



INDIGO SPINS OFF SHORTCOVERS TO LAUNCH KOBO

—New Investors Include Borders Group, Inc. (US), Cheung Kong Holdings (Hong Kong), and REDGroup Retail (Australia)—

TORONTO, ON — December 15, 2009— Indigo Books & Music Inc. ([IDG](#)), Canada's largest book retailer, announced today the transfer of all the assets of Shortcovers, its digital reading initiative, into a new company, Kobo (www.kobobooks.com). Kobo has secured \$16 million in funding including \$5 million from Indigo. Other strategic partners include US based *Borders Group, Inc.*, *Instant Fame, a subsidiary of Cheung Kong (Holdings) Ltd. of Hong Kong*, and *REDGroup Retail Pty Ltd. of Australia*. Indigo will retain approximately 58% ownership of Kobo.

Since Shortcovers launched in February, it has provided eBooks to customers from over 200 countries who have downloaded its reader application over 1 million times online and through devices including smartphones, desktops and popular eReaders like the Sony Reader.

Heather Reisman, founder and Chief Executive Officer of Indigo Books & Music Inc. says, “Kobo is an exciting initiative which will put both Indigo and Kobo at the forefront of the new digital reading revolution. We are very proud of the Kobo team and thrilled with our strategic partners. We also look forward to partnering with Kobo on the delivery of additional eReading devices and offerings in 2010.”

According to Michael Serbinis, CEO of Kobo, “We have assembled a strong syndicate of investors and partners across the channels that are key – retail and mobile distribution. We have a unique opportunity to power the eReading revolution by reaching consumers on any device they choose.”

Borders Group, Inc. Chief Executive Officer Ron Marshall says: “As retailers who welcome thousands to our bookstores each day, Indigo and Borders share a belief that the future of bookselling will include both bricks and mortar and digital options. Indigo has carefully nurtured Shortcovers into a leading eReading service, and today with its evolution into Kobo, Borders is pleased to join with other investors who share Kobo’s vision for any book on any device.”

David Fenlon, REDgroup Retail’s chief executive officer said “REDgroup’s partnership with Kobo will help us make eBooks and other eReading content available for our customers across our popular Borders, Angus & Robertson and Whitcoulls brands. We are committed to delivering

the best possible range and experience for our customers whether they're shopping online or in-store. eBooks and other eReading content are a great way to expand and improve our offer. We're very pleased to be partnering with Indigo on this important new platform for our business."

According to Forrester Research, Inc., eBook content sales are up 176 percent in 2009 and in 2010 are expected to top \$500 million in the U.S. alone. Forrester also sees a global eBook opportunity based on another recent survey they undertook of consumers in the UK, France, Germany, Spain, Italy, the Netherlands and Sweden.

Indigo customers can access Kobo directly through www.chapters.indigo.ca or through www.kobobooks.com

About Indigo Books & Music Inc.

Indigo is a publicly traded Canadian company listed on the Toronto Stock Exchange (IDG). As the largest book and specialty 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.chapters.indigo.ca, features books, eBooks, toys, music and DVDs, and hosts the award winning Indigo Online Community. Chapters and Indigo are rated as the number one and number two retailers in Canada by the Kubas Major Market Retail Report, and have been on that list since 2000. To learn more about Indigo, please visit the About Our Company section of www.chapters.indigo.ca.

About Kobo

Kobo is a global eReading service backed by majority shareholder Indigo Books & Music, Borders Group, REDGroup Retail, and Cheung Kong Holdings. Kobo believes consumers should be able to read any book on any device. With a catalog of over 2 million eBooks, and an open platform, Kobo enables retailers, device manufacturers and mobile operators the ability to bring the joys of eReading to customers everywhere. For more information, visit www.kobobooks.com.

About Borders Group

Headquartered in Ann Arbor, Mich., Borders Group, Inc. (NYSE: BGP) is a leading specialty retailer of books as well as other educational and entertainment items. The company employs approximately 25,000 throughout the U.S., primarily in its Borders® and Waldenbooks® stores. Online shopping is offered through borders.com. Find author interviews and vibrant discussions of the products we and our customers are passionate about online at facebook.com/borders, twitter.com/borders and youtube.com/bordersmedia. For more information about the company, visit borders.com/media.

About Cheung Kong (Holdings) Ltd

Cheung Kong (Holdings) Ltd. (Stock code: 001) is a property development and strategic investment company. It is one of the largest developers in Hong Kong of residential, commercial and industrial properties, and the largest shareholder of Hutchison Whampoa Limited holding a 49.97% interest. The company also has substantial interests and operations in life sciences and other businesses. Cheung Kong (Holdings) Ltd. is a constituent stock of the Hang Seng Index of the Hong Kong Stock Exchange. For more information about the company, visit www.ckh.com.hk.

About REDGroup Retail Pty Ltd

REDgroup Retail is the leading book, stationery and entertainment retailer in Australia, New Zealand and Singapore. *REDgroup Retail* currently operates five divisions: *Angus & Robertson* – A nationwide bookstore chain

with the largest market share in Australia. *Borders* - An experience-based bookstore in Australia, New Zealand and Singapore; *Calendar Club* – A chain of specialty calendar stores; *Supanews* – A joint venture business that operates news agencies in Australia; and *Whitcoulls* – A nationwide book and stationery chain in New Zealand. For more information about the company, visit www.redgrouppretail.com.

For more information please contact:

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