Indigo Books & Music Inc.
Management Information Circular

Dated May 28, 2019

SOLICITATION OF PROXIES

The information contained in this Management Information Circular (the "Circular") is furnished in connection with the solicitation of proxies from registered owners of common shares (the "Shares") of Indigo Books & Music Inc. (the "Company", "Corporation" or "Indigo") (and of voting instructions in the case of non-registered owners of Shares) to be used at the annual and special meeting of shareholders of the Corporation to be held on the 11th day of July, 2019, at 10:00 a.m. (Toronto time) at Torys LLP, 79 Wellington Street West, 33rd floor, Toronto, Ontario, Canada and at all adjournments of the meeting, for the purposes set forth in the accompanying notice of meeting. It is expected that the solicitation will be made primarily by mail, but proxies and voting instructions may also be solicited personally by Indigo employees. **The solicitation of proxies by this Circular is being made by or on behalf of the management of the Corporation**. The total cost of the solicitation of proxies and voting instructions will be borne by the Corporation. The information contained in this Circular is given as at May 28, 2019, except where otherwise noted.

NOTICE AND ACCESS

The Corporation is using the "notice and access" process as permitted by Canadian securities regulators for the delivery of the Circular to its shareholders. Under notice and access, shareholders will still receive a proxy or voting instruction form enabling them to vote at the meeting. However, instead of a paper copy of the Circular, shareholders will receive the Notice of Meeting which contains information on how to access the Circular electronically. Using the notice and access process for delivery of this material gives shareholders more choice and reduces the cost of printing and distributing shareholder material, in addition to being more environmentally friendly. Shareholders who have already signed up for electronic delivery of shareholder material continue to receive material via email. Non-registered shareholders with existing instructions on their account to receive paper material ("standing instructions"), as well as non-registered investors who hold shares through a US Intermediary will receive full packages (traditional non-notice and access mailing).

Electronic copies of shareholder materials including the Circular can be viewed and downloaded at **www.meetingdocuments.com/astca/idg** or under the Indigo Books & Music Inc. profile at **www.sedar.com**.

All shareholders may request that paper copies of the Circular be sent at no cost to them by regular postal delivery for up to one year from the date the material was filed on SEDAR. Requests for paper copies to be delivered prior to the meeting must be received not later than June 24, 2019 to ensure timely receipt.

If you would like to receive a printed copy of the Circular, please call 1-888-433-6443 (toll free in Canada and US) or email your request to: **fulfillment@astfinancial.com.**

VOTING INSTRUCTIONS

REGISTERED OWNERS

If you are a registered owner of Shares, you may vote in person at the meeting or appoint another person to represent you as proxyholder and vote your Shares at the meeting. If you wish to attend the meeting, do not complete or return the enclosed form of proxy as you will vote in person at the meeting. Please register with the transfer agent, AST Trust Company (Canada), upon arrival at the meeting.

Appointment of Proxies

If you do not wish to attend the meeting, please complete and return the enclosed form of proxy. The individuals named in the form of proxy are Heather Reisman, Chair and Chief Executive Officer of the Corporation, and Craig Loudon, Chief Financial Officer and Executive Vice President, Supply Chain of the Corporation. You may authorize the management representatives named in the form of proxy to vote your Shares. **You also have the right to appoint another person (who need not be a shareholder of the Corporation) to represent you at the meeting**. If you wish to appoint someone else to represent you at the meeting, you must insert the other person's name in the blank space provided on the form of proxy. That person must be present at the meeting to vote your Shares. If you do not insert a name in the space provided, the management representatives named above are appointed to act as your proxyholder.

To be valid, proxies must be deposited with Indigo by:

(1) return envelope provided; or

(2) mail to Indigo Books & Music Inc., c/o AST Trust Company (Canada), P.O. Box 721, Agincourt, Ontario, M1S 0A1; or

(3) facsimile: (416) 368-2502 or toll free facsimile: 1 (866) 781-3111; or

(4) email to **proxyvote@astfinancial.com**

not later than 10:00 am (Toronto Time) on July 9, 2019, or, if the meeting is adjourned, 48 hours, (excluding Saturdays and holidays) before any adjourned meeting.

Changing Your Vote

If you have submitted a proxy and wish to revoke it, you may do so by:

(a) completing and signing a form of proxy bearing a later date and depositing it with Indigo Books & Music Inc., c/o AST Trust Company (Canada) as described above;

(b) depositing a document that is signed by you (or by someone you have properly authorized to act on your behalf): (i) at Indigo's registered office, 620 King Street West, Suite 400, Toronto, Ontario, Canada, M5V 1M6 at any time up to the last business day preceding the day of the meeting, or any adjournment of the meeting, at which the proxy is to be used; or (ii) with the chair of the meeting before the meeting starts on the day of the meeting or any adjournment of the meeting;

(c) electronically transmitting your revocation in a manner permitted by law, provided that the revocation is received: (i) at Indigo's registered office, 620 King Street West, Suite 400, Toronto, Ontario, Canada, M5V 1M6 at any time up to and including the last business day preceding the day of the meeting, or any adjournment of the meeting, at which the proxy is to be used; or (ii) by the chair of the meeting before the meeting starts on the day of the meeting or any adjournment of the meeting; or

(d) following any other procedure that is permitted by law.

Voting of Proxies

In connection with any ballot that may be called for, the management representatives designated in the enclosed form of proxy will vote or withhold from voting your Shares in accordance with the instructions you have indicated on the proxy and, if you specify a choice with respect to any matter to be acted upon, the Shares will be voted accordingly. **In the absence of any direction, your Shares will be voted by the management representatives (i) FOR the election of each director, (ii) FOR the appointment of the auditor, (iii) FOR the approval of unallocated stock options under the Stock Option Incentive Plan, and (iv) FOR the approval of unallocated deferred share units ("DSUs") under the Directors' Deferred Stock Unit Plan, all as more particularly described later in this Circular.**

The management representatives designated in the enclosed form of proxy have discretionary authority with respect to amendments to or variations of matters identified in the notice of meeting and with respect to other matters that may properly come before the meeting. At the date of this Circular, Indigo's management knows of no such amendments, variations or other matters.

NON-REGISTERED OWNERS

You are a non-registered owner if your Shares are registered in the name of a depository (such as CDS Clearing and Depository Services Inc. or "CDS") or an intermediary (such as a bank, trust company, securities dealer or broker, or trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan).

Only registered owners of Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the meeting. If you are a non-registered owner, you are entitled to direct how the Shares beneficially owned by you are to be voted or you may appoint yourself as proxyholder for the Shares you beneficially own, which will entitle you to attend and vote at the meeting.

In accordance with Canadian securities law, Indigo has distributed copies of the notice of meeting, this Circular and the 2019 annual report (collectively, the "meeting materials") to the intermediaries for onward distribution to non-registered owners who have not waived their right to receive them. Typically, intermediaries will use a service company (such as Broadridge Investor Communications Solutions) to forward the meeting materials to non-registered owners. All non-registered owners with standing instructions to receive paper copies and those who hold Shares through a US Intermediary will receive copies of all meeting materials; all other non-registered shareholders will receive notice and access packages. See "Notice and Access" section on page 3.

The Corporation intends to pay intermediaries to deliver proxy-related materials to all non-registered shareholders.

If you are a non-registered owner and have not waived your right to receive meeting materials, you will receive a voting instruction form with your meeting materials. The purpose of the voting instruction form is to permit you to direct the voting of the Shares you beneficially own. You should follow the procedures set out on the form and contact your intermediary promptly if you need assistance. If you do not wish to attend the meeting (or have another person attend and vote on your behalf), please complete, sign and return the enclosed voting instruction form in accordance with the directions provided. If you wish to change or revoke your voting instructions, please contact your intermediary.

If you wish to attend the meeting and vote in person (or have another person attend and vote on your behalf), you must insert your name or the name of the individual whom you wish to attend in your stead in the space provided on the voting instruction form, sign and return the voting instruction form in accordance with the directions provided on the form. Do not otherwise complete the form as your vote will be taken at the meeting. You (or your representative) must register with the transfer agent, AST Trust Company (Canada), upon arrival at the meeting.

Please follow the instructions on the document that you have received and contact your intermediary promptly if you need assistance.

VOTING SHARES

On May 28, 2019, there were 27,136,386 Shares issued and outstanding. The record date established for notice of the meeting is May 23, 2019. Each holder of Shares of record at the close of business on May 23, 2019 will be entitled to vote on all matters proposed to come before the meeting on the basis of one vote for each Share held.

PRINCIPAL HOLDERS OF VOTING SECURITIES

To the knowledge of Indigo's directors and officers, the only persons or companies who beneficially own or control or direct, directly or indirectly, securities of the Corporation carrying more than 10% of the voting rights attached to any class of outstanding voting securities are indicated below:

Name	Number and Class of Securities	Percentage of Class
Trilogy Investments L.P.(1)	7,740,235 common shares	28.52%
Trilogy Retail Holdings Inc.(1)	7,761,739 common shares	28.60%
Franklin Resources, Inc.(2)	2,832,295 common shares	10.44%

(1) Trilogy Retail Holdings Inc. and Trilogy Investments L.P. (collectively, "Trilogy") are controlled by Mr. Gerald Schwartz. Mr. Schwartz and Ms. Heather Reisman, assuming the exercise of all options owned or controlled by them, own or control 15,600,365 Shares or 57.49% of the class, on a fully diluted basis.

(2) Franklin Resources, Inc. is a global investment management organization operating as Franklin Templeton Investments. As at May 15, 2019, Franklin Resources, Inc. holds a total of 2,832,295 Shares.

ELECTION OF DIRECTORS

The number of directors to be elected to the board of directors of the Corporation (the "Board") at the meeting is nine. The management representatives designated in the enclosed form of proxy intend to vote **FOR** the election of each of the proposed nominees whose names are set out below. All of the nine nominees are currently directors and have been directors since the dates indicated below. One current director, Mr. Michael Kirby is not standing for re-election. Management does not contemplate that any of the proposed nominees will be unable to serve as a director but, if that should occur for any reason before the meeting, the management representatives designated in the enclosed form of proxy reserve the right to vote for another nominee at their discretion. Each director elected will hold office until the next annual meeting or until his or her successor is elected or appointed.

The Corporation has adopted a majority voting policy with respect to the uncontested election of directors. Under the majority voting policy, director nominees who do not receive the majority of votes "for" their election would be required to immediately submit a resignation, to be accepted by the Board within 90 days barring exceptional circumstances. The Board will announce its decision within 90 days of the relevant shareholders' meeting. Each Director standing for election at the Corporation's last annual meeting received over 98% of votes "for" election to the Board.

The following charts provide information about the director nominees, including place of residence, principal occupation, year elected or appointed as a director, independence, equity ownership of Indigo (including Shares and DSUs), public board memberships, current Committee memberships, meeting attendance and voting results from the last annual meeting:

<table>
<tr><td rowspan="4">HEATHER REISMAN, Chair and Chief Executive Officer
Ontario, Canada
Director Since: 2001
Non-Independent
98,391 Shares</td><td colspan="2">Heather Reisman has been Chief Executive Officer of Indigo since February 4, 2001. She has also been Chair, Director and Chief Executive Officer of Indigo and its predecessors. Ms. Reisman was appointed a Member of the Order of Canada in 2012 and inducted into the Canadian Business Hall of Fame in 2015.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>6 of 6 (100%)</td><td>N/A</td></tr>
<tr><td>Public Board Memberships
Onex Corporation (since 2003)</td><td>2018 Voting Results
99.99% in favour</td></tr>
<tr><td rowspan="4">FRANK CLEGG, Director
Ontario, Canada
Director Since: 2005
Independent
66,653 DSUs
Technology Advisor</td><td colspan="2">Frank Clegg is the Volunteer Chairman and Chief Executive Officer of C4ST (mission to raise awareness of harmful effects from unsafe use of wireless technology). As Technology Advisor to Indigo, Mr. Clegg brings an extensive information technology background to the Board at a point when the oversight of IT governance has become an important responsibility for boards and audit committees. Mr. Clegg was Chairman of Navantis from January 2006 to December 2012. He held the position of President of Microsoft Canada Co. from September 2000 to January 2005. Prior to that, Mr. Clegg was Vice President, Central Region of Microsoft Corporation.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>6 of 6 (100%)</td><td>Audit: 4 of 4 (100%)</td></tr>
<tr><td>Public Board Memberships
N/A</td><td>2018 Voting Results
99.99% in favour</td></tr>
</table>

<table>
<tr><td rowspan="4">JONATHAN DEITCHER, Director
Quebec, Canada
Director Since: 2001
Independent
64,219 DSUs
60,000 Shares</td><td colspan="2">Jonathan Deitcher is an Investment Advisor at RBC Dominion Securities Inc. (“RBC DS”), where he has been employed since 1974. Mr. Deitcher served as a member of the Board of Directors of RBC DS from November 2000 to September 2003. He has been a Vice President at RBC DS since 2004.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>6 of 6 (100%)</td><td>HR, Compensation and Governance:
4 of 4 (100%)</td></tr>
<tr><td>Public Board Memberships
N/A</td><td>2018 Voting Results
99.99% in favour</td></tr>
<tr><td rowspan="4">MITCHELL GOLDHAR, Director
Ontario, Canada
Director Since: 2001
Independent
30,586 DSUs</td><td colspan="2">Mitchell Goldhar is the founder of SmartCentres, a commercial and residential real estate company, as well as the Executive Chairman of SmartCentres Real Estate Investment Trust and its largest shareholder. SmartCentres is publicly traded on the TSX with assets valued at approximately $9.6 billion. Mr. Goldhar is also the owner of the Penguin Group of Companies, a private company, which owns real estate across Canada in various stages of development. In addition, Mr. Goldhar is the owner of Penguin Pick-Up, a growing network with over 100 locations, providing customers with a convenient one-stop solution for online purchases. Mr. Goldhar holds a BA in Political Science from York University and has been an adjunct professor with the Rotman School of Management, University of Toronto since 2004. Mr. Goldhar is a member of the Board of Onex Corporation and The Canadian Concussion Centre at Toronto General Hospital, and a Director Emeritus with the SickKids Foundation. Mr. Goldhar also owns the historic Maccabi Tel Aviv Football Club in Tel Aviv, Israel.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>5 of 6 (83%)</td><td>N/A</td></tr>
<tr><td>Public Board Memberships
Onex Corporation (since 2017)
SmartCentres Real Estate Investment Trust (formerly Smart Real Estate Investment Trust) (since 2005)</td><td>2018 Voting Results
99.99% in favour</td></tr>
<tr><td rowspan="4">HOWARD GROSFIELD, Director
New York, USA
Director Since: 2015
Independent
8,981 DSUs</td><td colspan="2">Howard Grosfield is currently the Executive Vice President and General Manager, US Consumer Card Services at American Express in New York and serves on the company’s Global Leadership Team. Prior to this role, Mr. Grosfield served as President and Chief Executive Officer of American Express Bank of Canada, as well as serving as its Chairman of the Board. Before joining American Express in 2004, Mr. Grosfield spent several years as a Principal with The Boston Consulting Group leading projects in retail, financial services, loyalty, and mergers and acquisitions. Mr. Grosfield was also a lawyer with Osler in Toronto.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>6 of 6 (100%)</td><td>HR, Compensation and Governance:
4 of 4 (100%)</td></tr>
<tr><td>Public Board Memberships
N/A</td><td>2018 Voting Results
99.99% in favour</td></tr>
</table>

