002. This offering is subject to necessary securities, regulatory and Toronto Stock Exchange approvals.

### **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](http://www.chapters.indigo.ca), an online retailer of books, 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](http://www.chapters.indigo.ca).

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