DYLEX LIMITED

RENEWAL ANNUAL INFORMATION FORM

PURSUANT TO NATIONAL POLICY 47

April 7, 2000

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ITEM 1 - INCORPORATION

Incorporation and Amendments to Articles

Dylex Limited was incorporated as Tip Top Tailors Limited under the laws of Canada by letters patent dated April 4, 1928. It was continued under the Canada Business Corporations Act (the "CBCA") pursuant to a certificate of continuance dated October 14, 1977. Following the date of continuance under the CBCA, the Company amalgamated with four of its wholly-owned subsidiaries, Dylex Fashion Inc., Big Steel Inc., BiWay Stores Limited and Thrifty Riding & Sport Shop Limited. Pursuant to a certificate of amendment and articles of reorganization dated May 31, 1995, Dylex Limited reorganized its share capital and reduced the number of directors on its board from 18 to 11. By certificate of amendment dated September 15, 1995, the Company changed the number of directors from 11 to a minimum of 7 and a maximum of 14. On February 1, 1998, the Company amalgamated with two of its wholly-owned subsidiaries, Dylex Purchasing Limited and Dylex Fashion Inc.

The head office of the Company is located at 637 Lake Shore Boulevard West, Toronto, Ontario, M5V 1A8. Unless the context otherwise requires, references in this annual information form to "Dylex" or the "Company" include Dylex Limited, its predecessors and its subsidiaries.

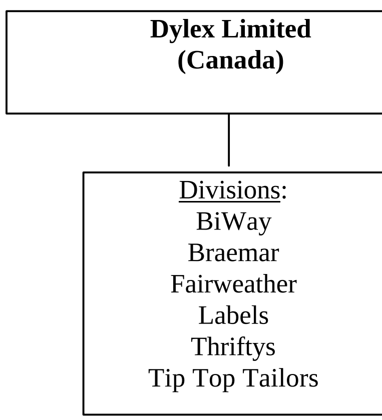
In addition to the amalgamations described above, the following amendments have been made to the articles of the Company:

Date	**Document**	**Substance of Amendment**
July 12, 1983	Certificate of Amendment	Changed legal designation of Class "A" participating preference shares to include the term "non-voting" and removed the limitation on the authorized number of Class "A" non-voting participating preference shares
June 20, 1985	Certificate of Amendment	Increased the number of directors to a minimum of 18 and a maximum of 30
June 26, 1985	Certificate of Amendment	Three-for-one stock split in respect of the issued and outstanding Class "A" Non-voting shares and former common shares
July 4, 1986	Certificate of Amendment	Creation of 2,250,000, 5% per annum, cumulative, redeemable, non-participating, convertible, non-voting Class "C" preference shares
June 26, 1987	Certificate of Amendment	Changed the date the Class "C" preference shares dividend will assume priority over other dividend payments to September 30, 1991
Jan. 25, 1989	Certificate of Amendment	Changed date from which Class "C" preference shares dividend is to accrue to October 1, 1991
Sept. 17, 1990	Certificate of Amendment	Creation of an unlimited number of cumulative, redeemable, non-participating, convertible, non-voting Class "D" preference shares
July 11, 1994	Certificate of Amendment	Reduction of stated capital

Date	Document	Substance of Amendment
May 31, 1995	Certificate of Amendment and Articles of Reorganization	Changed the authorized capital and reduced the number of directors from Eighteen (18) to eleven (11). The existing common shares, Class “A” non-voting shares and Class “C” preference shares outstanding immediately prior to May 31, 1995 were all changed into a new class of common shares (the “Common Shares”) at specified rates. Reduced the stated capital account by the amount of the deficit on the unaudited financial statements as at January 28, 1995
Sept. 15, 1995	Certificate of Amendment	To change the number of Directors of Dylex Limited from 11 to a minimum of 7 and a maximum of 14
Feb. 1, 1998	Certificate of Amalgamation	Amalgamates Dylex Limited with Dylex Fashion Inc. and Dylex Purchasing Limited

Subsidiaries

The following chart sets forth the material subsidiaries of the Company as at the date hereof, their jurisdictions of incorporation, continuance or organization and the percentage of voting securities beneficially owned, or over which control or direction is exercised, by the Company. Those subsidiaries not included in the chart represent, in the aggregate, less than 10% of the total consolidated revenue or total consolidated assets of the Company.



ITEM 2 - GENERAL DEVELOPMENT OF THE BUSINESS

The principal business of the Company is the operation of specialty retail stores in Canada, including women's wear, menswear and family stores. Fashion manufacturing is a secondary dimension of the Company's business.

Substantial Issuer Bid

On March 19, 1998, Dylex made an issuer bid (the "Substantial Issuer Bid") for up to a maximum of 4,000,000 Common Shares, representing approximately 7.9% of the then outstanding Common Shares, at a price of $6.10 per Common Share. The closing price for the Common Shares on The Toronto Stock Exchange (the "TSE") on March 11, 1998 (the day before the Substantial Issuer Bid was made) was $6.10 per Common Share.