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<tr><td rowspan="5">ROBERT HAFT, Director
Washington, DC, USA

Director Since: 2015

Independent

10,478 DSUs

Chair of HR, Compensation and Governance Committee</td><td colspan="2">Robert Haft is the Managing Partner of Morgan Noble Healthcare Partners (an investment firm specializing in healthcare), with over 20 years of experience as an investor and CEO. Throughout his career, Mr. Haft has opened and managed more than 800 retail stores including drug stores, vitamin stores, book stores, automotive parts stores and supermarkets. Mr. Haft was the founder and CEO of Vitamins.com. He served as Chairman and CEO of Phar-Mor Drugs, a $1.5 billion drug retail chain that he led out of bankruptcy to profitability and a successful sale, and CEO of Dart Group, a $1 billion healthcare company. Mr. Haft currently serves as Chairman on the boards of Continuum Health and Imagine Charter Schools, as well as a member of the boards of Carestream Health and National Investment Group. Mr. Haft holds an MBA and Master’s Degree in Design from Harvard, and a Bachelor of Science from the Wharton School.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>6 of 6 (100%)</td><td>HR, Compensation and Governance:
4 of 4 (100%)</td></tr>
<tr><td>Public Board Memberships
N/A</td><td>2018 Voting Results
98.43% in favour</td></tr>
<tr></tr>
<tr><td rowspan="4">ANDREA JOHNSON, Director
California, USA

Director Since: 2016

Non-Independent

4,746 DSUs
4,925 Shares</td><td colspan="2">Andrea Johnson is a principal of Envelo Properties Corp. (residential and commercial real estate development) since October 2016. In January 2019, Ms. Johnson founded Rally Reader, LLC (developing software to assist in learning to read). Ms. Johnson was also co-founder and CEO of ThisLife (2009-2013), a complete cloud solution for protecting, organizing, and sharing photos and videos. ThisLife was acquired by Shutterfly in 2013 and is now one of the largest photo platforms in North America. Ms. Johnson served as Director of E-Commerce for Pottery Barn from 2002 to 2004. Prior to Pottery Barn, she was co-founder and CEO of Petopia.com (1998-2000), the first e-commerce company to partner with a traditional retailer to leverage purchasing power, warehousing, and customer loyalty programs. Petopia pioneered subscription-based consumer sales for e-tailers, and now operates as Petco.com. Prior to founding Petopia, Ms. Johnson served as Director of Business Development for MovieFone from 1997 to 1998. She has been featured and quoted in a number of publications including Forbes, Fortune, Business Week, Business 2.0, USA Today, PC World, TechCrunch, and All Things D. Ms. Johnson holds a BA from Dartmouth College and an MBA from Harvard Business School. Ms. Johnson is the daughter of Ms. Reisman, the Chair and Chief Executive Officer of the Corporation.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>6 of 6 (100%)</td><td>N/A</td></tr>
<tr><td>Public Board Memberships
N/A</td><td>2018 Voting Results
99.99% in favour</td></tr>
</table>

<table>
<tr><td rowspan="4">ANNE MARIE O’DONOVAN, Director
Ontario, Canada
Director Since: 2009
Independent
39,526 DSUs</td><td colspan="2">Anne Marie O’Donovan is a Corporate Director and President of O’Donovan Advisory Services Ltd. (advisory and consulting services company). Ms. O’Donovan held the position of Executive Vice President and Chief Administration Officer, Global Banking and Markets of Scotiabank until December 2014. Prior to joining Scotiabank in 2004, Ms. O’Donovan was a partner with Ernst & Young LLP. She holds an HBA degree from the Richard Ivey School of Business at the University of Western Ontario and is a Fellow of the Institute of Chartered Accountants of Ontario. Ms. O’Donovan is the Chair of the Board of Aviva Canada Inc, as well as the Chair of the Audit Committees of MDC Partners Inc. and Cadillac Fairview, respectively. Ms. O’Donovan is also a member of the Board of Directors of CMA Investco Inc., a subsidiary of the Canadian Medical Association (CMA), which oversees the investment and management of CMA assets.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>6 of 6 (100%)</td><td>Audit: 4 of 4 (100%)</td></tr>
<tr><td>Public Board Memberships
MDC Partners Inc. (since 2016)</td><td>2018 Voting Results
99.99% in favour</td></tr>
<tr><td rowspan="4">GERALD SCHWARTZ, Director
Ontario, Canada
Director Since: 2001
Non-Independent
15,501,974 Shares*</td><td colspan="2">Gerald Schwartz is the Chairman and Chief Executive Officer of Onex Corporation, which he founded in 1984. Mr. Schwartz was inducted into the Canadian Business Hall of Fame in 2004 and appointed an Officer of the Order of Canada in 2006.

*Mr. Schwartz owns directly or indirectly, a total of 15,501,974 Shares held by Trilogy Retail Holdings Inc. and Trilogy Investments L.P., representing in aggregate approximately 57.1% of the outstanding Shares. Ms. Reisman, who owns directly or indirectly, 98,391 Shares, is Mr. Schwartz’s spouse.</td></tr>
<tr><td>Board Meetings Attended</td><td>Committee Membership and Meetings Attended</td></tr>
<tr><td>6 of 6 (100%)</td><td>N/A</td></tr>
<tr><td>Public Board Memberships
Onex Corporation (since 1987)
The Bank of Nova Scotia (Honorary Director) (since 2007)</td><td>2018 Voting Results
99.99% in favour</td></tr>
</table>

DIRECTOR NOT STANDING FOR ELECTION

The Honourable Michael Kirby, an independent director of the Corporation since August 2001, will not be standing for re-election at the meeting. Mr. Kirby has served as Chair of the Audit Committee since 2001, as well as a member of the Human Resources, Compensation and Governance Committee (previously serving on the Human Resources and Compensation Committee and the Corporate Governance Committee prior to their merger). Mr. Kirby also served as Indigo’s Lead Director. From 1984 to 2006, Mr. Kirby was a member of the Senate of Canada.

BOARD AND COMMITTEE MEETING ATTENDANCE IN FISCAL 2019

Director	Board	Audit Committee	Human Resources, Compensation and Governance Committee	Totals
Heather Reisman	6 of 6 (100%)	n/a	n/a	6 of 6 (100%)
Frank Clegg	6 of 6 (100%)	4 of 4 (100%)	n/a	10 of 10 (100%)
Jonathan Deitcher	6 of 6 (100%)	n/a	4 of 4 (100%)	10 of 10 (100%)
Mitchell Goldhar	5 of 6 (83%)	n/a	n/a	5 of 6 (83%)
Howard Grosfield	6 of 6 (80%)	n/a	4 of 4 (100%)	10 of 10 (100%)
Robert Haft	6 of 6 (100%)	n/a	4 of 4 (100%)	10 of 10 (100%)
Andrea Johnson	6 of 6 (100%)	n/a	n/a	6 of 6 (100%)
Michael Kirby	5 of 6 (83%)	4 of 4 (100%)	4 of 4 (100%)	13 of 14 (93%)
Anne Marie O'Donovan	6 of 6 (100%)	4 of 4 (100%)	n/a	10 of 10 (100%)
Gerald Schwartz	6 of 6 (100%)	n/a	n/a	6 of 6 (100%)

BOARD COMPETENCY MATRIX

The Human Resources, Compensation and Governance Committee has developed a competency matrix to identify the key skills, experience and expertise required for Board members. The following table highlights the skills and expertise of each current director:

COMPETENCY	H Reisman	F Clegg	J Deitcher	M Goldhar	H Grosfield	R Haft	A Johnson	M Kirby	AM O'Donovan	G Schwartz
Audit / Compliance		√						√	√	
Corporate Governance / Ethics	√	√	√		√	√		√	√	√
Executive Leadership	√	√	√	√	√	√	√	√	√	√
Financial Expertise / Financial Governance	√	√	√		√			√	√	√
Human Resources / Compensation	√	√	√	√	√	√		√	√	√
Information Technology / Digitalization	√	√			√		√		√	
Legal / Regulatory	√	√						√		
Marketing	√	√	√	√	√	√	√	√		√
Operations / Supply Chain						√				
Real Estate	√			√		√			√	√
Retail Expertise	√			√						
Risk Management		√						√	√	√
Strategic Planning	√	√	√	√	√		√	√	√	√
US/International Consumer Market	√		√	√	√		√			

APPOINTMENT OF AUDITOR

The management representatives designated in the enclosed form of proxy intend to vote **FOR** the reappointment of Ernst & Young LLP as the Corporation's auditor, to hold office until the next annual meeting of shareholders.

External Auditor Service Fees

The following table summarizes the audit, audit-related, tax, and other fees (excluding expenses and taxes) of the Corporation's auditor, Ernst & Young LLP, relating to the two most recently completed fiscal years.

Type of Fee	**2019**	**2018**
Audit Fees	$391,025	$355,000
Audit-Related Fees	$76,700	$70,000
Tax Fees	$55,000	$14,500
All Other Fees	$3,200	$3,200
Total	$525,925	$442,700

Audit-related fees were incurred for translation services, discussion of quarterly information, and accounting consultations on International Financial Reporting Standards. Tax fees incurred were related to tax compliance and tax planning/consulting services, while all other fees related to tax research costs.

STOCK OPTION INCENTIVE PLAN

Summary of the Stock Option Incentive Plan ("Stock Option Plan")

2019 Stock Option Plan Amendment

Upon recommendation by the Human Resources, Compensation and Governance Committee, the Stock Option Plan was amended by the Board on February 5, 2019 to revise the amount of time allowed for employees who have resigned or been terminated to exercise options. Optionees who are not long-term optionees (optionees who have at least ten years of service in the aggregate) or executive optionees (Board-appointed officers of the Corporation) have ninety (90) days following their termination date to exercise vested options. Long-term optionees and executive optionees have one (1) year following their termination date to exercise vested options. Prior to this amendment, optionees had thirty (30) days following their termination date to exercise vested options, or such other date as authorized by the Board or the Human Resources, Compensation and Governance Committee. If an optionee is terminated with cause, all options, whether vested or unvested, are automatically forfeited on the termination date. In addition to the above, certain clarifications and administrative changes were made to the Stock Option Plan

The Stock Option Plan's amendment provision was also updated to reflect good governance practices. These amendments included the addition of shareholder approval being required for: (a) any amendment that increases the length of a period after a blackout period during which options may be exercised; (b) any amendment to the amendment provisions; and (c) any amendment that would allow options granted pursuant to the Stock Option Plan to be transferable or assignable, other than for normal estate settlement purposes.

Pursuant to the amendment provisions of the Stock Option Plan, shareholder approval is not required for the amendments to the Stock Option Plan approved by the Board on February 5, 2019.

General Overview

The Stock Option Plan is designed to recognize senior-level employees' efforts to develop and implement the Corporation's strategic initiatives and to provide plan participants with an enhanced opportunity to share in the future success of Indigo. The Stock Option Plan serves to motivate and encourage senior management to deliver performance that increases the value of the Corporation and growth of the price of Indigo's Shares over the long term.

The Stock Option Plan is also intended to benefit the Corporation by aligning the optionees' interests with those of its shareholders. It enables the Corporation to attract and retain personnel of the highest calibre on a cost-effective basis by offering an opportunity for management to participate with shareholders in any increase in the value of the Shares resulting from their efforts and thereby contribute to the Corporation's success.

The Corporation may grant options to purchase Shares to its executive officers, full and part-time employees and certain consultants. Directors are not eligible for grants of options. Subject to the overall limit on the number of Shares reserved for issuance under the Stock Option Plan, the maximum number of Shares reserved for issuance pursuant to the exercise of options by any one participant is 5% of the then issued and outstanding Shares. The maximum number of Shares that may be issued to any insider and that insider's associates within any 12-month period may not exceed 5% of the then issued and outstanding Shares. The aggregate number of Shares issued to insiders of the Corporation within any 12-month period, or issuable to insiders of the Corporation at any time, under the Stock Option Plan and any other security-based compensation arrangement of the Corporation, may not exceed 10% of the total number of issued and outstanding Shares of the Corporation at such time.

Certain amendments to the Stock Option Plan may be made by the Board without shareholder approval, subject to regulatory requirements and provided that the number of Shares reserved for issuance cannot be increased without shareholder approval. Amendments to the Stock Option Plan that may be made without shareholder approval include, without limiting the generality of the foregoing: (i) amendments for the purpose of curing any ambiguity, error or omission in the Stock Option Plan or to correct or supplement any provision of the Stock Option Plan that is inconsistent with any other provision of the Stock Option Plan; (ii) amendments necessary to comply with the provisions of applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange ("TSX")); (iii) amendments necessary for awards to qualify for favourable treatment under Canadian tax laws; (iv) amendments to the vesting provisions of the Stock Option Plan or any option; (v) amendments to the early termination provisions of the Stock Option Plan or any option, whether or not such option is held by an insider, provided such amendment does not entail an extension beyond the original expiry date for any option held by an insider; (vi) amendments to extend the term of an option beyond its original expiry date, other than for any option held by an insider; (vii) the addition or modification of a cashless exercise feature, payable in cash or Shares, which provides for a full deduction of the number of underlying Shares from the Stock Option Plan reserve; and (viii) amendments necessary to suspend or terminate the Stock Option Plan.

Shareholder approval is required for the following types of amendments to the Stock Option Plan: (i) amendments to increase the number of Shares issuable under the Stock Option Plan, including an increase to a fixed maximum number of Shares or an increase in the fixed maximum percentage; (ii) any amendment which reduces the exercise price or purchase price of an option held by an insider; (iii) any amendment to remove or exceed the insider participation limits; (iv) any amendment extending the term of an option held by an insider beyond its original expiry date except as provided for in the Stock Option Plan; (v) any amendment that increases the length of a period after a blackout period during which options may be exercised; (vi) any amendment to the amendment provisions; (vii) any amendment that would allow options granted pursuant to the Stock Option Plan to be transferable or assignable, other than for normal estate settlement purposes; (viii) any amendment to cancel an option for a cash payment equal to the fair market value of such option; and (ix) any amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

The exercise price of an option (as determined by the Human Resources, Compensation and Governance Committee) may not be lower than the closing price of the Shares on the TSX on the trading day immediately preceding the date of the grant. The term of an option may not exceed ten years from the date of the grant. The Human Resources, Compensation and Governance Committee determines the time at which options vest when making a grant. All current stock option grants have a term of five years, and options vest at a rate of 33.3% per year commencing on the anniversary date of the grant.

In the event of the resignation or termination of employment of an optionee, optionees who are not long-term optionees (optionees who have at least ten years service) or executive optionees (Board-appointed officers of the Corporation) have ninety (90) days following their termination date to exercise vested options as at their termination date. Long-term optionees and executive optionees have one (1) year following their termination date to exercise vested options. In the event of the optionee's death, options expire upon the earlier of one year following the date of death or the original expiry date. If an option would expire during a blackout period, the term of such option shall automatically be extended until ten days after the end of the blackout period. If an optionee is terminated with cause, all options, whether vested or unvested, are automatically forfeited on the termination date.

Options are non-assignable and non-transferable.

The Board may provide for all issued and outstanding options to vest and become exercisable immediately upon a change of control of the Corporation.

The Corporation's annual burn rate for the Stock Option Plan, being the number of stock options granted divided by the weighted average number of Shares outstanding for the fiscal year, was 2.05% in fiscal 2019; 2.66% in fiscal 2018; and 2.49% in fiscal 2017.

