

Indigo Announces Agreement for Kobo to be Acquired by Rakuten

Toronto, ON - November 8th, 2011. Indigo Books & Music Inc. (TSX:IDG) (“Indigo”), Canada’s largest book, gift and specialty toy retailer, and Rakuten, Inc. (NASDAQ:4755) (“Rakuten”), one of the world’s leading Internet service companies, announced today that Rakuten has agreed to acquire all of the outstanding shares of Kobo Inc. (“Kobo”) on a fully diluted basis for US\$315 million. Led by Kobo CEO Michael Serbinis, Kobo will continue to function as a stand-alone operation with its headquarters, management team, and employees based in Toronto.

Indigo is currently the majority shareholder in Kobo, a global eReading service with one of the largest eReading catalogues in the world and more than 5.6 million readers in over 100 countries worldwide. Indigo expects to receive approximately US\$140 million to US\$150 million from the proceeds of the sale on a fully diluted basis.

Indigo founded Kobo and spun it off in 2009 as an independent player in the global eReading market. Both Indigo and Kobo believe that Rakuten is the right global partner for Kobo to continue to grow the company to its full potential. With over 50 million customers, and a global mandate, Rakuten’s e-commerce strength and broad experience will offer the support and expertise to enable Kobo to further expand its reach and solidify its position as a global leader in eReading.

“We are truly proud of the success that Kobo and Indigo have achieved. From start up, only 24 months ago, to becoming a strong global player with a unique reading experience and one of the largest multi-language eReading catalogues in the world, Kobo is now among the world leaders in the emerging eReading industry.” said Heather Reisman, CEO of Indigo and Chair of Kobo. “Rakuten will allow Kobo to meet the demands of competing with the very best players in the world. Notwithstanding the sale, Indigo will maintain a very strong relationship with Kobo, supporting the products and the services both in store and online and directly benefiting from the growth of the Canadian eReading market. The success of Kobo confirms that Indigo is a great brand and a strong platform on which we can continue to innovate and grow.”

“Kobo will continue its aggressive growth trajectory with Rakuten's support,” said Michael Serbinis, CEO of Kobo. “We look forward to continuing to innovate, provide the best eReading experience for customers, and expand internationally to solidify Kobo's leadership position in the global eReading market.”

The transaction is subject to customary closing conditions, including approval under the *Investment Canada Act*, and is expected to close in early 2012.

About Kobo Inc.

Kobo is a global eReading service with more than 2.5 million eBooks, magazines and newspapers - one of the largest eReading catalogues in the world. Read Freely - Kobo believes consumers should have the freedom to read any book on any device and has attracted millions of readers from over 100 countries across the globe. Kobo has top ranked eReading applications for iPad, iPhone, BlackBerry,

Android, Windows and MacOS, and is the eReading application of choice for leading tablet OEMs. Kobo eReaders, including the Kobo Touch and the newly launched Kobo Vox are available at leading retailers, including Indigo, Walmart, Best Buy, Target, Future Shop, WHSmith, FNAC, Collins Booksellers and Whitcoull's. Kobo's innovative Reading Life is an industry-first comprehensive social eReading experience - Kobo users can earn awards simply for time spent reading and encouraging others. Kobo is backed by majority shareholder Indigo Books & Music Inc., Cheung Kong Holdings, and institutional investors.

About Rakuten

Rakuten, Inc (NASDAQ:4755), is one of the world's leading Internet service companies, providing a variety of consumer and business-focused services including e-commerce, travel, banking, securities, credit card, e-money, portal & media, online marketing and professional sports. Rakuten is expanding globally and currently has operations throughout Asia, Western Europe, and the Americas. Founded in 1997, Rakuten is headquartered in Tokyo, with over 10,000 employees worldwide. For more information, visit <http://global.rakuten.com/group>.

About Indigo Books & Music Inc.

Indigo is a publicly traded Canadian company listed on the Toronto Stock Exchange (IDG) and the majority shareholder of the global eReading service Kobo Inc. As the largest book, gift and specialty toy retailer in Canada, Indigo operates in all provinces under different banners including Indigo Books & Music; Indigo Books, Gifts, Kids; IndigoSpirit; Chapters; The World's Biggest Bookstore; and Coles. The online division, www.indigo.ca, features books, eBooks, toys and gifts and hosts the award winning Indigo Online Community. In 2004, Indigo founded the Indigo Love of Reading Foundation, a registered charity that provides new books and education materials to high-needs Canadian elementary schools, to address the literacy crisis in Canada. To date the Foundation has contributed \$10.5 million to schools in need. Visit loveofreading.org for more information.

Forward-Looking Statements

Statements contained in this news release, including the expectation that the transaction will close in early 2012 and that Indigo's continuing relationship with Kobo and Kobo's business prospects, that are not historical facts are forward-looking statements which involve risk and uncertainties that could cause results to differ materially from those expressed in the forward-looking statements. No assurance can be given that the transaction will close within the time period specified in this news release or at all. Among the key factors that could cause such differences is the need to receive regulatory approval and to satisfy conditions to closing. Other factors are discussed in Indigo's materials filed with the securities regulatory authorities in Canada from time to time, including Indigo's latest annual information form. Indigo disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

For further information please contact:

Janet Eger
Vice President, Public Relation
Indigo Books & Music Inc.
416 342 8561
jejer@indigo.ca