The Board of Directors determined that the making of the Substantial Issuer Bid was the optimal use of the Company's resources at the time and should have a long-term positive effect on the market value of the Common Shares and that, accordingly, the Substantial Issuer Bid was in the best interests of the Company. Pursuant to the Substantial Issuer Bid, the Company repurchased 4,000,000 Common Shares. As a result of the announcement of the Substantial Issuer Bid, a normal course issuer bid announced by the Company in January 1998 under the rules of the TSE and the Montreal Exchange (the "ME") was terminated in accordance with the rules of such Exchanges. No Common Shares were purchased under that normal course issuer bid.

Normal Course Issuer Bid

On August 19, 1998, Dylex announced its intention to make a normal course issuer bid for up to a maximum of 4,389,170 Common Shares, representing approximately 10% of the then outstanding Common Shares. Pursuant to the normal course issuer bid, Dylex was entitled to purchase up to the maximum number of Common Shares during the twelve month period, which commenced on August 24, 1998 and ended on August 23, 1999. A total of 1,196,000 Common Shares were purchased by the Company pursuant to this normal course issuer bid. Dylex has not renewed its issuer bid.

General Development of the Business

Strategic Review Process

On August 16, 1999, Dylex announced a profit warning affecting second quarter and fiscal 2000 results. At such time, the Company incurred a one-time write-off of $25 million, resulting in an anticipated net loss of approximately $15 million for the fiscal year. The write-off was made to reduce the value of BiWay's inventory and accounts receivable and to cover the expected costs to restructure internal systems and controls.

On October 21, 1999, Dylex announced that the Board of Directors approved a plan to separate into two units – one focused on specialty fashion retailing and the other on neighbourhood convenience stores. Dylex retained the services of Nesbitt Burns to help facilitate this process and remains committed to supporting BiWay operations while the plan is implemented and will work towards ensuring a financially stable company when the plan is complete.

On December 7, 1999 Dylex announced that it is initiating a strategic review of all its business operations – including the sales of one or all of its divisions. This process is in addition to the separation of the BiWay division from the specialty retail divisions. The Board expanded the mandate of Nesbitt Burns to review all of Dylex's banners in the review process. This decision was based on the view that the sum of the value of Dylex's individual businesses is worth substantially more than the current market capitalization of the Company,

As of this document's publication date, the Company is continuing its Strategic Review process and discussions are proceeding. Time will be required to fully define and evaluate the options before Dylex's Board of Directors can announce any decision.

ITEM 3 - NARRATIVE DESCRIPTION OF THE BUSINESS

Dylex, one of Canada's largest specialty retailers, sells mainstream fashion and family merchandise. Its six wholly-owned business divisions (collectively, the "Divisions" and individually a "Division") are:

- BiWay (offers low prices on a narrow range of general merchandise, food, health-and-beauty aids, and family apparel);
- Braemar (women's tailored clothing and accessories);
- Fairweather (women's career and casual clothing);
- Labels (off-price designer and brand name apparel and family merchandise);
- Thriftys (denim, jeanswear and accessories); and
- Tip Top (mid-priced men's suits and sportswear). Through Tip Top, Dylex also operates its San Remo division (a manufacturer of men's knitwear); and Weston Apparel (a manufacturer of men's suits) both of which sell a substantial proportion of their goods to Dylex outlets.

As of January 29, 2000, Dylex operated an aggregate of 642 stores throughout Canada.

The Company's fiscal year ends on the Saturday closest to January 31, and references in this Annual Information Form are to fiscal years are to the 52- or 53- week period ending on the Saturday closest to January 31 of that year.

In 1997, Management was able to bring financial stability to the Company while eliminating virtually all of its debt and increasing its operating line availability and showing improved cash flow. In 1997, Dylex saw the benefits of the comprehensive restructuring, and began to realize the benefits of repositioning strategies in its operating divisions. During 1997, Dylex achieved its best net earnings since 1985, and increased capital expenditures to $26 million as part of its program to enhance the value of its divisions. In 1997, Dylex also completed the divestiture of its interest in certain wholly-owned businesses and non-strategic operations and assets in order to focus on its remaining wholly-owned Divisions. The result was improved operating efficiencies in all Divisions.

In 1998, Dylex focused on building its internal systems while the Divisions focused on merchandising and store appearance. Dylex spent more than $44 million in 1998 to renew and expand its store portfolio and expand its business infrastructures, including store renovations, the opening of new locations and distribution systems and improvements in information systems. Management believed at this time that the economies of scale gained by centralizing and consolidating key back-office functions would enhance the performance of Dylex's various businesses and reduce costs. Management further believed that this greater administrative and distribution capacity would allow Dylex to efficiently absorb and support additional businesses.

In 1999, Dylex launched a new retailing initiative – Labels. Designed to serve the under-developed off-price market in Canada, Labels stores average 26,000 square feet and offer discounted prices on designer and brand name apparel and family merchandise. As of January 29, 2000, there were 3 Labels locations in operation. Based on the performance of the existing locations, all of which have met or exceeded expectations, Dylex will continue to develop this concept with 6 additional locations scheduled to open in the Spring of 2000.

