

Attention Business Editors:

Indigo announces results of common share rights offering

TORONTO, October 1, 2002/ - Indigo Books & Music Inc. (TSE: IDG) announced today that it has successfully completed an offering of 2,662,755 common shares of the company at \$5.75 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 \$15,310,841.25.

The net proceeds from this rights offering will be used for capital expenditures, including store improvements, supply chain redesign and investment in the company's online business.

As a result of this rights offering, Trilogy Retail Enterprises L.P., which is controlled by Gerald Schwartz, increased its ownership interest to 69% of the company's common shares, up from 66.1%, and Mr. Schwartz and Heather Reisman otherwise control 5.4% 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 TSX under the stock symbol IDG. To learn more about Indigo, please visit the About Our Company section of www.chapters.indigo.ca.

- 30 -

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