APPROVAL OF UNALLOCATED OPTIONS UNDER THE CORPORATION'S STOCK OPTION PLAN

All Shares issued pursuant to the exercise of stock options granted under the Stock Option Plan at any time and from time to time and Shares reserved for issuance pursuant to stock options which are cancelled or terminated without having been exercised shall be again available for issuance pursuant to stock options granted under the Stock Option Plan. As a result, the Stock Option Plan is considered an evergreen plan pursuant to the rules of the TSX.

The TSX requires that the approval of all unallocated options under the Stock Option Plan be sought by the Corporation every three years from a majority of the votes cast by shareholders. Unallocated options were approved by the shareholders of the Corporation at the Corporation's annual and special meeting held on July 6, 2016. As the three-year term prescribed by the TSX expires on July 6, 2019, the Corporation's shareholders will be asked to consider, and if thought advisable, to approve by an ordinary resolution (the "**Options Resolution**") all of the unallocated options issuable pursuant to the Corporation's Stock Option Plan.

As at March 30, 2019, (i) the overall limit on the number of Shares reserved for issuance under the Stock Option Plan was 3,570,458 Shares or 15% of the issued and outstanding Shares from time to time less 500,000 Shares reserved for issuance under the Directors' Deferred Stock Unit Plan; (ii) options to purchase 1,823,793 Shares were outstanding, representing approximately 6.72% of the issued and outstanding Shares and approximately 51.08% of the Shares reserved for issuance under the Stock Option Plan; and (iii) a further 1,746,665 Shares were available for further option grants, representing approximately 6.44% of the issued and outstanding Shares, resulting in the Stock Option Plan currently having 1,746,665 unallocated options.

The approval by the shareholders of the unallocated options issuable pursuant to the Stock Option Plan will be effective for three years from the date of the meeting. If approval is obtained at the meeting, the Corporation will not be required to seek further approval of the grant of unallocated options under the Stock Option Plan until the Corporation's 2022 annual shareholders' meeting (provided that such meeting is held on or prior to July 11, 2022). If approval is not obtained at the meeting, options which have not been allocated as of the date of the meeting and options which are outstanding as at the date of the meeting and are subsequently cancelled, terminated or exercised will not be available for a new grant of options. Previously allocated options will continue to be unaffected by the approval or disapproval of the resolution.

Recommendation

The Board has concluded that the approval of unallocated options under the Stock Option Plan is in the best interests of the Corporation and its shareholders. Accordingly, the Board unanimously recommends that shareholders entitled to vote on the Options Resolution, vote in favour of such Options Resolution.

The form of the resolution to be put to shareholders is as follows:

"BE IT RESOLVED THAT, AS AN ORDINARY RESOLUTION, WITH OR WITHOUT AMENDMENT:

1. all unallocated stock options under the Stock Option Incentive Plan of the Corporation, as amended from time to time, are hereby approved and authorized, which approval shall be effective until July 11, 2022; and
2. any director or officer of the Corporation or any other person designated by any one of them be, and each of them is, hereby authorized to take such action and to execute and deliver such documents , whether on behalf of or in the name of the Corporation or otherwise, as such person may, in his or her discretion, consider to be necessary or desirable to carry out the intent and purpose of this resolution and the matters/transactions contemplated herein."

In order to be effective, the Options Resolution must be approved by a majority of the votes cast at the meeting.

Management recommends voting in favour of approving the unallocated options. Unless specified in a form of proxy that the Shares represented by the proxy shall be voted otherwise, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the resolution approving unallocated options.

DIRECTORS' DEFERRED STOCK UNIT PLAN

The Corporation's directors' deferred stock unit plan ("DSU Plan") was established in 2003. The DSU Plan provides for directors who are not executive officers or employees of the Corporation or of Trilogy ("Outside Directors") to receive DSUs as compensation for their services.

Summary of the DSU Plan

2019 DSU Plan Amendment

Upon recommendation by the Human Resources, Compensation and Governance Committee, the DSU Plan was amended by the Board on May 28, 2019 to reduce the number of Shares issuable to insiders at any time under DSUs granted pursuant to the DSU Plan and/or any other security-based compensation arrangement of the Corporation from not exceeding 15% to not exceeding 10%. This change to the DSU Plan aligns with the insider participation limits under the Stock Option Plan. Therefore, the aggregate number of Shares issued to insiders of the Corporation (including directors) within any 12-month period, or issuable to insiders of the Corporation at any time, under the DSU Plan and any other security-based compensation arrangement of the Corporation, may not exceed 10% of the total number of issued and outstanding Shares of the Corporation at such time.

In addition to the above, certain administrative changes were made to the DSU Plan.

Pursuant to the amendment provisions of the DSU Plan, shareholder approval is not required for the amendments to the DSU Plan approved by the Board on May 28, 2019.

General Overview

The Corporation's DSU Plan is intended to provide Outside Directors with DSUs as compensation for their services. Under the DSU Plan (as amended on November 3, 2015), Outside Directors may elect to receive up to 50% of their directors' compensation (retainer and meeting fees) in the form of cash (payable on a quarterly basis) with the remaining percentage to be received in the form of DSUs. Outside Directors must make this election prior to December 20 of the calendar year preceding the calendar year to which the compensation applies (e.g., by December 20, 2018 for compensation earned during the 2019 calendar year). A new director must make such election within 30 days of becoming a director. If an election is not made, the director will receive 100% of their compensation in the form of DSUs.

For the portion to be received in DSUs, each Outside Director is entitled to the number of DSUs equal to the amount of cash compensation the director would otherwise receive divided by the closing price of a Share on the TSX as at the date of the grant. Each DSU vests immediately and entitles the director to receive, after termination of service on the Board, one Share from treasury. As of the date of this Circular, no directors have elected to receive any portion of their 2019 compensation in the form of cash.

DSUs can only be redeemed after termination of service on the Board, and DSUs must be redeemed no later than December 31 of the year following the year in which the termination of service occurred. In the event of death, the director's legal representatives are entitled to redeem the DSUs.

DSUs are not paid cash dividends. In the event that a dividend is paid on the Shares, each director will be allocated additional DSUs equal to the cash value of the dividend they would be entitled to receive if they held Shares rather than DSUs, divided by the closing price of a Share on the TSX as at the dividend payment date.

The value of the payout of DSUs is dependent on the value of Shares at the time of the redemption. There is no protection for Outside Directors from the possibility of declining Share prices. By tying the value of the Outside Directors' compensation to the Corporation's Share performance and requiring the directors to hold their DSUs until their Board service comes to an end, the directors' attention will be focused on the long-term performance of the Corporation, which, in turn, aligns their interests with the interests of the shareholders.

As at March 30, 2019, DSUs redeemable for 360,604 Shares were outstanding, representing approximately 1.33% of the issued and outstanding Shares and approximately 72.12% of the Shares available for issuance under the DSU Plan. As at March 30, 2019, 139,396 Shares were available for further grants of DSUs, representing approximately 0.51% of the issued and outstanding Shares. The plan maximum of 500,000 Shares available for issuance under the DSU Plan represents approximately 1.84% of the issued and outstanding Shares. Subject to the overall limit on the number of Shares available for issuance under the DSU Plan and the Stock Option Plan, the maximum number of Shares that may be issued under the DSU Plan and any other security-based compensation arrangement of the Corporation to any one participant is 5% of the then issued and outstanding Shares. The maximum number of Shares that may be issued to any insider and that insider's associates within any 12-month period may not exceed 5% of the then issued and outstanding Shares. The aggregate number of Shares issued to insiders of the Corporation within any 12-month period, or issuable to insiders of the Corporation at any time, under the DSU Plan and any other security based compensation arrangement of the Corporation, may not exceed 10% of the total number of issued and outstanding Shares of the Corporation at such time.

DSUs are non-assignable and non-transferrable.

The DSU Plan is administered by the Board with the assistance of the Human Resources, Compensation and Governance Committee. Certain amendments to the DSU Plan may be made by the Board without shareholder approval, subject to regulatory requirements and provided that the number of Shares reserved for issuance cannot be increased without shareholder approval. Such amendments to the DSU Plan that may be made without shareholder approval include, without limiting the generality of the foregoing: (i) amendments for the purpose of curing any ambiguity, error or omission in the DSU Plan or to correct or supplement any provision of the DSU Plan that is inconsistent with any other provision of the DSU Plan; (ii) amendments necessary to comply with the provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX); (iii) amendments necessary for awards to qualify for favourable treatment under Canadian tax laws; (iv) any amendments to the vesting provisions of the DSU Plan or any DSUs granted under such plan; (v) amendments to the termination provisions of the DSU Plan or any DSU granted under such plan, whether or not such DSU is held by an insider, provided such amendment does not entail an extension beyond the original expiry date; and (vi) amendments necessary to suspend or terminate the DSU Plan.

Shareholder approval is required for the following types of amendments: (i) amendments to the number of Shares issuable under the DSU Plan, including an increase to a fixed maximum number of Shares or an increase in the fixed maximum percentage; (ii) any amendment expanding the categories of eligible participants under the DSU Plan which would have the potential of broadening or increasing insider participation; (iii) any amendment to remove or to exceed the insider participation limits; (iv) any amendment to the amendment provisions of the DSU Plan; (v) any amendment which would permit DSUs granted pursuant to the DSU Plan to be transferrable or assignable other than for normal estate settlement purposes; (vi) any amendment extending the term of a unit held by an insider beyond its original expiry date except as provided under the DSU Plan; (vii) the addition of a restricted share unit or any other provision which results in a participant receiving Shares while no cash consideration is received by the Corporation; and (viii) any amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

The Corporation's annual burn rate for the DSU Plan, being the number of DSUs granted divided by the weighted average number of Shares outstanding for the fiscal year, was 0.10% in fiscal 2019; 0.07% in fiscal 2018; and 0.08% in fiscal 2017.

APPROVAL OF UNALLOCATED DEFERRED SHARE UNITS UNDER THE DIRECTORS' DEFERRED STOCK UNIT PLAN

Under the DSU Plan, Shares issued pursuant to the redemption of DSUs granted and any Shares underlying DSUs which are cancelled or terminated without having been redeemed shall be again available for issuance pursuant to the DSU Plan. As a result, the DSU Plan is considered an evergreen plan pursuant to the rules of the TSX.

The TSX requires that the approval of all unallocated DSUs under the DSU Plan be sought by the Corporation every three years from a majority of the votes cast by shareholders. Unallocated DSUs were approved by the shareholders of the Corporation at the Corporation's annual and special meeting on July 6, 2016. As the three-year term prescribed by the TSX expires on July 6, 2019, the Corporation's shareholders will be asked to consider, and if thought advisable, to approve by an ordinary resolution (the "**DSU Resolution**") all of the unallocated DSUs issuable pursuant to the Corporation's DSU Plan.

The approval by the shareholders of the unallocated DSUs issuable pursuant to the DSU Plan will be effective for three years from the date of the meeting. If approval is obtained at the meeting the Corporation will not be required to seek further approval of the grant of unallocated DSUs under the DSU Plan until the Corporation's 2022 annual shareholders' meeting (provided that such meeting is held on or prior to July 11, 2022). If approval is not obtained at the meeting, DSUs which have not been allocated as of the date of the meeting and DSUs which are outstanding as at the date of the meeting and are subsequently cancelled, terminated or exercised will not be available for a new grant of DSUs. Previously allocated DSUs will continue to be unaffected by the approval or disapproval of the resolution.

Recommendation

The Board has concluded that the approval of unallocated DSUs under the DSU Plan is in the best interests of the Corporation and its shareholders. Accordingly, the Board unanimously recommends that shareholders entitled to vote on the DSU Resolution, vote in favour of such DSU Resolution.

The form of the resolution to be put to shareholders is as follows:

"BE IT RESOLVED THAT, AS AN ORDINARY RESOLUTION, WITH OR WITHOUT AMENDMENT:

1. all unallocated deferred share units under the Directors' Deferred Stock Unit Plan of the Corporation, as amended from time to time, are hereby approved and authorized, which approval shall be effective until July 11, 2022; and
2. any director or officer of the Corporation or any other person designated by any one of them be, and each of them is, hereby authorized to take such action and to execute and deliver such documents , whether on behalf of or in the name of the Corporation or otherwise, as such person may, in his or her discretion, consider to be necessary or desirable to carry out the intent and purpose of this resolution and the matters/transactions contemplated herein."

In order to be effective, the DSU Resolution must be approved by a majority of the votes cast at the meeting.

Management recommends voting in favour of approving the unallocated DSUs. Unless specified in a form of proxy that the Shares represented by the proxy shall be voted otherwise, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the resolution approving unallocated DSUs.

COMPENSATION DISCUSSION AND ANALYSIS

Indigo believes that great companies are built through the efforts of talented, engaged people.

Underlying Principles of Executive Compensation

Indigo's executive compensation program is based on the philosophy that a strong leadership team, whose interests are aligned with the Company's strategic goals, will lead to the success of the Company and enhancement of shareholder value.

To build and retain a high-performing leadership team, the Company needs to be competitive; providing strong base salaries along with short- and long-term incentives that are tied to objective performance goals. The intent is to reward Executives[1] for demonstrated leadership and the achievement of strategic goals. By having these components of compensation in place, Executives will focus on attaining corporate performance goals and continually strive to create success for the Company and value for customers and shareholders.

Risk Management and Executive Compensation

The Human Resources, Compensation and Governance Committee works with management to plan and design an evolving executive compensation program that supports the Company's compensation philosophy while limiting the amount of corporate risk associated with the incentive aspects of executive compensation. The Human Resources, Compensation and Governance Committee annually reviews all compensation programs and practices presented by management to consider any risk implications.

The Company has a risk management system which involves management, the Board and its Committees. The Board reviews strategic targets each year as a part of the review and approval of the Company's strategic plan. The potential for excessive risk taking by Executives is considered when setting and approving strategic objectives.

The Company believes that a range of compensation elements and performance metrics are the best way to control any risk associated with compensation practices. Indigo has historically managed this risk by using a combination of short- and long-term awards, coupled with corporate, team and individual performance measures that include both operational and financial metrics. All Executives participate in the same incentive programs and no business unit Executive is incented substantially differently from another.

Performance targets are set for the Company's awards based on historical performance and current fiscal year goals. Reviews of performance and outside factors affecting performance are completed quarterly and annually. Based on the outcome of these reviews, the Human Resources, Compensation and Governance Committee uses its discretion to make any adjustments to short-term awards, considering the quality of results achieved and performance in light of all relevant factors. The Company, working together with the Human Resources, Compensation and Governance Committee, did not identify any risks arising from Indigo's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

[1] "Executive(s)", and "Executive Management", mean, for the purposes of this compensation discussion and analysis: the Chair and Chief Executive Officer; Former Executive Vice President and Chief Financial Officer; Chief Financial Officer and Executive Vice President, Supply Chain; Executive Vice President, Retail and Human Resources; Executive Vice President, E-Commerce and Chief Marketing Officer; Chief Creative Officer; Executive Vice President and Chief Merchandising Officer; and Executive Vice President and Chief Technology Officer.

Named Executive Officers

The following table lists the Named Executive Officers (the "NEOs") for Indigo during the most recent fiscal year. Hugues Simard, Executive Vice President and Chief Financial Officer resigned from the Company effective February 5, 2019. On the same date, Craig Loudon, who was previously serving as Executive Vice President and Chief Supply Chain Officer, was appointed Chief Financial Officer and Executive Vice President, Supply Chain.