In 1999, Dylex also initiated a comprehensive strategic review process to enhance shareholder value by reviewing all alternatives relating to its business – including the sale of one or all of its divisions. This process began with the examination of strategic alternatives relating to BiWay and was soon thereafter expanded to encompass each of Dylex's Divisions. The Company is continuing its Strategic Review process and discussions are proceeding on all facets of the business. Additional time is required to fully define and evaluate the options before Dylex's Board of Directors can announce any decision.

Also in 1999, Dylex announced the resignation of Elliott Wahle as President and CEO of the Company. William Anderson has assumed the responsibilities of President and CEO in addition to his role as Chairman of the Board of Directors.

Retail Stores and Operations

General

The Company operates almost exclusively in enclosed shopping malls anchored by two or more major department stores, with the exception of BiWay, which operates in malls, strip shopping centres and stand-alone stores and Labels which operates in Power Shopping Centres. Approximately 66% of Dylex's stores are located in Ontario, with the majority concentrated in major metropolitan markets. The Company does, however, operate stores in smaller markets in which there are fewer competitive specialty retail stores. The following table details the geographic distribution of Dylex's stores, as of January 29, 2000:

	BiWay	**Braemar**	**Fairweather**	**Labels**	**Thriftys**	**Tip Top**	**Total**
Alberta	-	6	9	-	17	16	48
British Columbia	-	5	9	-	18	10	42
Manitoba	-	2	2	-	5	5	14
New Brunswick	10	4	2	-	4	2	22
Newfoundland	9	2	1	-	3	2	17
Nova Scotia	16	2	2	-	9	4	33
Ontario	255	35	38	3	52	43	426
Prince Edward Island	2	-	-	-	-	-	2
Quebec	-	-	8	-	-	16	24
Saskatchewan	-	1	2	-	7	4	14
Total	**292**	**57**	**73**	**3**	**115**	**102**	**642**

As with the majority of retail businesses, the Company's business is seasonal. Historically, approximately 30% of the Company's retail sales are generated during the last three months of its fiscal year, which includes the Christmas season. In addition, a substantial proportion (which varies from year to year depending upon the strength of the Christmas selling season) of the Company's EBITDA is generated during the last three months of the fiscal year.

BiWay

BiWay continues to focus on their mission of becoming Canada's leading community discount store, offering everyday low prices on a narrow range of general merchandise, food, health and beauty aids and family apparel. BiWay's merchandise mix consists of approximately 36.2% soft lines and soft home furnishings, such as apparel and linen, and 63.8% hard lines, such as packaged food, drug, health and beauty aids, toys and seasonal merchandise. Basic practical merchandise is available either year-round, or by season, as appropriate.

As of January 29, 2000, BiWay operated 292 stores, the majority of which are located in Ontario. BiWay stores range in size from 4,200 to 20,600 square feet, averaging approximately 8,762 square feet. BiWay's goal, through an existing store renovation program, is to standardize the average store size to 8,000 square feet by resizing its larger stores. Forty-six stores were renovated in 1999, bringing the total of renovated stores to 163 of the Division's 292 stores.

BiWay's primary competitors are small local chains. BiWay endeavors to differentiate itself from 'big box' discounters, such as Wal-Mart Canada and Zellers, through its merchandise assortment, smaller size and increased convenience and community orientation.

BiWay's marketing and merchandising strategies are aimed at ensuring that incremental business is built on the basis of low price and consumer convenience. The success of the strategy will be based on: strong opening price points, in-depth assortment for key items, low and narrow price bands, deal content, strong in-stock positioning of basics and ad goods and clarity of offer through creative in-store and marketing programs.

BiWay's recorded 1999 sales of $582.9 million, an operating loss of $33.9 million and a decline in same store sales of 4.4%. These results include a $25.0 million write-down taken in the second quarter to reduce the value of BiWay's inventory and to address internal process and control problems. Operations were also negatively impacted by higher operating costs from the start-up of BiWay's new distribution facility, an additional full inventory count to verify the inventory position, and an additional one-time cost to rectify vendor-related issues.

BiWay's sales constituted 54% of fiscal 2000 consolidated sales.

In October 1999, Dylex's Board of Directors announced their decision to separate Dylex into two distinct companies; one focused on fashion retailing and the other on neighbourhood convenience stores. Management is in the process of reviewing and strengthening BiWay's infrastructure to ensure a financially stable company when BiWay is separated from Dylex over the course of upcoming fiscal year.

The following table sets forth selected financial and operating data for BiWay for the periods indicated:

	52 Weeks Ended 000's	
	Jan. 29, 2000	**Jan. 30, 1999**
Sales	$582,928	$587,901
EBITDA	$(33,909)	$16,529
Percent sales growth	(0.8%)	9.6%
Percent sales growth - comparable stores	(4.4%)	7.7%
Number of Stores		
Beginning of Period	284	275
End of Period	292	284

Braemar

Braemar operates 57 stores under the names "Braemar" and "Braemar Petites", targeting women over the age of 30. Braemar revisited their merchandising strategy in 1999 and revised their offering to cater to the slightly younger and more casual customer, while retaining the loyalty of their existing career-minded clientele. Braemar sales associates are trained to assist customers in merchandise selection and wardrobe co-ordination.

