DYLEX LIMITED

MATERIAL CHANGE REPORT

Item 1 - Reporting Issuer

Dylex Limited
637 Lakeshore Blvd. West
Toronto, Ontario
M5V 1A8

Item 2 - Date of Material Change

December 7, 1999

Item 3 - Press Release

A Press Release was issued at Toronto on December 7, 1999, a copy of which is attached hereto.

Item 4 - Summary of Material Change

On December 7, 1999, Dylex Limited ("Dylex") announced that it is initiating a review of strategic alternatives involving all its business operations. The board has expanded the mandate of Nesbitt Burns, who is advising on the previously announced separation of BiWay, to include all the Dylex operations, including Braemar, Fairweather, Labels, Thriftys and Tip Top. Dylex also announced the resignation of Mr. Elliott Wahle as President and Chief Executive Officer and Director.

Item 5 - Full Description of Material Change

On December 7, 1999, Dylex Limited ("Dylex") announced that it is initiating a review of strategic alternatives involving all its business operations. The board has expanded the mandate of Nesbitt Burns, who is advising on the previously announced separation of BiWay, to include all the Dylex operations, including Braemar, Fairweather, Labels, Thriftys and Tip Top.

Dylex also announced the resignation of Mr. Elliott Wahle as President and Chief Executive Officer and Director. Mr. Wahle has agreed to remain with Dylex through the end of the fiscal year on January 31, 2000 to assist in the completion of the annual operating business review and budgeting process. Effective immediately Mr. Anderson will assume the responsibilities of President and Chief Executive Officer. Chairman of Dylex since 1995, Mr. Anderson is also a Managing Partner of Trident Advisors Inc., an investment management company. His previous business experience includes services as Chairman and Chief Executive Officer of Invernesss Petroleum Ltd., and management of investment funds in the United States and Bermuda. He has also served on the boards of numerous public and private companies in Canada and the United States.

<u>Item 6 - Confidentiality</u>

Not applicable.

<u>Item 7 - Omitted Information</u>

Not applicable

<u>Item 8 - Senior Officer</u>

The following senior officer of Dylex is knowledgeable about the material change and this report:

Jeffery Friedman
Director of Legal Services and Corporate Secretary
(416) 586-6982

<u>Item 9 - Statement of Senior Officer</u>

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, this 10th day of December, 1999.

DYLEX LIMITED

"Jeffery Friedman"

Jeffery Friedman
Director of Legal Services and Corporate Secretary

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PRESS RELEASE

TORONTO, December 7, 1999 – Dylex Limited, (DLX-TSE) announced today that it is initiating a review of strategic alternatives involving all its business operations. Board Chairman William Anderson will manage the review process. The Board has expanded the mandate of Nesbitt Burns, who is advising on the previously announced separation of BiWay, to include all the Dylex operations, including Braemar, Fairweather, Labels, Thriftys and Tip Top.

Mr. William Anderson, Chairman of the Dylex Board of Directors, said, "We believe the sum of the value of the individual businesses is worth substantially more than the current market capitalization of the Company. The Board will take all steps necessary during this review process to ensure that our shareholders are able to realize the underlying value of these assets. It is important to note that consideration of any transaction will be evaluated on its ability to help achieve our strategic objective. In the meantime, it is very much business as usual throughout our operations and in our dealings with customers, vendors, landlords and other business partners."

The Company also announced the resignation of Mr. Elliott Wahle as President and Chief Executive Officer and Director. Mr. Anderson commented that "The Board asked Elliott to remain with Dylex and to continue running our business operations throughout the review process, however he has advised the Board of his desire to move on. At the Board's request Mr. Wahle has agreed to remain with the Company through the end of the fiscal year on January 31, 2000 to assist in the completion of the annual operating business review and budgeting process."

"During the past four years our executive team has encountered and addressed numerous business challenges and opportunities. I believe we have contributed to the Company's overall development and I want to thank everyone for their dedication and support" said Mr. Wahle.

Effective immediately, Mr. Anderson will assume the responsibilities of President and Chief Executive Officer. Chairman of Dylex since 1995, Mr. Anderson is also a Managing Partner of Trident Advisors Inc., an investment management company. His previous business experience includes service as Chairman and Chief Executive Officer of Invernesss Petroleum Ltd., and management of investment funds in the United States and Bermuda. He has also served on the boards of numerous public and private companies in Canada and the United States.

The specialty retail apparel divisions have combined sales in excess of $500 million. Braemar, Fairweather, Thriftys and Tip Top are well-recognized banners with excellent organizations and infrastructures. Labels commenced business in August of 1999 and offers significant growth potential in the under-developed off-price apparel and giftware market niche.

Dylex is one of Canada's leading specialty retailers with 648 stores, selling mainstream fashions and family merchandise through its well-known operating divisions: BiWay, Braemar, Fairweather, Labels, Thriftys and Tip Top.

For further information: Anita Veel, Communications Manager (416) 586-7001.