NEO	Title
Heather Reisman	Chair and Chief Executive Officer
Hugues Simard	Former Executive Vice President and Chief Financial Officer
Craig Loudon	Chief Financial Officer and Executive Vice President, Supply Chain
Gildave Dennis(1)	Executive Vice President, Retail and Human Resources
Kirsten Chapman(2)	Executive Vice President, E-Commerce and Chief Marketing Officer
Scott Formby(3)	Chief Creative Officer

(1) Effective April 1, 2019, Gildave Dennis was appointed Chief Operating Officer of the Company.
(2) Effective April 1, 2019, Kirsten Chapman was appointed President of the Company.
(3) On April 26, 2019, Scott Formby's employment with the Company ceased.

Components of Executive Compensation

Indigo's executive compensation philosophy is supported by the following four elements of the Company's executive compensation program:

1. Base Salary
2. Annual Incentive Plan
3. Stock Option Plan
4. Other Benefits

Each component of the executive compensation program is defined and discussed below.

1. Base Salary

A competitive base salary serves to attract and retain strong leadership.

The base salary for Executives is determined through the evaluation of the responsibilities of the position, a review of market compensation levels for the role, the Executive's relevant experience, the Executive's past and current performance, and the Executive's contribution to overall corporate performance.

2. Annual Incentive Plan

The Annual Incentive Plan ("AIP") is a short-term incentive designed to reward employees for achieving corporate goals and individual performance within a fiscal year. The following table lists, for each of the NEOs, the annual incentive target as a percentage of base salary.

NEO	AIP Target as a percentage of base salary
Heather Reisman	75%
Hugues Simard	75%
Craig Loudon(1)	68.75%
Gildave Dennis	75%
Kirsten Chapman	75%
Scott Formby	75%

(1) Craig Loudon's AIP target is prorated based on the time spent during the 2019 fiscal year as Senior Vice President and Executive Vice President.

Half of the payout is based on the achievement of corporate performance goals, and the other half is based on each Executive's individual performance. The graphic below captures the performance measures of the AIP for fiscal 2019.

i) Corporate Performance Portion of the Annual Incentive Plan

For fiscal 2019, the corporate performance portion of the AIP was based on two equally weighted measures: (1) earnings before interest, taxes, depreciation and amortization ("EBITDA"); and (2) sales achievement. The Board determined that these two measures provided an optimal balance between productivity and growth.

Payout of the corporate EBITDA portion of the AIP is subject to the achievement of at least 98% of the budgeted EBITDA target set in accordance with the Company's annual budget, which is pre-approved by the Board at the beginning of the fiscal year. If 98% of the budgeted EBITDA target is not achieved, any payout under the corporate EBITDA portion of the AIP requires the approval of the Human Resources, Compensation and Governance Committee.

The following table outlines how payment of the corporate EBITDA portion of the AIP is linked to achievement of performance targets:

Actual EBITDA Achieved	**Portion of Target EBITDA Bonus Paid**
Less than 98% of Budgeted EBITDA	As approved by the Human Resources, Compensation and Governance Committee
98% of Budgeted EBITDA	70%
100% of Budgeted EBITDA	100%
105% of Budgeted EBITDA	110%
111% of Budgeted EBITDA	120%
121% of Budgeted EBITDA and above	130%

A bonus payout of 130% of the corporate EBITDA portion of the AIP is the maximum amount payable for this portion of the AIP.

Payout of the corporate sales portion of the AIP is subject to the achievement of at least 98% of the budgeted sales target set in accordance with the Company's annual budget, which is pre-approved by the Board at the beginning of the fiscal year. If 98% of the budgeted sales target is not achieved, any payout under the corporate sales portion of the AIP requires the approval of the Human Resources, Compensation and Governance Committee.

The following table outlines how payment of the corporate sales portion of the AIP is linked to achievement of performance targets:

Actual Sales Achieved	Portion of Target Sales Bonus Paid
Less than 98% of Budgeted Sales	As approved by the Human Resources, Compensation and Governance Committee
98% of Budgeted Sales	70%
100% of Budgeted Sales	100%
102% of Budgeted Sales	110%
104% of Budgeted Sales and above	130%

A bonus payout of 130% of the corporate sales portion of the AIP is the maximum amount payable for this portion of the AIP.

ii) Individual Portion of the Annual Incentive Plan

Payout under the individual performance portion of the AIP accounts for 50% of the total potential bonus payout. For fiscal 2019, the individual portion of the AIP was based on the Chief Executive Officer's assessment of each Executive's performance relative to their Balanced Scorecard (as described below) and personal objectives. The assessment of an Executive's performance is ultimately within the discretion of the Chief Executive Officer and informed by reference to corporate goals within an Executive's scope of responsibilities. The Chief Executive Officer's performance is assessed by the Human Resources, Compensation and Governance Committee.

The Balanced Scorecard system identifies and measures the key areas for which an individual Executive's performance against strategic objectives is evaluated. The Company updates the detailed goals within each area as part of its annual strategic planning process to set corporate objectives for the upcoming fiscal year. This is translated to a departmental Balanced Scorecard for each Executive's business unit. The goals within the Scorecards are aligned to the Company's strategic goals but specific to each department's area of responsibility. The goals in these departmental Balanced Scorecards are intended to help achieve the Company's strategic targets. Management chooses to link the payout of the individual performance portion of the AIP to the achievement of the goals in the departmental Scorecards as this drives Executives to achieve the goals in their area of responsibility. The Balanced Scorecard system translates Indigo's strategy into performance measures used to evaluate individual Executive performance against goals in four key areas:

1. the customer's perspective;
2. the employee's perspective;
3. internal processes; and
4. Indigo's shareholders.

Each Executive's achievement relative to their individual functional and Balanced Scorecard objectives is evaluated by the Chief Executive Officer. The Executive's overall individual performance is assessed and a multiplier applied, ranging from 0% for below target performance, up to 125% for above target performance.

iii) Discretionary Bonuses

From time to time, discretionary bonuses may be provided to NEOs for the purposes of recognizing exceptional performance, special achievements, unexpected events and retention. Any discretionary bonus for the Chief Executive Officer is recommended by the Human Resources, Compensation and Governance Committee and by the Chief Executive Officer for all other Executives. The Human Resources, Compensation and Governance Committee believes its ability to exercise discretion is important to ensure that the total compensation reflects the overall performance and contribution of the Executives.

iv) Actual Payouts under the Annual Incentive Plan

In fiscal 2019, the Company did not achieve the minimum threshold required to trigger a payout under the Corporate EBITDA or Sales portions of the AIP, however each NEO was eligible to receive his or her respective individual portion based on achievement of performance goals within their area of responsibility. The Chief Financial Officer and Executive Vice President, Supply Chain received an additional discretionary amount based on his individual contributions during the Chief Financial Officer transition. The Chief Executive Officer and the Chief Creative Officer did not receive a payout under the AIP. The table below outlines the payouts for each portion of each NEO's AIP for fiscal 2019:

NEO	Corporate Performance		Individual / Discretionary
	EBITDA	Sales	
Heather Reisman	$0	$0	$0
Hugues Simard(1)	n/a	n/a	n/a
Craig Loudon	$0	$0	$190,193
Gildave Dennis	$0	$0	$225,000
Kirsten Chapman	$0	$0	$225,000
Scott Formby	$0	$0	$0

(1) Hugues Simard was not eligible to receive an AIP payment due to his resignation.

3. *Stock Option Incentive Plan*

The Stock Option Plan provides a long-term incentive to Indigo's senior-level employees, including its NEOs.

Options granted through the Stock Option Plan permit plan participants to acquire Shares at an exercise price equal to the closing market price of such Shares on the date immediately preceding the date on which the option was granted. These stock option grants vest over a three-year period. See *"Summary of the Stock Option Incentive Plan"* beginning on page 11.

Granting of Stock Options

Stock option grants are considered as an incentive at the time of hiring of new senior-level candidates, for individuals in senior-level positions receiving promotions, and for retention purposes.

The granting of stock options is based on three major criteria: (i) the ability of the individual to have a significant impact on longer term results; (ii) the importance of the person to the mid- and long-term performance of the Company; and (iii) the potential of the individual to continue to progress within the Company.

In the past, Indigo has made periodic group grants to senior-level employees. Decisions regarding stock option grants to the Executives are made based on recommendations of the Chief Executive Officer and her review of their performance and contribution. The Chief Executive Officer's recommendations are then reviewed and if accepted, approved by the Human Resources, Compensation and Governance Committee, which has the authority, delegated by the Board to approve all stock option grants. Grant decisions for vice president level employees are based on the recommendations of the Executive team and a review of each employee's performance and contribution. The vice president level grants are also reviewed and approved by the Human Resources, Compensation and Governance Committee. The number of options available for issuance under the Stock Option Plan and the number of stock options previously granted to the individual are also considered when any option grant is made.

On August 27, 2018, a group grant of stock options to Executives and senior-level employees was approved by the Human Resources, Compensation and Governance Committee. The effective date for these stock option grants was set at August 27, 2018. Accordingly, a grant of stock options was made to each of the NEOs, except for the Chief Executive Officer as she chose not to participate in the grant. Of the total number of stock options granted in fiscal 2019, 32.6% of the options granted were awarded to NEOs.

The stock options received by each NEO in fiscal 2019 are outlined in the table below:

NEO	Number of Options Granted
Heather Reisman	nil
Hugues Simard	40,000
Craig Loudon	12,500
Gildave Dennis	50,000
Kirsten Chapman	40,000
Scott Formby	40,000

For all outstanding stock options held by NEOs, see *"Outstanding Option-Based Awards"* on page 28 of this Circular.

4. *Other Benefits*

Retirement Savings Program

The Company's Retirement Savings Program is open to all eligible employees, including Executives. The program is made up of two plans whereby employee contributions to the Company's Group Registered Retirement Savings Plan ("RRSP") are then matched by the Company, which contributes the matched amount to the Company's Deferred Profit Sharing Plan ("DPSP"), up to a maximum of 3% of base salary per fiscal year for eligible employees who participate in the program.

The amounts paid to NEOs in fiscal 2019 are noted in the following table:

NEO	DPSP Matching Contributions by NEO in fiscal 2019 pursuant to the Company's Retirement Savings Program[(1)]
Heather Reisman	nil
Hugues Simard	$10,625
Craig Loudon	$11,694
Gildave Dennis	$14,760
Kirsten Chapman	$14,760
Scott Formby	nil

(1) The Company has also established a Non-Registered Savings Program (NRSP) to accommodate any DPSP contributions in excess of the Canada Revenue Agency (CRA) limits for registered plans up to the plan maximum of 3%.

Health Benefits

Executives are eligible to receive the same health benefits which are available to all other employees. The Executives receive their health benefits at no cost; all other eligible employees pay a monthly premium of $32.50/month for single coverage or $65/month for family coverage. In addition, benefits provided to the Executives include a higher level of life insurance and 100% coverage for health (coverage does not include dispensing fees) and dental claims compared with 80% coverage for health and dental claims for all other eligible employees.

Car Allowance

Each NEO, with the exception of the Chief Creative Officer, receives a monthly taxable car allowance of $1,100.

Summary

Indigo believes that the components of the executive compensation program (Base Salary, AIP, Stock Option Plan and Other Benefits) support the Company's performance compensation philosophy and allow Indigo to build and sustain an outstanding management team focused on corporate performance and improving customer and shareholder value.

Performance-Based Compensation

Indigo's executive compensation is a mix of fixed and variable/at-risk components. The fixed elements provide compensation to Executives based on the responsibilities of their roles and their individual knowledge and experience. The variable/at-risk elements ensure that Executives balance short-term gains with the long-term interests of the Company.

In fiscal 2019, the fixed compensation portion of the NEO's compensation was made up of Base Salary and Other Compensation (including where applicable, car allowance, retirement savings and other contractual obligations).

In fiscal 2019, the variable/at-risk portion of the NEO's compensation was made up of the AIP and the Stock Option Plan. The fiscal 2019 variable/at-risk compensation for currently active NEOs, excluding the CEO who elected not to receive a bonus or stock options, ranged from 16%-40% of total compensation.

The table below illustrates the percent of variable/at-risk compensation for each NEO for the 2019 fiscal year:

	FIXED		VARIABLE/AT-RISK		
NEO	**Base Salary**	**Other Compensation**	**AIP**	**Stock Options**	**Total Variable/ At-Risk**
Heather Reisman	99%	1%	0%	0%	0%
Hugues Simard	71%	4%	0%	25%	25%
Craig Loudon	61%	4%	29%	6%	35%
Gildave Dennis	50%	10%	23%	17%	40%
Kirsten Chapman	51%	11%	24%	14%	38%
Scott Formby	84%	0%	0%	16%	16%

Benchmarking and the Role of Compensation Consultants

The compensation levels and mix for each NEO are based on a combination of external and internal factors including market conditions, business requirements and affordability, as well the experience, skills and performance of the NEO. Given the uniqueness of Indigo's business in the Canadian marketplace, there is no uniform industry group to which Indigo can be easily compared. Certain components of pay are reviewed periodically by management and the Human Resources, Compensation and Governance Committee. Neither the Human Resources, Compensation and Governance Committee nor Management utilized any external executive compensation consultants in fiscal 2019 or 2018.

Executives' Role in Compensation Decisions

The Chief Executive Officer works with the Executive Vice President, Retail and Human Resources to prepare recommendations for executive compensation to the Human Resources, Compensation and Governance Committee.

The Corporate Secretary and the Executive Vice President, Retail and Human Resources work with the Chair of the Human Resources, Compensation and Governance Committee to plan the schedule of Committee meetings for the year and to prepare the agenda and presentations for each meeting.

Composition of the Human Resources, Compensation and Governance Committee

Mr. Haft (Chair), Mr. Deitcher, Mr. Grosfield and Mr. Kirby served as members of the Human Resources, Compensation and Governance Committee of the Board for the entire fiscal year ended March 30, 2019. None of the members of the Human Resources, Compensation and Governance Committee are officers, employees or former officers or employees of the Company or any of its affiliates or are eligible to participate in the Company's executive compensation programs. Accordingly, the Human Resources, Compensation and Governance Committee consists entirely of independent directors.

Role of the Human Resources, Compensation and Governance Committee

The Human Resources, Compensation and Governance Committee reviews and makes recommendations to the Board in all matters pertaining to the appointment and compensation plans of all of the Company's Executives. The Human Resources, Compensation and Governance Committee held four meetings in fiscal 2019.

Each year, the Human Resources, Compensation and Governance Committee reviews the core components of the executive compensation program design and payouts under each including the AIP and Stock Option Plan. As delegated by the Board, the Human Resources, Compensation and Governance Committee approves the granting of stock options and the AIP payouts. The Human Resources, Compensation and Governance Committee makes recommendations to the Board regarding the Chief Executive Officer's compensation.