Braemar's primary competitors include department stores, such as Sears and The Bay, as well as other women's specialty retailers, such as Laura Shops, Melanie Lynn, Reitmans, Talbot's and Irene Hill.

Braemar will continue to take advantage of their ability to create in-house, private label merchandise. This unique ability enables Braemar to respond to the latest merchandise trends as soon as they emerge. In addition to offering the right products, at the right prices, at the right time, customer service and strong field execution are the cornerstones of this specialty business.

Braemar's 1999 sales of 80.1 million sales constituted 7.4% of fiscal 2000 consolidated sales.

The following table sets forth selected financial and operating data for Braemar for the periods indicated:

	52 Weeks Ended 000's	
	Jan. 29, 2000	**Jan. 30, 1999**
Sales	$80,072	$86,008
EBITDA	$1,558	$5,889
Percent sales growth	(6.9%)	(2.7%)
Percent sales growth - comparable stores	(7.5%)	(2.7%)
Number of Stores		
Beginning of Period	60	60
End of Period	57	60

Fairweather

Fairweather is one of Canada's leading specialty retailers of fashionable women's apparel and accessories. Fairweather offers a distinctive collection of ready-to-wear career separates, dresses, suits, tops, casual wear and accessories, consisting primarily of private label fashions, including the exclusive rights to Daniel Hechter® separates and casual wear and Beechers Brook® career-oriented clothing, complemented by a limited selection of merchandise under other suppliers' labels. Fairweather stores offer a variety of co-ordinated items and an assortment of accessories to enable customers to assemble complete outfits. As of January 29, 2000, Fairweather operated 73 stores in prime locations within major shopping malls throughout Canada, the majority of which are in Ontario. Stores range in size from 3,000 to 14,000 square feet, averaging approximately 6,340 square feet.

Fairweather's primary competitors are department stores, such as Sears, and The Bay, as well as other women's specialty retailers, such as Dalmy's, The Gap, Smart Set, Laura Shops, Tristan and Jacob.

The Company believes that Fairweather has a broad customer base composed primarily of middle-income, fashion-conscious women from the ages of 25 to 40 who seek contemporary styles. Management believes that a majority of Fairweather's customers are career women with limited time to shop, who are attracted to Fairweather by its focused merchandising strategy, personalized customer service, efficient store layouts and continual flow of new merchandise. Fairweather's primary advertising vehicle is its preferred customer mailing, which it mails at certain times of the year to its customer base. Fairweather uses in-store visual merchandising to attract customers and to promote multiple sales. Fairweather also advertises on a limited basis in certain national newspapers and fashion magazines.

Fairweather's sales constituted 12% of fiscal 2000 consolidated sales.

The following table sets forth selected financial and operating data for Fairweather for the periods indicated:

	52 Weeks Ended 000's	
	Jan. 29, 2000	**Jan. 30, 1999**
Sales	$129,619	$124,205
EBITDA	$10,420	$7,718
Percent sales growth	4.4%	1.3%
Percent sales growth - comparable stores	4.0%	0.6%
Number of Stores		
Beginning of Period	74	74
End of Period	73	74

Labels

Labels is Dylex's newest retailing initiative – launched in September 1999. Labels offers brand name merchandise for Canadian families and their homes at 25 – 65% off regular retail prices found at better department stores. Averaging 21,000 square feet, Labels has three stores in operation and plans are underway for three additional locations to open in the Spring.

Labels' targets the 25-49 woman with a household income of $40-80,000. The Labels shopper is likely to be a smart, savvy shopper who knows value and brand names and loves a "deal". She is familiar with off-price shopping and is probably a mom who shops for her household -- her kids, her husband, her home and herself.

Labels' primary competitors are better department specialty stores such The Bay and Sears, as well as other off-price retailers, such as Winners.

Operating three stores in the second half of 1999, Labels recorded sales of $7.1 million in a four month period. Labels sales constituted 0.7% of fiscal 2000 consolidated sales.

The following table sets forth selected financial and operating data for Labels for the periods indicated:

	52 Weeks Ended 000's	
	Jan. 29, 2000	**Jan. 30, 1999**
Sales	$7,083	$-
EBITDA	$(1,384)	$-
Percent sales growth	0.0%	0.0%
Percent sales growth - comparable stores	0.0%	0.0%
Number of Stores		
Beginning of Period	0	0
End of Period	3	0

Thriftys

Thriftys is one of the largest Canadian specialty retailers of jeanswear. It offers a wide selection of popular jeans, including its exclusive private-label, Bluenotes®, which can be co-ordinated with its knit and woven shirts, sweaters, footwear and accessories. Thriftys' selection of denim, and denim related apparel appeals particularly to teenagers and young adults. As of January 29, 2000, Thriftys operated 115 stores in major shopping malls, the majority of which are in Ontario. Stores range in size from 1,400 to 5,000 square feet, averaging approximately 3,077 square feet.

Thriftys' primary competitors are The Gap, Jean Machine, Bootlegger, Pantorama and Levi's Stores, as well as other independent jeanswear retailers, department and specialty stores offering jeans and other casual apparel.

