FORM 27

Material Change Report
Pursuant to Section 75(2) of the *Securities Act* (Ontario).

Item 1 Reporting Issuer

MGI Software Corp.
50 West Pearce Street
Richmond Hill, Ontario L4B 1E3

Item 2 Date of Material Change

January 25, 2002

Item 3 Press Release

Press Release issued January 25, 2002

Item 4 Summary of Material Change

On January 25, 2002, the Company announced the exchange ratio relating to the sale of all of its issued and outstanding common shares previously announced on December 4, 2001.

Item 5 Full Description of Material Change

Pursuant to the definitive agreement whereby Roxio, Inc. will acquire all of the outstanding shares of the Company in a share for share exchange, the Company announced that the exchange rate under this agreement will be 0.05050 Roxio, Inc. shares for each Company share resulting in a purchase price of approximately CDN$56.9 million or CDN$1.30 per Company share. The transaction is subject to regulatory approval and approval by the Company's shareholders and is expected to close on January 31, 2002.

Item 6 Reliance on Section 75(3) of the Act

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Senior Officers

Rocco Rossi, President and Chief Operating Officer of the Company, is knowledgeable about the material change and this report. His business telephone number is (905) 764-7000.

Item 9 **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

DATED at Richmond Hill, Ontario, January 25, 2002.

Per: (signed)

Rocco Rossi
(name of person signing the Form)

President and Chief Operating Officer
(office or capacity)

MGI SOFTWARE CORP.

Quotes
MGI. (TSE)

Attention Business Editors:

Roxio and MGI determine final exchange ratio and provide further information about shareholders' meeting

MILPITAS, CA, and TORONTO, Jan. 25 /CNW/ - MGI Software Corp. (TSE: MGI), a leading global provider of visual media software ("MGI"), and Roxio, Inc. (Nasdaq: ROXI), the Digital Media Company, today announced that the final exchange ratio that will apply in connection with the companies' proposed plan of arrangement will be 0.05050 shares of common stock of Roxio for every one (1) common share of MGI. This exchange ratio assumes the exercise of all in-the-money options held by current and former employees of MGI prior to closing.

Pursuant to the definitive agreement between the parties, the exchange ratio was subject to certain adjustments based on the calculation of MGI's net working capital and based on the amount drawn by MGI on a US$1.5 million line of credit made available by Roxio to MGI. The exchange ratio set forth above incorporates all of the adjustments prescribed by the definitive agreement and is not subject to further adjustment prior to closing.

Based on Roxio's closing price and the exchange rate on January 25, 2002, this final exchange ratio represents a purchase price of approximately $35.4 million U.S. or $56.9 million Canadian. On a per share basis, this represents a purchase price of approximately $0.81 U.S. or $1.30 Canadian.

Shareholders of MGI are scheduled to consider the approval of the transaction at a special meeting of shareholders scheduled for 11:00 a.m. on Monday, January 28, 2002 at the Sheraton Parkway Toronto North Hotel, 600 Highway 7 East, Richmond Hill, Ontario. In addition to the corporate law requirement that 66 2/3% of all votes cast in person or by proxy at this meeting be in favour of the transaction for it to be approved, the Ontario Securities Commission has required that this vote also be tabulated to ensure that at least 50% of all votes cast in person or by proxy at the special meeting be in favour of the transaction. For purposes of this second tabulation only, any votes cast by either of Anthony DeCristofaro, Chief

Executive Officer of MGI or Ken MacKenzie, Chief Financial Officer of MGI, relating to any MGI common shares that they beneficially own or over which they exercise control or direction (other than in their capacity as a proxy holder for other MGI shareholders) will not be counted either in the total number of votes cast or in the number of votes cast in favour of the transaction. This second tabulation will not result in a second vote and has been required in order to comply with the provisions of certain aspects of Ontario and Quebec securities laws.

About Roxio

Roxio, Inc. (Nasdaq:ROXI) makes the best selling CD burning software in the world enabling people to create, manage and move digital media. Roxio's suite of digital media products features Easy CD Creator (for Windows), Toast (for Macintosh) and GoBack, the No. 1 selling system recovery software that enables PC users to "go back" in time to instantly recover from system crashes, virus attacks, failed software installations and data loss. Roxio distributes its products globally through strategic partnerships with major PC and drive manufacturers, national retail chains and Internet partnerships. Roxio's products are also available at its website, http://www.roxio.com. Headquartered in Milpitas, California, Roxio also maintains offices in Colorado, Minnesota, Germany, and Japan. Roxio currently employs more than 250 people worldwide. Roxio is a member of the S&P SmallCap 600 and the Russell 2000 Index.

About MGI Software

MGI is a leading global provider of digital photo and video editing software. MGI's products are distributed in over 40 countries through original equipment manufacturers (OEMs), value-added resellers (VARs), as well as leading computer and electronic retail stores, and websites. Shipments of MGI's flagship PhotoSuite and VideoWave products have surpassed 39 million units. The Company's offerings include proprietary technologies supported by over 90 patents and patent pending applications. With headquarters in Richmond Hill, Canada, MGI maintains branch offices in the United Kingdom, France, Germany, Japan, Taiwan and Korea. MGI is a public company whose shares are traded on the Toronto Stock Exchange under the symbol "MGI". More information may be obtained on MGI's website at http://www.mgisoftware.com.

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For further information: Roxio Investor Contacts: Elliot Carpenter, Chief Financial Officer, Roxio, Inc., (408) 635-8130, elliot_carpenter@roxio.com; Jennifer Jarman, the blueshirt group for Roxio, Inc., (415) 217-7722, jennifer@blueshirtgroup.com; Roxio Media Contact: Kathryn Kelly, Roxio, Inc., (408) 635-8161, Kelly@roxio.com; MGI Contact: Josef Zankowicz, Director Corporate Communications, (905) 707-3650, josefz@mgisoft.com

This press release concerns more than one organization.
To view releases from one of these organizations, please select from below.

- MGI SOFTWARE CORP.
- ROXIO, INC.

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