Expertise of the Human Resources, Compensation and Governance Committee

Mr. Haft, the Chair of the Committee, gained human resources and compensation expertise through experience acquired in the role of Chief Executive Officer of a number of companies in various industries, as well as serving on compensation committees of other public companies. Mr. Deitcher gained human resources and compensation experience by being on previous boards, at a time when no committees were in place, exposing him to executive compensation strategy and decisions. Mr. Grosfield gained human resources and compensation experience in his role of Chief Executive Officer of Amex Bank of Canada, managing the compensation strategy for over 3,000 of its employees. He was also directly involved in human resources and compensation committee activities as Chair of the Board of Amex Bank of Canada. Mr. Grosfield's experience is furthered in his current role as Executive Vice President and General Manager, US Consumer Card Services. Mr. Kirby, who is not standing for re-election at the meeting, has served as the chair of several public company human resources committees and has extensive experience in human resource related matters from his role as a Deputy Minister in both the Canadian federal government and the government of Nova Scotia. Mr. Kirby also has experience serving on compensation committees of other public companies.

Compensation of the Chief Executive Officer

The compensation of the Chief Executive Officer is based upon the same criteria as that used in determining the compensation payable to the Company's other Executives. The base salary of the Chief Executive Officer is determined by an assessment by the Human Resources, Compensation and Governance Committee of the Chief Executive Officer's performance, a review of the Company's performance as a whole, and the role the Chief Executive Officer played in such corporate performance. As noted above, the compensation of all Executive positions, including that of the Chief Executive Officer, is assessed periodically.

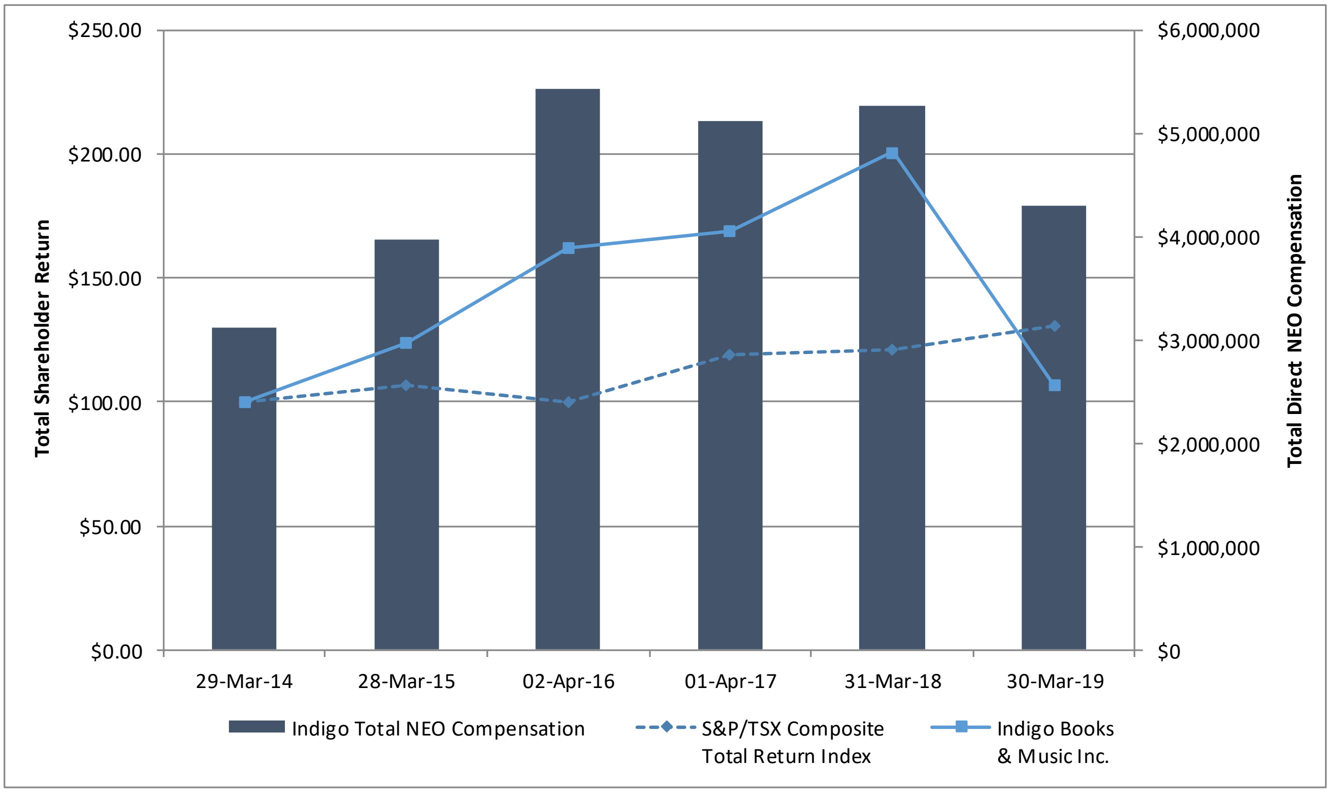
For fiscal 2019, the Chief Executive Officer received a base salary of $1,000,000. For fiscal 2018 and 2017, the Chief Executive Officer received a base salary of $750,000.

The Human Resources, Compensation and Governance Committee recommends to the Board the annual bonus amount earned by the Chief Executive Officer based on her performance during the fiscal year. In the fiscal year ended April 1, 2017, the Chief Executive Officer received an annual bonus of $500,000 but elected to not receive stock options. For the fiscal years 2018 and 2019, the Chief Executive Officer elected to not receive an annual bonus or stock options.

PERFORMANCE GRAPH

The following graph compares the total cumulative shareholder return for $100 invested in Indigo Shares on March 29, 2014, with the cumulative total return of the S&P/TSX Composite Total Return Index for the fiscal years ended March 28, 2015, April 2, 2016, April 1, 2017, March 31, 2018, and March 30, 2019. The chart below also shows the Company's total cash NEO compensation(1) over the same period.

(1) Total NEO compensation includes salary, AIP, Super Bonus Plan, Non-Equity Long-Term Incentives, retention awards and any other Compensation, as reported in the Summary Compensation Table. The Super Bonus Plan was discontinued in fiscal year 2018. Prior to its elimination, the Super Bonus Plan was based on driving above-target EBITDA results, and was funded by the amount by which actual EBITDA exceeded the Board-approved EBITDA target for the fiscal year.



Five-Year Cumulative Total Shareholder Return on $100 Investment

	March 29, 2014	March 28, 2015	April 2 , 2016	April 1, 2017	March 31, 2018	March 30, 2019
Indigo Common Shares	$ 100.00	$ 124.20	$ 162.31	$ 169.16	$ 200.75	$ 107.07
S&P/TSX Composite Total Return Index.	$ 100.00	$ 106.84	$ 100.08	$ 119.13	$ 121.16	$ 130.99

For the fiscal year ended March 29, 2014, the AIP was based on achievement of top-line sales and the now discontinued Super Bonus Plan was based on achievement of EBITDA targets. For the fiscal years ending March 28, 2015, April 2, 2016, April 1, 2017, March 31, 2018 and March 30, 2019, the AIP was based on the achievement of sales and EBITDA targets, as well as personal objectives and Balanced Scorecard. For fiscal years 2016 and 2017, the Super Bonus Plan was based on the achievement of EBITDA targets approved for the purposes of the Super Bonus Plan. As a result of these performance measures, total executive compensation potential is more closely aligned to top-line sales and EBITDA, rather than Share price.

In each fiscal year from 2015 through 2019, NEO compensation has tracked commensurately with the shareholder return. The increase in fiscal 2015 NEO compensation compared to fiscal 2014 is largely due to: (1) payouts under the AIP and the Super Bonus Plan; (2) the Chief Executive Officer participated in and received payments under both of these bonus programs; and (3) the Chief Creative Officer is paid in U.S. dollars which factored in an exchange rate of $1.26 (CAD) for $1.00 (USD) on all of his earnings, except for his Super Bonus Plan payout which was calculated in Canadian dollars. The year ending April 2, 2016 shows an increase in NEO compensation primarily driven by above average bonus payouts under the AIP and the Super Bonus Plan related to strong financial results in the fiscal year. For fiscal 2017, the decrease in total NEO compensation was as a result of the lack of payout under the Super Bonus Plan, as well as the Chief Financial Officer transition. For fiscal 2018, the slight increase in total NEO compensation was as a result of the signing bonus for the Chief Financial Officer and the retention award for the Chief Marketing Officer. For fiscal 2019, the decrease in total NEO compensation was as a result of no payout under the AIP for the Chief Executive Officer and the Chief Creative Officer. As stock option compensation is dependent on future share performance, this portion of compensation is not included in the historical comparison of total compensation to historical shareholder returns.

Prohibition on Hedging

The Company's Insider Trading Policy prohibits Executives and directors from purchasing financial instruments that are designed to hedge or offset a decrease in the market value of equity securities of the Company, whether such securities are granted as compensation or otherwise.

SUMMARY COMPENSATION TABLE

The following table summarizes all of the compensation received by the Company's NEOs for the three most recently completed fiscal years ended March 30, 2019, March 31, 2018, and April 1, 2017:

				Non-Equity Incentive Plan Compensation			
Name and Principal Position	**Year**	**Salary ($)**	**Option-based Awards[1] ($)**	**Annual Incentive Plans[2] ($)**	**Long-Term Incentive Plans ($)**	**All Other Compensation[3] ($)**	**Total Compensation ($)**
HEATHER REISMAN[4] Chair and Chief Executive Officer	2019	$1,000,000	$0	$0	$0	$13,200	$1,013,200
	2018	$750,000	$0	$0	$0	$13,200	$763,200
	2017	$708,333	$0	$500,000	$0	$13,200	$1,221,533
HUGUES SIMARD[5] Former Executive Vice President and Chief Financial Officer	2019	$357,436	$127,757	$0	$0	$21,782	$506,975
	2018	$373,510	$219,324	$147,069	$0	$235,543	$975,446
	2017	nil	nil	nil	nil	nil	nil
CRAIG LOUDON[6] Chief Financial Officer and Executive Vice President, Supply Chain	2019	$405,746	$39,924	$190,193	$0	$24,894	$660,757
	2018	$328,869	$243,168	$165,788	$0	$55,616	$793,441
	2017	$276,250	$42,065	$161,625	$0	$29,234	$509,175
GILDAVE DENNIS[7] Executive Vice President, Retail and Human Resources	2019	$480,000	$159,696	$225,000	$0	$98,460	$963,156
	2018	$445,000	$182,770	$356,000	$0	$168,558	$1,152,328
	2017	$410,000	$210,326	$389,000	$0	$194,022	$1,203,348
KIRSTEN CHAPMAN[8] Executive Vice President, E-Commerce and Chief Marketing Officer	2019	$480,000	$127,757	$225,000	$0	$98,460	$931,217
	2018	$480,000	$595,998	$384,000	$200,000	$114,000	$1,773,998
	2017	$479,167	$168,261	$416,667	$0	$25,200	$1,089,294
SCOTT FORMBY[9] Chief Creative Officer	2019	$688,194	$127,757	$0	$0	$0	$815,951
	2018	$658,348	$146,216	$385,000	$0	$0	$1,189,564
	2017	$673,810	$168,261	$474,885	$0	$0	$1,316,956

(1) The grant date fair value of stock options is calculated using the Black-Scholes valuation method. The Company has chosen the Black-Scholes method as it is an appropriate and commonly used method for valuing stock options.

(2) The bonus amount under Annual Incentive Plans discloses the amounts earned by an individual during a fiscal year under the AIP and any discretionary bonuses. Amounts earned under the AIP, where applicable, are paid out in the first quarter of the fiscal year following the fiscal year in which they were earned.

(3) The amounts shown under All Other Compensation include, where applicable, the NEO's taxable car allowance, the value received during the year pursuant to the Retirement Savings Plan, signing bonus amounts and any amounts paid as a result of contractual obligations.

(4) For fiscal 2019, Ms. Reisman's "All Other Compensation" included a car allowance of $13,200. Ms. Reisman does not receive compensation for her duties as a Board member.

(5) Mr. Simard resigned from the Company on February 5, 2019. Mr. Simard did not receive any additional payments upon his departure.

On August 27, 2018, Mr. Simard received a grant of 40,000 stock options. The Black-Scholes fair value of these options on the grant date is $127,757. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 2.15%; time to maturity of 3.0 years; and volatility of 27.81%.

On August 11, 2017, Mr. Simard received a grant of 60,000 stock options. The Black-Scholes fair value of these options on the grant date is $219,324. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 1.26%; time to maturity of 3.0 years; and volatility of 31.60%.

For fiscal 2019, Mr. Simard's "All Other Compensation" included a car allowance of $11,157 and a Retirement Saving Plan contribution of $10,625.

(6) Mr. Loudon served as Interim Chief Financial Officer from February 9, 2017 to May 31, 2017. On June 1, 2017, Mr. Loudon was designated Interim Executive Vice President, Supply Chain. On October 2, 2017, Mr. Loudon became Senior Vice President and Chief Supply Chain Officer. Mr. Loudon was then promoted to Executive Vice President and Chief Supply Chain Officer on August 27, 2018. On February 5, 2019, Mr. Loudon was appointed Chief Financial Officer and Executive Vice President, Supply Chain. Effective February 5, 2019, Mr. Loudon's base salary was $500,000.

On August 27, 2018, Mr. Loudon received a grant of 12,500 stock options. The Black-Scholes fair value of these options on the grant date is $39,924. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 2.15%; time to maturity of 3.0 years; and volatility of 27.81%.

On November 6, 2017, Mr. Loudon received a grant of 50,000 stock options. The Black-Scholes fair value of these options on the grant date is $206,614. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 1.48%; time to maturity of 3.0 years; and volatility of 30.63%.

On August 11, 2017, Mr. Loudon received a grant of 10,000 stock options. The Black-Scholes fair value of these options on the grant date is $36,554. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 1.26%; time to maturity of 3.0 years; and volatility of 31.60%.

On August 16, 2016, Mr. Loudon received a grant of 10,000 stock options. The Black-Scholes fair value of these options on the grant date is $42,065. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 0.74%; time to maturity of 3.0 years; and volatility of 32.98%.

For fiscal 2019, Mr. Loudon's "All Other Compensation" included a car allowance of $13,200 and a Retirement Savings Plan contribution of $11,694.

(7) Effective October 2, 2017, Mr. Dennis' annual base salary was $480,000. For fiscal 2019, Mr. Dennis received equity payments on his base salary and AIP based on the U.S. exchange rate to a maximum of 10%.

On August 27, 2018, Mr. Dennis received a grant of 50,000 stock options. The Black-Scholes fair value of these options on the grant date is $159,696. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 2.15%; time to maturity of 3.0 years; and volatility of 27.81%.

On August 11, 2017, Mr. Dennis received a grant of 50,000 stock options. The Black-Scholes fair value of these options on the grant date is $182,770. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 1.26%; time to maturity of 3.0 years; and volatility of 31.60%.

On August 16, 2016, Mr. Dennis received a grant of 50,000 stock options. The Black-Scholes fair value of these options on the grant date is $210,326. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 0.74%; time to maturity of 3.0 years; and volatility of 32.98%.

For fiscal 2019, Mr. Dennis' "All Other Compensation" included a car allowance of $13,200, a Retirement Savings Plan contribution of $14,760, and equity payments of $70,500.

(8) Effective June 1, 2016, Ms. Chapman's annual base salary was $480,000. For fiscal 2019, Ms. Chapman received equity payments on her base salary and AIP based on the U.S. exchange rate to a maximum of 10%.

On August 27, 2018, Ms. Chapman received a grant of 40,000 stock options. The Black-Scholes fair value of these options on the grant date is $127,757. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 2.15%; time to maturity of 3.0 years; and volatility of 27.81%.On December 7, 2017, Ms. Chapman received a retention award of $200,000 which is payable in full on November 6, 2020 if Ms. Chapman is still employed by the Company.