Thriftys continued to deliver a strong performance with a sales increase of 6.4% to $147.2 million and EBITDA rose 5.9% to $21.7 million, an improvement of more than $1 million from 1998.

Thriftys uses in-store visual merchandising to attract customers and to promote multiple sales. In-store merchandising is dynamic and co-ordinated so that all stores feature the same marketing strategy every month. Thriftys utilizes a variety of advertising media, including selective radio advertising, but primarily relies on posters in bus shelters and subways. Thriftys' promotional efforts focus mainly on its use of mall location and attractive store design to generate traffic and reduce the need for other advertising expenses. In fiscal 2000, Thriftys opened its third Bluenotes store, which is located in Yorkdale Mall, Toronto, Ontario. This new concept store will continue to leverage the name of its successful Bluenotes brand. In fiscal 1997, Thriftys opened a prototype jeans store in Square One Shopping Centre in Mississauga, Ontario under the XXXY name. XXXY sells a wide variety of high-priced designer jeans and has a strategy of stocking the latest trends in jeanswear. Based on the market acceptance of the XXXY concept, Thriftys opened 3 additional XXXY locations in 1999. The first of the new XXXY stores opened on Vancouver's Robson Street with a stores on Toronto's Yonge Street and in Calgary's recently renovated Chinook Centre opening soon thereafter.

In 1999, Thriftys renovated/expanded 6 stores and opened 2 new stores. The Division's objective is to increase average store size to an optimum range of 3,200 to 3,500 square feet per store.

Thriftys sales constituted 13.6% of fiscal 2000 consolidated sales.

The following table sets forth selected financial and operating data for Thriftys for the periods indicated:

	52 Weeks Ended 000's	
	Jan. 29, 2000	**Jan. 30, 1999**
Sales	$147,249	$138,419
EBITDA	$21,687	$20,483
Percent sales growth	6.4%	16.8%
Percent sales growth - comparable stores	0.7%	11.3%
Number of Stores		
Beginning of Period	113	109
End of Period	115	113

Tip Top Tailors

Retail Operations

Tip Top Tailors ("Tip Top"), founded in 1909, is one of Canada's largest men's apparel chains offering a wide range of suits, sportcoats, shirts, ties, trousers, casual wear, overcoats and accessories at moderate prices.

As of January 29, 2000, Tip Top operated 102 stores versus 109 the prior year. Operating with seven fewer stores than last year, Tip Top delivered a 45% increase in EBITDA over last year on a sales base that declined $5.8 million from the prior year. Same-store-sales for Tip Top increased 3.2%, reflecting the precision of their current "basics" driven merchandise, promotional and operational strategies. Tip Top's stores range in size from approximately 2,700 to 7500 square feet, averaging approximately 4,255 square feet.

Tip Top created a SuperStore prototype ranging from 7,000-8,500 square feet, located in strip and power centres. To-date, Tip Top has opened 3 big box locations and consumer reaction to this convenient menswear destination store has been very encouraging. Plans are underway to add an additional 9 SuperStores to their portfolio in 2000.

Tip Top primarily competes with department stores, such as The Bay and Sears, as well as other men's specialty stores, such as Moores and Jack Fraser.

Dylex uses its vertically integrated menswear manufacturing operations, San Remo and Weston, as well as other domestic and foreign contract manufacturers to produce apparel in accordance with Dylex's specifications and production schedules. Dylex believes that this combination of owned manufacturing and contract sourcing enables it to efficiently control the pricing, quality and delivery of its products and to effectively utilize the capital resources allocated to the manufacturing process. Both San Remo and Weston are wholly-owned by the Company.

San Remo imports yarn and casual wear, operates a small, highly-automated plant, which produces knitwear, and produces a limited amount of piece-work T-shirts. A major portion of San Remo's manufactured product is sold to Dylex; in fiscal year 2000, San Remo's sales were $19.5 million, 81.9% of which were to Dylex.

Weston, a division of the Company, is a manufacturer of men's tailored clothing. Substantially, all of Tip Top Tailors' men's tailored clothing is manufactured in Weston's plant. Weston obtains raw materials from domestic and foreign sources based upon quality, pricing, fashion trends and availability. In addition to its sales to Tip Top Tailors, Weston sells merchandise to other third-party men's apparel retailers, primarily located in the United States. Weston's fiscal 2000 year sales were $38.2 million, of which 71.19% were to Tip Top Tailors.

Tip Top's sales constituted 12.5% of fiscal year 2000 consolidated sales.

The following table sets forth selected financial and operating data for Tip Top Tailors and its integrated manufacturing operations for the periods indicated:

	52 Weeks Ended 000's	
	Jan. 29, 2000	**Jan. 30, 1999**
Sales	$134,816	$140,569
EBITDA	$6,332	$4,364
Percent sales growth	(4.1%)	(6.8%)
Percent sales growth - comparable stores	3.2%	(0.7%)
Number of Stores		
Beginning of Period	109	120
End of Period	102	109

Administrative Operations

Information Systems

Dylex's information systems include merchandise ordering, processing, distribution and inquiry applications. The Company believes that timely and accurate data capture is critical to the success of its business. Point-of-Sale ("POS") terminals provide daily merchandising data to the merchandise information systems on a store-by-store basis, by individual SKU ("stock keeping units"). POS registers and bar code scanners are located in each store, which makes the register process more effective and accurate. Each Division utilizes its own individual POS system, which has evolved to meet the needs of each individual Division.

