

Indigo Announces Normal Course Issuer Bid

TORONTO – October 27, 2009 -- Indigo Books & Music Inc. (TSX: IDG), Canada's largest book retailer, announced today that, subject to final acceptance of its notice of intention by the Toronto Stock Exchange, Indigo intends to make a normal course issuer bid ("NCIB"). Under the NCIB, Indigo may purchase up to 1,227,229 of its common shares, representing approximately 5% of its total outstanding common shares. Daily purchases will be limited to 2,571 common shares, other than block purchase exemptions. All common shares purchased under the NCIB will be cancelled and returned to treasury. As of October 22, 2009, Indigo had 24,544,572 common shares issued and outstanding.

Indigo believes that its common shares have been trading in a range that may not fully reflect the value of the common shares. As a result, the Board of Directors of Indigo believes that the purchase of common shares from time to time can be undertaken at prices that make the acquisition of such common shares an appropriate use of Indigo's available funds and an appropriate mechanism for returning capital to its shareholders.

Indigo intends to commence the NCIB on November 2, 2009. The NCIB will expire on November 1, 2010 or such earlier date as Indigo completes purchase pursuant to the NCIB. All purchases made by Indigo under the bid will be made in accordance with the rules of the TSX at market prices prevailing at the time of purchase. Under Indigo's previous NCIB, which was in effect from May 12, 2008 through May 11, 2009, Indigo purchased 356,625 of its common shares at an average price of approximately \$14.15 per share.

Indigo may from time to time enter into a pre-defined plan with a registered investment dealer to allow for the repurchase of common shares at times when Indigo ordinarily would not be active in the market due to its own internal trading blackout periods, insider trading rules, or otherwise. This plan will be adopted in accordance with applicable Canadian securities laws.

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 (TSX:IDG). As the largest book retailer in the country, 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, toys, music and DVDs, and hosts the award winning Indigo Online Community. In 2008, Indigo launched Pistachio, an eco-aware lifestyle store featuring stationery, gifts and home décor, and apothecary.

Chapters and Indigo are rated as the number one and number two retailers in Canada by the Kubas Major Market Retail Report, and have occupied the list since 2000.

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. Visit loveofreading.org for more information.

To learn more about Indigo, please visit the About Our Company section of www.chapters.indigo.ca.

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