On November 6, 2017, Ms. Chapman received a grant of 100,000 stock options. The Black-Scholes fair value of these options on the grant date is $413,228. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 1.48%; time to maturity of 3.0 years; and volatility of 30.63%.

On August 11, 2017, Ms. Chapman received a grant of 50,000 stock options. The Black-Scholes fair value of these options on the grant date is $182,770. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 1.26%; time to maturity of 3.0 years; and volatility of 31.60%.

On August 16, 2016, Ms. Chapman received a grant of 40,000 stock options. The Black-Scholes fair value of these options on the grant date is $168,261. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 0.74%; time to maturity of 3.0 years; and volatility of 32.98%.

For fiscal 2019, Ms. Chapman's "All Other Compensation" included a car allowance of $13,200, a Retirement Savings Plan contribution of $14,760, and equity payments of $70,500.

(9) Mr. Formby is paid in U.S. dollars; amounts have been converted to Canadian dollars, except for Option-based Awards, which are shown in Canadian dollars. Mr. Formby receives an annual base salary of $515,000 (USD). For base salary, exchange rates are calculated on a monthly basis at the applicable rate; other amounts are calculated at an exchange rate of $1.3363 (CAD) = $1.00 (USD), being the closing rate at fiscal year-end 2019. For fiscal 2018 and 2017, an exchange rate of $1.2894 (CAD) and $1.3299 (CAD) were used, respectively.

On August 27, 2018, Mr. Formby received a grant of 40,000 stock options. The Black-Scholes fair value of these options on the grant date is $127,757. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 2.15%; time to maturity of 3.0 years; and volatility of 27.81%.

On August 11, 2017, Mr. Formby received a grant of 40,000 stock options. The Black-Scholes fair value of these options on the grant date is $146,216. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 1.26%; time to maturity of 3.0 years; and volatility of 31.60%.

On August 16, 2016, Mr. Formby received a grant of 40,000 stock options. The Black-Scholes fair value of these options on the grant date is $168,261. The following assumptions were used in the calculation of the grant date fair value of these stock options: risk-free rate of 0.74%; time to maturity of 3.0 years; and volatility of 32.98%.

OUTSTANDING OPTION-BASED AWARDS

The following table shows the number and value of outstanding stock options held by each of the NEOs as at March 30, 2019:

	Option-Based Awards			
NEO	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price ($)**	**Options Expiration Date**	**Value of Unexercised in-the-money Options(1) ($)**
Heather Reisman	nil	n/a	n/a	n/a
Hugues Simard(2)	20,400	$16.00	February 5, 2020	nil
Craig Loudon	4,950	$10.09	August 10, 2020	nil
Craig Loudon	10,000	$18.00	August 16, 2021	nil
Craig Loudon	10,000	$16.00	August 11, 2022	nil
Craig Loudon	50,000	$18.40	November 6, 2022	nil
Craig Loudon	12,500	$14.75	August 27, 2023	nil
Gildave Dennis	23,000	$13.15	December 14, 2020	nil
Gildave Dennis	50,000	$18.00	August 16, 2021	nil
Gildave Dennis	50,000	$16.00	August 11, 2022	nil
Gildave Dennis	50,000	$14.75	August 27, 2023	nil
Kirsten Chapman	13	$10.09	August 10, 2020	nil
Kirsten Chapman	40,000	$18.00	August 16, 2021	nil
Kirsten Chapman	50,000	$16.00	August 11, 2022	nil
Kirsten Chapman	100,000	$18.40	November 6, 2022	nil
Kirsten Chapman	40,000	$14.75	August 27, 2023	nil
Scott Formby	40,000	$10.46	June 26, 2019	nil
Scott Formby	40,000	$10.09	August 10, 2020	nil
Scott Formby	40,000	$18.00	August 16, 2021	nil
Scott Formby	40,000	$16.00	August 11, 2022	nil
Scott Formby	40,000	$14.75	August 27, 2023	nil

(1) This column contains the aggregate dollar value of in-the-money vested and unvested unexercised options as at March 30, 2019, using the March 29, 2019 closing Share price of $10.00.

(2) Under the Stock Option Plan, Mr. Simard has one (1) year from his resignation date to exercise his vested options.

INCENTIVE PLAN AWARDS — VALUE VESTED OR EARNED DURING THE YEAR

The following table shows the value of any stock options held by each of the NEOs which vested during fiscal 2019 along with amounts earned under non-equity incentive compensation plans in fiscal 2019. The value of the options has been calculated based on the closing share price on the date on which the options vested.

NEO	Option-Based Awards — Value Vested During the Year(1) ($)	Non-equity incentive plan compensation — Value Earned During the Year(2) ($)
Heather Reisman	n/a	$0
Hugues Simard	nil	nil
Craig Loudon	$26,037	$190,193
Gildave Dennis	$0	$225,000
Kirsten Chapman	$130,185	$225,000
Scott Formby	$69,432	$0

(1) This column includes the aggregate dollar value that would have been realized if stock options had been exercised on the vesting date.

(2) Non-equity incentive plan compensation includes amounts earned by an individual during a fiscal year under the AIP and any discretionary bonuses. Amounts earned under the AIP, where applicable, are paid out in the first quarter of the fiscal year following the fiscal year in which they were earned.

MATERIAL TERMS AND CONDITIONS OF EMPLOYMENT AGREEMENTS

Indigo has employment agreements with its Chief Financial Officer and Executive Vice President, Supply Chain; Executive Vice President, Retail and Human Resources; Executive Vice President, E-Commerce and Chief Marketing Officer; and Chief Creative Officer. The key terms of these agreements are outlined below.

Hugues Simard, Former Executive Vice President and Chief Financial Officer

Hugues Simard resigned from the Company on February 5, 2019. No further obligations are outstanding.

Craig Loudon, Chief Financial Officer and Executive Vice President, Supply Chain

Indigo has an employment agreement with Mr. Craig Loudon, its Chief Financial Officer and Executive Vice President, Supply Chain. If Mr. Loudon's employment had been terminated without cause on the last day of fiscal 2019, the Company would have been obligated to pay $888,200 to Mr. Loudon under the terms of this agreement. This amount includes base salary and car allowance over a period of 12 months, as well as a payout under the AIP.

Mr. Loudon's current employment agreement is dated March 26, 2019 with an effective date of February 5, 2019; his start date with the Company was August 11, 2014.

In the event that Mr. Loudon is terminated for any reason without cause, he is entitled to all health benefit programs for the relevant period during which salary is continued, except for long-term disability and accidental death and dismemberment coverage. In the event that Mr. Loudon accepts alternate full-time employment during the salary continuation period, continuation payments and benefits will cease, and he will receive a lump sum equivalent to fifty percent (50%) of the remaining continuation payments but no less than six (6) months of continuation payments.

Gildave Dennis, Executive Vice President, Retail and Human Resources

As of the end of fiscal year 2019, Indigo had an employment agreement with Mr. Gildave Dennis, its Executive Vice President, Retail and Human Resources. If Mr. Dennis' employment had been terminated without cause on the last day of fiscal 2019, the Company would have been obligated to pay $528,000 to Mr. Dennis under the terms of this agreement. This amount includes base salary over a period of 12 months and the exchange payment on his salary continuance with an exchange rate of $1.10 (CAD) = $1.00 (USD).

Subsequent to the end of fiscal year 2019, Mr. Dennis was appointed Chief Operating Officer of the Company. Mr. Dennis' employment agreement as Chief Operating Officer is dated March 26, 2019 with an effective date of April 1, 2019; his start date with the Company was December 15, 2015.

Under terms of the new employment agreement, in the event that Mr. Dennis is terminated for any reason without cause, he will be entitled to continuance payments for his base salary and car allowance over a period of 12 months, as well as a payout under the AIP. All health benefit programs will continue for the relevant period during which salary is continued, except for long-term disability and accidental death and dismemberment coverage. In the event that Mr. Dennis accepts alternate full-time employment during the salary continuation period, continuation payments and benefits will cease, and he will receive a lump sum equivalent to fifty percent (50%) of the remaining continuation payments but no less than six (6) months of continuation payments.

Kirsten Chapman, Executive Vice President, E-Commerce and Chief Marketing Officer

As of the end of fiscal year 2019, Indigo had an employment agreement with Ms. Kirsten Chapman, its Executive Vice President, E-Commerce and Chief Marketing Officer. Ms. Chapman's employment agreement did not include a termination clause. Accordingly, if Ms. Chapman's employment had been terminated without cause on the last day of fiscal 2019, Ms. Chapman's entitlement would be determined under common law.

Subsequent to the end of fiscal year 2019, Ms. Chapman was appointed President of the Company. Ms. Chapman's employment agreement as President is dated March 25, 2019 with an effective date of April 1, 2019; her start date with the Company was January 7, 2013.

Under terms of the new employment agreement, in the event that Ms. Chapman is terminated for any reason without cause, she will be entitled to continuance payments for her base salary and car allowance over a period of 18 months, as well as a payout under the AIP. All health benefit programs will continue for the relevant period during which salary is continued, except for long-term disability and accidental death and dismemberment coverage. In the event that Ms. Chapman accepts alternate full-time employment during the salary continuation period, continuation payments and benefits will cease, and she will receive a lump sum equivalent to fifty percent (50%) of the remaining continuation payments but no less than twelve (12) months of continuation payments.

Scott Formby, Chief Creative Officer

As of the end of fiscal year 2019, Indigo had an employment agreement with Mr. Scott Formby, its Chief Creative Officer. If Mr. Formby's employment had been terminated without cause on the last day of fiscal 2019, the Company would have been obligated to pay Mr. Formby the sum of $688,195 (CAD) (base salary of $515,000 U.S.) over a period of 12 months under the terms of this agreement. Mr. Formby is compensated in U.S. dollars and amounts are converted from U.S. dollars to Canadian dollars at the exchange rate applicable at time of payment. For the purpose of this disclosure, an exchange rate on the fiscal close date of March 29, 2019 of $1.3363 (CAD) = $1.00 (USD) is being used.

Mr. Formby's employment agreement is dated December 23, 2013; his start date with the Company was January 3, 2014.

In the event that Mr. Formby accepts alternate full-time employment or consulting work leading to full-time employment during the salary continuation period, all payments and benefits will cease upon the earlier of Mr. Formby commencing such full-time employment or consulting work.

Subsequent to the end of fiscal year 2019, on April 26, 2019, Mr. Formby's employment with the Company ceased.

Change of Control

Indigo does not have any plans or programs under which payments to any of the NEOs are triggered by a change of control of the Company, a change in the NEO's responsibilities or a constructive termination of the NEO.

The only payments or benefits payable by the Company in the event of termination of employment are those provided under the terms of the Company's existing compensation and benefits program or as provided for in the NEO employment agreements.

The table below outlines the amounts that would have been payable to each NEO in the event of termination without cause on the last day of fiscal 2019. In the event of termination with cause on the last day of fiscal 2019, there would have been no payments due to the NEOs.

Fiscal 2019 Potential Payments upon Termination

NEO	Base Salary	Additional Payments	Annual Bonus Incentive	Total Payout
Heather Reisman	no written employment contract			
Hugues Simard	no further obligations			
Craig Loudon	$500,000	$13,200	$375,000	$888,200
Gildave Dennis	$528,000 (1)	n/a	n/a	$528,000 (1)
Kirsten Chapman	no termination provision in employment contract – any amount payable on termination would be pursuant to common law			
Scott Formby	$688,195(2)	n/a	n/a	$688,195(2)

(1) Amount shown includes a currency exchange payment using an exchange rate of $1.10 (CAD) = $1.00 (USD) further to Mr. Dennis' employment agreement.
(2) Amount shown is the Canadian equivalent of salary paid in U.S. funds ($515,000 USD) using the closing exchange rate on March 29, 2019 of $1.3363 (CAD) = $1.00 (USD).

Pension

The Company does not provide a pension plan to any of its employees.

COMPENSATION OF DIRECTORS

The Corporation's DSU Plan was established in 2003. The DSU Plan provides for Outside Directors to receive DSUs as compensation for their services. See *"Summary of the DSU Plan"* beginning on page 14.

Compensation allocated to Indigo's Outside Directors in fiscal 2019 is based on the following fee schedule:

Fee Description	($)
Annual Board Retainer	20,000
Committee Retainer	3,000
Committee Chair Retainer:	
Audit	15,000
Human Resources, Compensation and Governance	7,500
Technology Advisor Retainer	7,500
Board Meeting Fees:	
In Person	2,000
By Telephone	1,000
Committee Meeting Fees	2,000
Committee Chair Meeting Fees:	
Audit	3,500
Human Resources, Compensation and Governance	3,500

DIRECTOR COMPENSATION TABLE

The following table outlines the dollar value of the compensation awarded to each Outside Director in fiscal 2019, as well as the corresponding number of DSUs earned in fiscal 2019. All compensation received by Indigo directors for Board service in fiscal 2019 was paid through equity-based compensation. No director elected to receive any portion of director compensation in cash for the 2019 fiscal year. The grant of DSUs earned in fiscal 2019 was approved by the Board on May 28, 2019.

	Share Based Awards	
Director	**Number of Units Earned**	**Total Compensation ($)**
Frank Clegg	3,966	$49,500
Jonathan Deitcher	3,073	$39,000
Mitchell Goldhar	2,354	$29,000
Howard Grosfield	3,173	$40,000
Robert Haft	3,987	$50,500
Andrea Johnson	2,330	$29,000
Michael Kirby	5,430	$68,500
Anne Marie O'Donovan	3,531	$44,500

Directors' compensation is reviewed by the Human Resources, Compensation and Governance Committee, taking into consideration an annual third-party study of board compensation of Canadian companies similar in size to Indigo.

OUTSTANDING SHARE-BASED AWARDS FOR DIRECTORS

The following table shows the total number of DSUs allocated to each Outside Director for their entire tenure as a director up to March 30, 2019, along with the market value of such units as calculated using the closing share price of Indigo's Shares on March 29, 2019, which was $10.00.

	Share-Based Awards	
Director	**Number of DSUs that have not been redeemed(1)(2) (#)**	**Market or payout value of DSUs that have not been redeemed ($)**
Frank Clegg	66,653	$666,530
Jonathan Deitcher	64,219	$642,190
Mitchell Goldhar	30,586	$305,860
Howard Grosfield	8,981	$89,810
Robert Haft	10,478	$104,780
Andrea Johnson	4,746	$47,460
Michael Kirby(3)	135,415	$1,354,150
Anne Marie O'Donovan	39,526	$395,260

(1) Each DSU vests immediately and represents the right of the director to receive, after termination of Board service, one Share issued from treasury.
(2) Joel Silver, a former director who resigned from the Board in July 2017 redeemed 4,021 DSUs on July 11, 2018 with a market value of $67,955.
(3) Mr. Kirby will not be standing for re-election at the meeting. Under the DSU Plan, he has until December 2020 to redeem his DSUs.

SECURITY-BASED COMPENSATION ARRANGEMENTS

The following is the summary of the Corporation's security-based compensation arrangements as at March 30, 2019:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities which may be issued in connection with outstanding options, warrants and rights)(2)(3)
Equity compensation plans approved by security holders	2,184,397 Shares	$15.34 for options $11.37 for DSUs(4)	1,886,061 Shares
Equity compensation plans not approved by security holders	Nil	n/a	n/a
Total	2,184,397 Shares	$15.34 for options $11.37 for DSUs	1,886,061 Shares

(1) Number of securities to be issued upon exercise of outstanding options, warrants and rights includes 1,823,793 Shares in relation to the Stock Option Plan and 360,604 Shares in relation to the DSU Plan.