The POS systems assist divisional merchandising management in all aspects of inventory control: tracking purchases and receipts, controlling inter-store movement and determining the on-hand inventory in any location. Stock status is monitored at the distribution centre, in individual stores and in transit, by capturing SKU level data (style, size and colour). POS systems permit the generation of reports of merchandise data organized by department, class, category, style and size, with summary historical information. Divisional merchandise planners monitor this detailed information by store, style and size to adjust stock levels against sales rates, merchandise balance and size distribution profiles. Merchandise buyers principally review consolidated information through velocity sales reports, which rank style selling within categories and classes. These timely reports of sales allow the Company's divisions to react quickly to sales patterns to develop sales opportunities.

Divisional store-level merchandise-planning systems allow the merchandise planning and distribution staff to plan unit sales and inventory according to season. Merchandise categories are planned by individual stores and adjusted for seasonality, demographics and trend differences. The planning system is integrated with a comprehensive distribution system facilitating delivery of proper merchandise in a timely fashion.

In 1999 the BiWay division incurred a one-time write-down of $25.0 million in part due to problems in its internal processes and controls. The company engaged an outside consulting firm to assist it in rectifying the issues which include improving internal co-ordination and training of staff in the use of the information systems and further refinements to such information systems. The recommendations of the consultants are in process.

Distribution

Dylex uses a centralized distribution system for their fashion apparel divisions, under which all merchandise is received, inspected, assigned to individual stores, packed for delivery and shipped to the stores. The Company uses advance shipping notices when possible to anticipate delivery of product and schedule on-call employees for merchandise handling. Deliveries are made using a combination of leased trucks and common carriers. Delivery frequency ranges from two to five times a week, depending on the location and size of the store. Such frequent deliveries allow Dylex to adjust inventory at the store level, thus minimizing the total inventory needs and maximizing inventory turns.

The Company operates two main distribution centres in Ontario. It owns a 424,000 square foot distribution centre in Mississauga, with 25 shipping/receiving doors, and leases another 206,000 square foot distribution centre dedicated to BiWay in Toronto, with 37 shipping/receiving doors. The centres are highly automated, utilizing electronic distribution units for hanging and flat merchandise and electronic sorters for cartons. These distribution centres service the Divisions, as well as third-party businesses. The concentration of several retail stores in each shopping mall enables the distribution process to operate on an efficient basis, as fewer stops are necessary, thereby minimizing transportation costs.

In addition, management believes that the distribution centres provide a high degree of control in merchandise flow and inventory integrity, as well as cost savings through reduced product handling and back-room personnel costs at the stores. The Company also leases four other regional warehouses aggregating 57,500 square feet.

The BiWay distribution facility started operations in 1999. Problems were encountered in its implementation, which contributed to the division's operating loss in 1999. The facility is now fully operational.

Third-Party Suppliers

Dylex's buyers shop the domestic and international markets for brand-name merchandise and develop private-label products manufactured by third parties domestically or outside of Canada. Dylex believes that it has an adequate supply of merchandise sourcing available to meet all of its needs. The Company has no long-term contracts with trade suppliers and transacts business principally on an order-by-order basis.

Competition

The retail apparel industry is highly competitive, with selection, price, quality, fashion, service, location and store environment being the principal competitive factors. The Company believes that its vertically-integrated manufacturing structure for men's wear allows it to offer high quality products at competitive prices. While the Company believes that its fashion chains are able to compete favourably with respect to each of these factors, the Company believes it competes mainly on the basis of merchandise selection and customer service. Furthermore, the Company's success in its fashion chains is largely dependent upon its ability to gauge the tastes of its customers and provide merchandise that satisfies customer demand. Although the Company generally responds to customer demand rather than creating new fashions, misjudgements of changes in trends could have a material adverse affect on the Company's operations and cash flow.

Properties

Dylex owns its 270,000 square foot headquarters facility in Toronto, Ontario. The Toronto office houses the executive and corporate group, as well as the head office functions for BiWay, Tip Top Tailors, Thriftys, Fairweather, Braemar and Labels.

In addition to its head office, the Company owns a major distribution and warehousing facility in Mississauga, Ontario, including the land on which it is situated. Such facility is used to service the Divisions. The Company also leases a 37,000 square foot distribution and warehousing facility in St. Laurent, Quebec and three other warehouses ranging from 3,000 to 12,000 square feet in Richmond, British Columbia, Calgary, Alberta and Dartmouth, Nova Scotia. The Company also owns an 80,000 square foot manufacturing plant in Toronto where Weston conducts its operations.

The company also leases a 206,000 square foot distribution centre in Etobicoke, Ontario for BiWay, which became operational in March 1999.

Dylex owns four BiWay stores and leases all others. The leased stores are located primarily in major regional shopping centres, strip plazas and free-standing locations. The Company does not operate any retail locations in the United States. The Company's stores are generally open seven days per week (where permitted by law) and three to six nights per week.

