

Indigo Maintains Majority Ownership As Kobo Closes \$50 Million Investment Round

TORONTO, ON —Tuesday, April 19, 2011— Indigo Books & Music Inc. today announced the final closing of the series C investment round for Kobo Inc. Indigo contributed \$13 million of the \$50 million in financing with the balance contributed by leading institutional investors, as well as current Kobo investor Cheung Kong Holdings. This round of investment adjusts Indigo's majority ownership to 51%.

The Board of Directors of Indigo Books & Music Inc. today also approved a quarterly dividend of 11 cents per common share to be paid on May 19th, 2011, to all shareholders of record as of May 4th, 2011.

Commenting on the newest financing, Heather Reisman, Indigo's founder and CEO, and the Chair of Kobo said "We are immensely proud of the strides made by Kobo into the global market. This additional investment will foster continued explosive growth for Kobo."

Last week, Kobo announced its plans to launch local content stores in Germany – the largest book market outside of the US – and Spain starting in May 2011. Forging another industry first, Kobo will launch dedicated online stores for France, Italy and the Netherlands this summer. In providing local content and reading experiences for European readers, Kobo continues to build on their vision of providing a device agnostic and easy to access global eReading service.

Indigo today also launched the highly anticipated BlackBerry® PlayBook™ tablet at Indigo, Chapters and Coles stores nationally and at www.chapters.indigo.ca. The devices come preloaded with the Kobo App providing booklovers globally with another innovative way to experience the magic of eReading through Kobo.

- **Since launching in December 2009, Kobo has:**
 - **3.2 million Users:** with over 1 million users added in the last 90 days.
 - **One of the largest stores worldwide:** over 2.3 million eBooks, newspapers and magazines.
 - **A leading eReader:** The Kobo Wireless eReader provides an easy to use eReader that's a joy to hold.
 - **Top ranked eReading Applications:** for iPad, iPhone, Blackberry, Android, Palm WebOS, Windows, MacOS
 - **Localised Stores:** Kobo already offers locally merchandised English language stores in the US, Canada, UK, Australia, New Zealand and Hong Kong – with

Germany and Spain launching in May, and France, Italy and the Netherlands launching this summer.

- **Leading Tablet Partners** including Samsung, Research in Motion and HTC have chosen Kobo as their global eReading platform for their mobile devices.
- **An Open Platform:** Kobo is dedicated to an open cloud-based platform, enabling users to build their lifetime library, and access it from any device.
- **The Most Comprehensive Social eReading Experience** - Kobo's Reading Life; an industry-first social experience that enables passionate readers to connect with friends to discuss their favourite books on Facebook, build their Reading Life, and earn awards – just for reading.

Forward-Looking Statements

Statements contained in this news release 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. Among the key factors that could cause such differences are: general economic, market or business conditions in Canada; competitive actions by other companies; changes in laws or regulations; and other factors, many of which are beyond the control of the Company.

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 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, <http://www.chapters.indigo.ca>, features books, eBooks, toys, gifts and, and hosts the award winning Indigo Online Community.

About Kobo, Inc.

Kobo, a global eReading service with more than 2.3 million eBooks, magazines and newspapers - one of the largest eReading catalogues in the world. 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, Palm WebOS, Windows, MacOS and is the eReading application of choice for leading tablet OEMs. For more information visit Kobo.com.

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