(2) Number of securities remaining available for future issuance under equity compensation plans includes 1,746,665 Shares in relation to the Stock Option Plan and 139,396 Shares in relation to the DSU Plan.

(3) The maximum number of Shares available for issuance under the Stock Option Plan is 15% of the issued and outstanding Shares from time to time less 500,000 Shares, and the maximum number of Shares reserved for issuance under the DSU Plan is 500,000 Shares.

(4) The weighted-average exercise price of outstanding DSUs is calculated by dividing the aggregate grant date value of the issued and outstanding DSUs by the total number of issued and outstanding DSUs. The grant date value of the DSUs is determined by multiplying the Share price on the date of the DSU grant by the number of DSUs granted on that date.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVES

Indebtedness of Directors and Executives under Other Programs

No executive officer, director, employee or former executive officer, director or employee of the Corporation, or any associates of the foregoing is or was during fiscal 2019 indebted to the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

During fiscal 2019, the Corporation purchased goods and services from companies in which Mr. Gerald Schwartz, the controlling shareholder of Indigo, holds a controlling or significant interest. Indigo paid $3.5 million for such goods and services in fiscal 2019 and $7.0 million in fiscal 2018. As at March 30, 2019, Indigo had a nominal amount payable to these companies under standard payment terms and $1.0 million of restricted cash pledged as collateral for letter of credit obligations issued to support the Corporation's purchases of merchandise from these companies (March 31, 2018 - $0.1 million and $1.0 million restricted cash). All transactions were in the normal course of business for both Indigo and the related companies.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance practices are essential to the effective management of the Corporation. Indigo is committed to high standards of governance, with a strong culture of integrity and ethical behavior and ensures that its corporate governance practices are in compliance with the requirements of the corporate governance guidelines issued by the Canadian Securities Administrators and the TSX.

Board Responsibilities

The Board is responsible for the supervision of the management of the business and affairs of the Corporation, with oversight being performed either directly or indirectly through Board committees. To assist in discharging its duties, the Board has established two committees of the Board, namely the Audit Committee, and the Human Resources, Compensation and Governance Committee.

Strategy

The Board is responsible for the approval of the Corporation's overall direction. Pursuant to its mandate, the Board assesses and approves all major strategic decisions, including any shift in strategic direction, as well as acquisitions and divestitures of a material nature. The Board participates fully in assessing and approving strategic plans and prospective decisions proposed by management. Quarterly financial reports provided by management allow the Board to monitor and assess corporate performance against Board approved strategic plans.

Risk Management

To ensure that the principal business risks borne by Indigo are appropriate, the Board receives periodic reports from management outlining its assessment and management of such risks. This responsibility is shared with the Audit Committee to which oversight of the Corporation's enterprise risk management has been delegated by the Board. The Audit Committee reviews detailed financial information contained in management reports and hears and acts upon the recommendations of Indigo's auditors.

Oversight of Management

Day-to-day management of the affairs of the Corporation has been delegated to the Chief Executive Officer, working with the Board-appointed executive team. The Board reviews ongoing reports regarding the performance of the Corporation. In respect of senior management succession planning, the Human Resources, Compensation and Governance Committee, is involved in considering internal and external candidates to fill senior management positions at Indigo.

Financial Reporting and Internal Controls

With the assistance of the Audit Committee, the Board oversees the Corporation's financial reporting and disclosure obligations, as well as approving the Corporation's disclosure documents. The Audit Committee also supports the Board in assessing the Corporation's system of internal financial controls, satisfying itself that the controls are effective and efficient.

Communications Policy

The Board has adopted a communications/disclosure policy and directly approves significant corporate communications with shareholders.

Corporate Governance

The Board, with the assistance of the Human Resources, Compensation and Governance Committee, develops and monitors the Corporation's approach to corporate governance, ensuring appropriate, effective processes are in place.

Integrity, Ethics and Social Responsibility

A strong culture of integrity and ethics is promoted throughout the organization, including adherence to its code of conduct.

The mandate of the Board is attached as Appendix "A" to this Circular (the "Mandate").

Composition

The Board currently consists of ten members, nine of whom are standing for re-election at the meeting. Mr. Michael Kirby is not seeking re-election.

Indigo endeavours to have a sufficient number of directors with the appropriate balance of skills, experience, expertise, industry knowledge and diversity to effectively carry out the Mandate. The Human Resources, Compensation and Governance Committee regularly assesses whether the Board possesses the appropriate mix of competencies and qualifications to function effectively with its current and future strategic objectives. Directors make recommendations of new individuals to serve on the Board for consideration by the Human Resources, Compensation and Governance Committee as they become aware of suitable, available candidates. The Human Resources, Compensation and Governance Committee (in conjunction with the Chair) considers those candidates who are highly qualified based on their professional experience, functional expertise, personal skills and qualities.

Director Tenure

The Human Resources, Compensation and Governance Committee regularly assesses the composition of the Board, including director tenure. This evaluation enables the Committee to solicit feedback regarding the effectiveness of the Board, whether Board members have the appropriate skills and expertise required, and whether mandatory term limits or retirement age for directors should be adopted. The Board appreciates the balance between the skills and perspectives of more recently acquired directors with the experience and knowledge of longer-serving directors.

The Board has not adopted term limits for its directors as it feels that setting a term limit or mandatory retirement age may force certain directors possessing the necessary experience, expertise and industry knowledge to not stand for re-election, depriving the Board of such acquired wisdom and skills.

Board Diversity

Indigo values the benefits that diversity can bring in different perspectives and experience, supporting balanced discussion and strengthening decision making. The Corporation seeks to maintain a Board comprised of competent and dedicated directors with a diverse mix of expertise, experience, skills and backgrounds.

Indigo has adopted a written board diversity policy, as the Board continues to demonstrate its commitment to identify and nominate strong female candidates for leadership and Board membership, with an effective balance of both genders. The Human Resources, Compensation and Governance Committee reviews and assesses Board composition and oversees the review of Board effectiveness. Board candidates are considered based on merit, in the context of skills, qualifications, experience and knowledge required for an effective board, with due regard to the benefits of diversity, including gender diversity. The Board recognizes the benefits of diversity among its members, including diversity of experience, viewpoints, gender, etc. Evaluation of the Board's diversity including the number of female directors is considered as a part of the Board assessment questionnaire completed annually by members of the Board. The board diversity policy will also be reviewed and assessed on an annual basis. A specific target or quota of women on the Board has not been adopted at this time, given the level of female representation on the Board. Currently, three of ten Indigo directors (or 30%) are women, including the Chair of the Board. The Board intends to continue to make diversity a meaningful consideration in director identification and selection. If all proposed directors are re-elected at the meeting, three of nine directors (or 33%) will be female.

Women in Executive Officer Positions

The Corporation has not adopted a specific target or quota of women in executive officer positions, given the level of female representation within executive officer roles. Currently, two of five executive officers (or 40%) are women. Indigo believes that hiring and retaining executive officers should be primarily based on individual merits, with consideration given to gender diversity. The Corporation is committed to promoting women to executive positions and ensuring that women candidates are fairly considered for such positions. Management feels that gender diversity has always been a significant part of the corporate culture at Indigo, which is one of the few Canadian public companies with a female Chair of the Board and Chief Executive Officer. In addition, Indigo currently has a female President.

Board Directorships

A number of Indigo's directors sit on the boards of other reporting issuers. For each such director, the following table lists the name of the reporting issuer on whose board of directors the director currently serves.

Director	Reporting Issuer
Mitchell Goldhar	SmartCentres Real Estate Investment Trust (formerly Smart Real Estate Investment Trust) (since 2005) Onex Corporation (since 2017)
Anne Marie O'Donovan	MDC Partners Inc. (since 2016)
Heather Reisman	Onex Corporation (since 2003)
Gerald Schwartz	Onex Corporation (since 1987) The Bank of Nova Scotia (Honorary Director) (since 2007)

Board Independence

As stipulated in its Mandate, the Board is comprised of a majority of "independent directors" as defined by National Instrument 52-110 – *Audit Committees* ("NI 52-110").

Currently, the Corporation's independent directors are:

Frank Clegg
Jonathan Deitcher
Mitchell Goldhar
Howard Grosfield
Robert Haft
Michael Kirby (Lead Director)
Anne Marie O'Donovan

The Board believes that these seven (six after the meeting) independent directors as members of the Board, including an independent lead director, fairly reflects the investment in Indigo by minority shareholders.

Three members of the Board are non-independent within the meaning of the NI 52-110, namely Ms. Reisman being a member of management, Mr. Schwartz being Ms. Reisman's spouse and Ms. Johnson being Ms. Reisman's daughter.

Indigo is controlled by Mr. Schwartz, who indirectly holds approximately 57.1% of the Corporation's outstanding Shares and is a "significant security holder" within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

Ms. Reisman is Chair of the Board and Chief Executive Officer of Indigo. In the view of the Board, the fact that Ms. Reisman occupies both offices does not impair the ability of the Board to act independently of management. The Board has reached this conclusion for the following reasons:

- seven of the Corporation's ten directors are independent (six of nine after the meeting);
- the Audit Committee is comprised solely of independent directors and meets on a regular basis;
- the Human Resources, Compensation and Governance Committee is comprised solely of independent directors;
- the Board has appointed Mr. Michael Kirby, an independent director, as Indigo's lead director ("Lead Director"), responsible for ensuring that the Board functions independently of management (as Mr. Kirby is not standing for re-election, Mr. Robert Haft will be appointed as Lead Director following the meeting); and
- each Board Committee has the authority to engage, or to request that management engage, outside advisors at the Corporation's expense; the Board would also consider any such request by an individual member of the Board on its merits at the time it was made.

The Board has also adopted the following governance practices:

- at each regular meeting, the Board shall routinely meet with Ms. Reisman and the Corporation's Chief Financial Officer without the presence of other members of management to consider any matter not easily or appropriately discussed in the larger forum. The topics discussed may include the effectiveness of the Board meeting, the performance of any individual member of management or the Board, the performance of the Board itself, or any matter of concern to any director;

- the Board, at each meeting other than unscheduled meetings called for the sole purpose of approving specific transactions, shall have an opportunity to call for a session in the absence of Ms. Reisman, or any other member of management; and

- any member of the Board may provide the Lead Director with agenda items for discussion at any meeting and the Lead Director has the right to place such items on the Board's agenda in his discretion.

Meetings of exclusively independent directors may be held if such a meeting is deemed necessary to allow for open and candid discussion among the independent directors. It is the general practice for the full Board to meet without management, but with the Chief Executive Officer present, following all regularly scheduled in-person Board meetings. Three such Board meetings were held in fiscal 2019.

All Committees of the Board are comprised solely of independent directors. In fiscal 2019, there were a total of eight meetings of independent directors meeting in their capacity as Audit and Human Resources, Compensation and Governance Committee members. The Committee members meet *in camera,* without the presence of management, when necessary, at the conclusion of the Committee meeting. The Board feels that such regularly scheduled Committee meetings allow for candid discussion among independent directors.

In addition to a formal position description for the office of the Chair and Chief Executive Officer, the Board has also approved formal corporate objectives which the Chief Executive Officer is responsible for achieving. The Board, the Human Resources, Compensation and Governance Committee and the Chief Executive Officer engage in regular ongoing dialogue regarding the performance of the senior management team in achieving Indigo's strategic objectives as recommended by management and approved by the Board.

Key Position Descriptions

The Board has adopted several formal position descriptions for key positions on the Board, including the Chief Executive Officer and Chair of the Board, as well as the Lead Director. These position descriptions are available on the Corporation's website at www.chapters.indigo.ca/investor-relations/.

Board Assessment

Each year, the members of the Board are required to complete a confidential Board assessment questionnaire regarding the performance and effectiveness of the Board, its Committees and its members. The assessment is performed under the mandate of the Human Resources, Compensation and Governance Committee. This process provides the directors with the opportunity to evaluate and provide feedback on Board and Committee effectiveness, focus, composition, corporate governance structure and processes, Board culture and on-going director education. Board members are also given the opportunity to assess the quality of the information provided to the Board by management. Responses to the questionnaire are compiled and presented to the Human Resources, Compensation and Governance Committee, as well as summarized for the entire Board.

Board Committees

The Board has two standing Committees, namely the Audit Committee, and the Human Resources, Compensation and Governance Committee. Each committee has a formal mandate outlining its responsibilities and its obligations to report its recommendations and decisions to the Board, as well as a written position description for committee chairs. Committee charters and position descriptions are reviewed annually by the Human Resources, Compensation and Governance Committee to assess continued relevance, current best practices and regulatory changes.

Audit Committee

Committee Members:	Michael Kirby (Chair)* Frank Clegg Anne Marie O'Donovan *Mr. Kirby is not standing for re-election to the Board. (Following the meeting, Ms. O'Donovan will be appointed as Chair of the Audit Committee and Mr. Jonathan Deitcher will become a new member of the Audit Committee.)
Committee Membership:	All members are independent directors All members are financially literate within the meaning set out in *Multilateral Instrument 52-110 Audit Committees*
Number of Meetings:	Four meetings held in fiscal 2019 *In Camera* meetings with External Auditors, Internal Auditors and Management following each Committee meeting

The Audit Committee is responsible for the oversight of Indigo's internal accounting and control systems. It reviews the financial statements, annual and special meeting materials and other public disclosure documents of Indigo and makes recommendations to the Board before such statements, materials and documents are approved by the Board. The Audit Committee oversees the work of the external auditor, annually approving the audit plan and monitoring their independence, as well as recommending the auditor for annual appointment. The Audit Committee communicates directly with Indigo's auditors in order to discuss audit and related matters whenever appropriate. In addition to the work of the external auditor, the Audit Committee also reviews the internal audit plan and quarterly reports prepared by the internal auditor. The Audit Committee is responsible for oversight of the enterprise risk management of the Corporation, including IT risk. The Audit Committee is also responsible for reviewing material related party transactions. The Audit Committee's Charter is available on the Corporation's website at www.chapters.indigo.ca/investor-relations/.

Human Resources, Compensation and Governance Committee

Committee Members:	Robert Haft (Chair) Jonathan Deitcher Howard Grosfield Michael Kirby* *Mr. Kirby is not standing for re-election to the Board.
Committee Membership:	All members are independent directors
Number of Meetings:	Four meetings held in fiscal 2019 *In Camera* meetings following each Committee meeting, as required

(i) Human Resources and Compensation responsibilities:

The Human Resources, Compensation and Governance Committee has been entrusted by the Board with the responsibility of reviewing and making recommendations to the Board regarding compensation philosophy and its elements and to assist the Board in executing its responsibilities in regard to executive management's compensation. Specifically, the Human Resources, Compensation and Governance Committee's charter provides that the Committee shall, among other things: recommend appointment of officers, Chief Executive Officer compensation, compensation philosophy, incentive plan and equity-based compensation plan design, as well as approve executive management compensation guidelines. The Board has delegated to the Human Resources, Compensation and Governance Committee the oversight of executive talent succession and approval of executive compensation as outlined in the Committee's charter, taking into consideration the level of responsibility and contribution. The approval of all payouts under bonus incentive plans and all stock option grants has been delegated to the Human Resources, Compensation and Governance Committee. The Committee is also responsible for reviewing executive compensation disclosures made by the Corporation. The composition, compensation expertise, and role of the Human Resources, Compensation and Governance Committee is described in detail in the Compensation Discussion and Analysis above.