Dylex's leased premises are governed by operating leases, which typically provide for monthly rental payments, plus a percentage of gross receipts in excess of certain sales levels. Leases typically have an initial term of approximately 10 years and some contain a renewal option. In each case, the particular terms of the proposed lease are major factors in determining whether to open a store at that site. Dylex has not experienced problems renewing its leases, but no assurance can be given that the Company can renew existing leases on favourable terms.

Employees

At January 29, 2000, the Company employed approximately 13,310 people in Canada. Associates of the Company are not subject to collective union agreements, other than at the Weston Apparel manufacturing operation of Tip Top Tailors, which has unionized associates totalling approximately 312 people.

Trademarks and Licensing

The Company uses numerous trademarks, service marks and trade names in its business, including BiWay®, Bluenotes®, Thriftys®, Tip Top Tailors®, Fairweather®, Beechers Brook®, Blue Rodeo® and other related trademarks. In addition to the use of its own trademarks, through licensing or sub-licensing arrangements the Company utilizes other trademarks to manufacture and/or distribute apparel under names, such as British Open®. Such licensing or sub-licensing arrangements generally provide for royalty payments based upon a percentage of sales, minimum royalties and advertising minimums. While management believes that products and services underlying its trade names and trademarks are of great importance to the Company and that such trade names and trademarks as a whole are of material importance to the Company's businesses, none individually is material to the Company's business.

Impact of the Year 2000 Issue

Dylex has moved into the new millennium with all material systems functioning normally and the Company has not encountered any significant problems as of April 7, 2000. Dylex will remain vigilant in system reviews as the year progresses.

While Dylex continues to be in contact with its suppliers and customers to determine the extent to which it may still be vulnerable (if at all) to third party failure to address Y2K issues, the Year 2000 issue did not have a materially adverse impact on the Company's 1999 results.

ITEM 4 - SELECTED CONSOLIDATED FINANCIAL DATA

Five Year Summary

Thousands of dollars, except per share and ratio data	Year Ended January 29, 2000	Year Ended January 30, 1999	Year Ended January 31, 1998	Year Ended February 1, 1997	Year Ended February 3, 1996
STATEMENT OF EARNINGS					
Sales	$1,081,767	$1,077,102	$1,022,094	$1,236,428	$1,299,050
Earnings before interest, taxes and depreciation	(5,101)	47,538	40,269	48,309	41,801
Earnings (loss) before interest and taxes	(26,319)	32,375	26,646	29,020	22,615
Interest expense	3,464	1,599	599	7,088	8,810
Non-recurring gains (losses) and CCAA costs	(6,000)	(10,200)	20,401	5,839	(7,103)
Earnings (loss) before taxes and non-controlling interest	(35,783)	20,576	46,448	27,771	6,702
Net earnings (loss)	(36,387)	19,991	46,202	22,855	1,886
PER SHARE					
Net earnings (loss)	$ (0.73)	$ 0.39	$ 0.91	$ 0.52	$ 0.05
Fully diluted earnings	N/A	0.38	0.82	0.48	N/A
STATEMENT OF FINANCIAL POSITION					
Total working capital	$ 29,648	$ 96,046	$ 107,266	$ 70,443	$ 57,295
Total assets	313,384	318,262	274,232	276,711	314,206
Total long-term debt	6,662	5,120	1,540	15,279	61,828
Total liabilities	168,231	133,302	103,182	147,914	233,982
Shareholders' equity	145,153	184,960	171,050	128,797	80,224
OPERATING DATA					
Percent sales growth	0.4	5.4	(17.3)	(4.8)	(25.7)
Percent sales growth - comparable stores	(1.9)	5.1	(0.9)	(4.1)	(4.0)
Number of stores - beginning of period	640	638	703	732	823
Store openings	30	28	23	11	47
Store closings	(28)	(26)	(88)*	(40) **	(138)
Number of stores - end of period	642	640	638	703	732
FINANCIAL RATIOS					
Working capital ratio	1.2:1	1.8:1	2.2 :1	1.6 : 1	1.4 :1
Book value per share	2.91	3.64	3.36	2.56	1.92
Inventory turnover	3.4	3.3	3.5	3.7	3.9
Return on average equity - percent	-	11.2	30.8	21.9	2.4
Debt to equity	0.05:1	0.03:1	0.01 :1	0.12 :1	1.77 :1
Weighted average shares outstanding	50,173	50,455	50,652	43,768	41,684
Number of shares outstanding	49,946	50,817	50,905	50,327	41,684

* - Store closing includes the disposal of the Club Monaco chain in 1997.

** - Store closing for 1996 includes the disposal of the Harry Rosen chain.

The foregoing consolidated financial data for Dylex for the last five completed fiscal years, presented in summary form, is derived from the audited consolidated financial statements of Dylex. The following are the notes to the summary:

Note 1: The Company's net income for the fiscal year ended February 3, 1996 is net of:

- a restructuring charge of \$3.6 million for severance and other costs associated with financial restructuring, which was partially offset by a gain on the sale of the shares in The Wet Seal, Inc.,
- losses from associated companies of \$3.2 million which, amongst other items, includes the write-down of shares in The John Forsyth Company Inc. to market value,
- a \$3.5 million provision against Dylex's investment in Pacific Linen, Inc., and
- income taxes and minority interest expenses of \$1.6 million.