(ii) Corporate Governance responsibilities:

The Human Resources, Compensation and Governance Committee is responsible for assisting the Board in its oversight of Indigo's corporate governance practices, making recommendations with respect to Board and Committee membership and reviewing corporate governance disclosures made by the Corporation. The Committee annually reviews Board committee memberships and chair appointments, recommending such appointments to the Board, with consideration for each director's competencies and the time commitment involved. Compensation of the Board members is reviewed by the Human Resources, Compensation and Governance Committee and recommended to the Board for approval. The Committee regularly performs an assessment of the Board, its Committees and its members through the use of a confidential questionnaire completed by Board members on corporate governance matters and the effectiveness of the Board. As mentioned earlier, annual reviews of the Mandate, Committee charters and position descriptions are also performed by the Committee.

The Human Resources, Compensation and Governance Committee is responsible for establishing qualifications for new directors, and evaluating proposed directors against such criteria. Director candidates are selected and recommended by the Committee based on the candidate's availability, expertise, experience, competencies and skills as required by the Board.

The Human Resources, Compensation and Governance Committee is also responsible for the oversight of new director orientation and continuing education for all Board members. New Board members are provided with a comprehensive corporate information package of all relevant governance material and continuing education for Board members is provided with informative material being sent to the Board in advance of Board meetings and regular business update presentations from key business units, covering risks as well as new opportunities. These educational sessions, which coincide with regular Board meetings, cover one or more aspects of the business, and typically follow an informal presentation and open discussion format. Board members also participate in store visits as part of ongoing director education. Responses to the Board assessment questionnaire provide feedback regarding areas of director interest/relevance for future continuing education sessions. The Human Resources, Compensation and Governance Committee's Charter is available on the Corporation's website at www.chapters.indigo.ca/investor-relations/.

Ethical Business Conduct

The Corporation's code of conduct (the "Code") reflects its high standards in ethical business conduct and is applicable to all directors, officers and employees of Indigo. The Code emphasizes the integrity, honesty and respect that is expected when dealing with co-workers, business partners, customers and others. The Corporation has also adopted a whistleblower policy pursuant to which directors, officers and employees are encouraged to report violations of the Code. Employee hotlines have been established to enable employees to seek support and to report violations of the Code. No retaliation of any kind is permitted against individuals for complaints made in good faith. The Corporation provides annual training with respect to ethical and compliance issues and ensures that each director and employee annually reviews and acknowledges their understanding and acceptance of the Code. The Board has concluded that such measures are appropriate and sufficient to ensure compliance with the Code. A copy of the Code can be obtained on SEDAR at www.sedar.com and the Corporation's website as noted above.

In addition to the Code, the Corporation has adopted a disclosure policy, a fraud policy and an insider trading policy to further emphasize ethical conduct.

Indigo also has a vendor code of conduct which is designed to ensure that its vendors, suppliers, etc. have a clear understanding of how Indigo expects to conduct its business with vendors and how Indigo expects its vendors to embrace its commitment to integrity.

The Board encourages and expects directors to disclose any perceived conflicts and to abstain from voting on any such matters.

Shareholder Communications

Indigo keeps all shareholders well informed of its financial performance, primarily by means of its annual and quarterly reports. Regular investor/analyst calls are held after the release of financial results with participant information posted at www.chapters.indigo.ca/investor-relations/ prior to the call. Call transcripts are also available on the website.

Upon request, Indigo will provide you with a copy of: (i) its current Annual Information Form; (ii) the comparative financial statements for its most recently completed financial year together with the accompanying auditors' report and related management's discussion and analysis ("MD&A"); and (iii) its interim financial statements and related MD&A for any subsequent fiscal periods, provided that Indigo may require payment of a reasonable charge if the request is made by a person who is not an Indigo shareholder.

With the approval of the Board, management has appointed Ms. Heather Reisman, Indigo's Chief Executive Officer, as the individual responsible for receiving shareholder inquiries and dealing with shareholder concerns. Ms. Reisman endeavours to respond promptly and appropriately to all such requests and/or inquiries. While being guided by regulatory requirements and Indigo's policies with respect to confidentiality and disclosure, Ms. Reisman is available for interviews by stakeholders, including analysts, the media, and investors.

AUDIT COMMITTEE INFORMATION

Information regarding the Board's Audit Committee may be found in the section entitled "Audit Committee" in the Corporation's Annual Information Form for the financial year ended March 30, 2019. A copy of the Annual Information Form can be obtained by contacting Indigo at 620 King Street West, Suite 400, Toronto, Ontario, Canada, M5V 1M6 and is also available on SEDAR at www.sedar.com and on the Corporation's website as noted above.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Indigo purchases and maintains liability insurance for the benefit of the directors and officers to cover liability incurred by such persons in such capacities. The policy provides for coverage in the amount of $25,000,000 (inclusive of fiduciary liability) with deductible amounts ranging from $0 to $100,000 for the year ended March 30, 2019. For the year ended March 30, 2019, the premium cost of this insurance was $63,462, excluding applicable provincial taxes.

ADDITIONAL INFORMATION

Financial information for the financial year ended March 30, 2019, is provided in the Corporation's comparative financial statements and MD&A which are included in the Annual Report. Shareholders who wish to request a copy of, or to be added to the mailing list for, the annual and interim financial statements and MD&A should contact Indigo at 620 King Street West, Suite 400, Toronto, Ontario, Canada, M5V 1M6.

Copies of the Corporation's current Annual Information Form, together with one copy of any document, or the pertinent pages of any document incorporated by reference in the current Annual Information Form; the most recently filed comparative annual financial statements, together with the accompanying report of the auditor, and any of the Corporation's interim financial statements that have been filed for any period after the end of its most recently completed financial year; and this Circular are available to anyone, upon request, from the Secretary of the Corporation, and without charge to Indigo shareholders.

The Annual Report (including the financial statements and MD&A), the current Annual Information Form, and other information relating to the Corporation are available on SEDAR at www.sedar.com and the Corporation's website at www.chapters.indigo.ca/investor-relations/.

DIRECTORS' APPROVAL

The contents of this Circular and its sending to Indigo's shareholders have been approved by the directors of the Corporation.

By Order of the Board of Directors

Craig Loudon
Chief Financial Officer and Executive Vice President, Supply Chain

Toronto, Canada
May 28, 2019

Appendix "A"

INDIGO BOOKS & MUSIC INC.
(the "Corporation")

MANDATE OF THE BOARD OF DIRECTORS

1. PURPOSE

The role of the Board of Directors (the "Board") is to provide governance and stewardship to the Corporation, including the supervision of the management of the business and affairs of the Corporation.

2. COMMITTEES OF THE BOARD

To assist in discharging its duties, the Board has established the following committees of the Board: the Audit Committee, and the Human Resources, Compensation and Governance Committee (the "HRCG Committee"). The Board may also appoint other committees from time to time.

3. BOARD ORGANIZATION

(a) Qualifications

In conjunction with the HRCG Committee, the Board will determine Board member qualifications, including the range of competencies and skills the Board as a whole is required to possess. The Board's responsibility to ensure that all Board members receive appropriate orientation and continuing education is delegated to the HRCG Committee.

(b) Composition

The Board will consist of directors who represent diverse personal experiences and backgrounds, particularly among its independent directors. At a minimum, each director shall have demonstrated the highest personal and professional integrity; significant achievement in his or her field; experience and expertise relevant to the Corporation's business; a reputation for sound and mature business judgment; the commitment to devote the necessary time and effort in order to conduct his or her duties effectively; and, where required, financial literacy.

(c) Size

The Corporation's incorporating documents permit a maximum of 20 directors. To facilitate effective decision-making, the Board believes that the appropriate size of the Board is in the range of 8 to 12 directors.

(d) Independent Directors

The Board shall be composed of a majority of independent directors, who meet the criteria for independence set out in applicable laws and regulations.

(e) Quorum

A majority of directors shall constitute a quorum.

(f) Nomination of Directors

Potential directors will be selected and recommended by the HRCG Committee based on the candidate's availability, expertise, experience, competencies and skills as required by the Board.

4. PRINCIPAL DUTIES OF THE BOARD

(a) General

The Board must be fully informed of the Corporation's affairs, be actively engaged in the development of the Corporation's strategic direction and must supervise how such direction is implemented by management. In doing so, the Board is responsible to appoint a competent executive management team. The Board will oversee and monitor the management of the business of the Corporation by the appointed executive team.

The Corporation will maximize its wealth and well-being through thoughtful, independent business decisions. Through an appropriate system of corporate governance and financial controls, the Board will ensure accurate and timely financial reporting to the public, as well as ethical and legal corporate conduct.

(b) Integrity, Ethics and Social Responsibility

The Board will satisfy itself as to the integrity of the chief executive officer ("CEO") and senior management of the Corporation through approval of, and monitoring compliance with, the Corporation's Code of Conduct (the "Code") and its Whistleblower Policy. The Board will satisfy itself that the CEO and senior management create a culture of integrity throughout the organization by overseeing and monitoring compliance with the Code to ensure a culture of integrity is maintained. The Board is also responsible for approving other policies and practices for dealing with matters related to integrity, ethics and social responsibility, as applicable.

(c) Strategic Planning Process

- The Board will adopt a strategic planning process and review and approve annually a corporate strategic plan for the Corporation and its operating subsidiaries, which takes into account, among other things, industry and other trends, product strategies, new product developments, major new business, capital expenditures, specific problem areas, action plans, and the opportunities and risks of the business. This includes approval of long-term strategic plans, operating plans, financial objectives, significant acquisitions, sales of assets and material financing arrangements.

- The Board will approve strategic and operational policies within which management will operate.

- The Board will review operating and financial performance results relative to established strategy, budgets and objectives.

- The Board will monitor the progress of the Corporation against the goals addressed in the strategic plan.

- The Board will approve major business decisions not specifically delegated to management.

- The Board will approve the payment of dividends.

(d) Financial Reporting

- With the assistance of the Audit Committee, the Board will oversee the Corporation's financial reporting and disclosure obligations in accordance with applicable governing legislation.

- Upon recommendation of the Audit Committee, the Board will approve the Corporation's financial statements, management's discussion and analysis and related releases and oversee the Corporation's compliance with applicable audit, accounting and reporting requirements.

(e) Identification of Principal Risks and Implementing Managing Systems

- The Board will identify and review with management the principal business risks to the Corporation. The Board will ensure that appropriate procedures are implemented to monitor and mitigate those risks. The Board delegates the responsibility of identifying, reviewing and monitoring enterprise risks of the Corporation to the Audit Committee.

- The Board will ensure that effective systems are in place to monitor the integrity of the Corporation's internal controls and management information systems.

- The Board will confirm that management processes are in place to address and comply with applicable corporate, securities and other compliance matters, as well as with applicable laws and regulations.

- The Board will confirm and monitor that processes are in place to comply with the Corporation's Code of Conduct and Whistleblower Policy.

- The Board will ensure that a Crisis Management/Business Continuity Plan for the Corporation is developed in the event of a crisis situation.

(f) Delegation of Management Authority, Executive Compensation and Succession Planning

The Board delegates authority to the CEO for the overall management of the Corporation. This includes strategy and operations to ensure the Corporation's long-term success. To discharge its duty of oversight of the CEO, the Board will:

- approve the HRCG Committee's position description for the CEO, which will delineate management's responsibilities for corporate goals and objectives that the CEO is responsible for meeting;

- assess the performance of the CEO through a process led by the HRCG Committee that compares the CEO's annual performance against a set of mutually agreed annual objectives, and relative to the duties outlined in the CEO position description; and

- approve CEO compensation as recommended by the HRCG Committee.

In meeting its responsibility for ensuring succession planning, the Board will satisfy itself that management possesses the necessary level of skill and experience and operates in a manner that is consistent with the Corporation's stated beliefs. In doing so, the Board will:

- establish boundaries between Board and management responsibilities and establish limits of authority delegated to management (eg, approval of annual strategic plan and budget). In doing so, the Board will decide how engaged it wants to be in influencing management's decisions and the Corporation's direction. The CEO and the directors will agree amongst themselves which level of Board engagement best fits the Corporation;

- appoint Officers of the Corporation and oversee the executive compensation programs;

- approve the design of the Corporation's bonus incentive plans and equity-based compensation plans and any amendments thereto;

- monitor the performance of executive management (officer level positions) against corporate objectives directed at maximizing the financial value of the Corporation;

- ensure that there are policies and practices in place to enable the Corporation to attract, develop and retain the human resources required to meet its business objectives; and

- ensure a process to adequately provide for CEO succession is in place.

The Board delegates to the HRCG Committee, oversight of executive talent succession and approval of executive compensation as outlined in the Committee's charter, taking into consideration the level of responsibility and contribution.

The approval of all payouts under bonus incentive plans and all stock option grants is also delegated to the HRCG Committee.

(g) Communications Policy

The Board will confirm that management has established a system for corporate communications to shareholders and the public, including processes for consistent, transparent and timely public disclosure. In doing so, the Board will:

- adopt a communications and disclosure policy and additional policies, as required, relating to, among other matters, the confidentiality of the Corporation's business information and conflicts of interest;

- ensure the Corporation maintains the communications systems to effectively communicate with its stakeholders. This process includes ensuring compliance with the Disclosure Policy, Insider Trading Policy and the Whistleblower Policy;

- satisfy itself that information and reporting systems exist in the Corporation that are reasonably designed to provide timely accurate information sufficient to allow the Board and management to reach informed decisions; and

- establish procedures to ensure disclosure of contact information to facilitate feedback from shareholders.

(h) Approach to Corporate Governance and Governance Guidelines

Transparency, accountability and integrity are not only key elements of good governance, but are fundamental values to the Corporation. To ensure that the Corporation continues to uphold a high standard in governance practices, the Board will:

- appoint a HRCG Committee composed of independent directors, which, among other responsibilities will:

    - develop, approve and monitor the Corporation's approach to corporate governance;

    - establish processes for the regular evaluation of the effectiveness and performance of the Board, its committees and individual directors, including the annual review and approval of the Board's mandate, charters of the Board committees and the position descriptions applicable to individual directors;

    - clearly articulate what is expected from a director by developing a position description for directors, the Chair, the CEO and the chair of each Board committee; and

    - review and assess the adequacy of the committee charters and position descriptions on an annual basis.

5. BOARD INDEPENDENCE

To promote the effective functioning of the Board and its committees, the Board will:

- appoint a lead director who is an independent director to provide leadership to the Board and the independent directors, including presiding over any sessions/meetings of independent directors;

- establish committees composed of independent directors and approve their respective charters and the limits of authority delegated to each committee; and

- ensure that, at the Corporation's expense, the Board and its committees may retain outside legal and other experts where reasonably required to assist and advise the Board and its committees in carrying out their duties and responsibilities.

6. BOARD COMPENSATION

The Board will review the adequacy and form of directors' compensation to ensure it appropriately reflects the responsibilities and risks involved in being a director. Therefore, the Board will:

- appoint a HRCG Committee composed entirely of independent directors; and
- approve the HRCG Committee's process and determination of directors' compensation, as outlined in the HRCG Committee charter.