Note 2: The Company's net income for the fiscal year ended February 1, 1997 includes a gain on the sale investments of \$5.8 million.

A reconsideration of generally accepted accounting principles applicable to comprehensive revaluations has concluded that no recognition should be given to fair values other than those applicable to identifiable assets included in the Company's consolidated statement of financial position.

Accordingly, the consolidated financial statements for the periods presented have been restated to eliminate the initial recognition of goodwill in the amount of \$16,744,000 and to eliminate the subsequent impact on reported earnings of the amortization of such goodwill. The effect of this restatement is to reduce the Company's shareholders' equity by \$16,744,00 as at January 28, 1995 and subsequent reporting periods and increase net income for the 53 weeks ended February 3, 1996 by \$546,000.

Note 3: The Company's net income for the fiscal year ended January 31, 1998 includes a net gain on investing activities of \$20.4 million. This net gain includes:

- a gain on the sale of Club Monaco Inc. of \$17.6 million; and
- a \$2.8 million gain resulting from the disposition of other investments and the favourable settlement of litigation.

Note 4: The Company took a charge of \$10.2 million the 3rd quarter of the fiscal year ended 1999. This charge relates to the strategic repositioning of Tip Top Tailors.

Note 5: The Company's net loss for the fiscal year ended January 29, 2000 includes the following:

- a one-time write-off of \$25 million to reduce the value of BiWay's inventory, accounts receivable and to cover the expected restructuring costs.
- a charge of \$6 million relating to the costs associated with reorganizing of the Company's corporate division.

Quarterly Results

The following table provides selected consolidated financial data for Dylex for the last eight quarters ending with the most recently completed fiscal year, in thousands of dollars, except per share data (per share results presented in quarterly comparative figures may differ from cumulative comparative figures due to rounding):

		NET EARNINGS (LOSS)	
Period Ended	**Sales**	**Amount**	**Per Share**
January 29, 2000	$328,641	$20	$-
October 30, 1999	270,751	(7,575)	(0.15)
July 31, 1999	250,974	(22,545)	(0.45)
May 1, 1999	231,401	(6,296)	(0.12)
January 30, 1999	332,634	$24,252	0.48
October 31, 1998	274,680	(3,023)	(0.06)
August 1, 1998	252,947	2,777	0.06
May 2, 1998	216,841	(4,096)	(0.08)

Payment of Dividends

The declaration and payment of dividends on the Common Shares of the Company is at the discretion of the Board of Directors of the Company.

ITEM 5 - MANAGEMENT'S DISCUSSION AND ANALYSIS

Please refer to pages 18 through 25 of the Company's 1999 Annual Report, the entirety of which is incorporated herein by reference.

ITEM 6 - MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSE under the symbol DLX.

ITEM 7 - DIRECTORS AND OFFICERS

Directors and Officers

The following table sets forth the name, municipality of residence, position held with the Company and principal occupation for each of the directors and senior officers of the Company. During the last five years, each of the persons listed below has been engaged in their current principal occupation or in other executive or managerial capacities with the companies indicated opposite their names, except as otherwise indicated. Directors are elected to serve until the next annual meeting of shareholders or until their successor is appointed. All of the directors of the Company have been directors since 1995, other than Susan Murray and Allister Graham (who became directors on June 4, 1997) and Norman Latowsky (who became a director in 1994).

The number of Common Shares beneficially owned, directly or indirectly, or over which control or direction was exercised by all directors and senior officers of the Company at January 29, 2000 was 625,694.

Name and Municipality of Residence	Position	Principal Occupation
William J. Anderson(C)(1) Toronto, Ontario	Chairman of the Board, President, and Chief Executive Officer	President and Chief Executive Officer of the Company
The Honourable William Davis(A)(D)(2), P.C., C.C., Q.C. Brampton, Ontario	Director	Counsel to Torys (law firm)
Maureen Farrow(B)(E)(3) Toronto, Ontario	Director	President of Economap Inc. (Economic Advisor)
Dr. James Gillies(D)(E)(4) Thornhill, Ontario	Director	Professor Emeritus of Policy, Schulich School of Business, York University
Allister Graham(B)(C)(5) Toronto, Ontario	Director	Former Chairman and CEO, The Oshawa Group Limited
Norman Latowsky(A)(B)(C)(6) Toronto, Ontario	Director	Director of the Company
Susan Murray(A)(D)(7) Toronto, Ontario	Director	Founder and CEO, S.A. Murray Consulting Inc.
Graeme Eadie(8) Toronto, Ontario	Executive Vice President, Chief Financial Officer and Corporate Secretary	Executive Vice President, Chief Financial Officer and Corporate Secretary of the Company
David Beiles(9) Toronto, Ontario	Vice President, Logistics	Vice President, Logistics of the Company
Ian Bradley(10) Mississauga, Ontario	Vice President, Finance and Administration	Vice President, Finance and Corporate Administration of the Company
Susanne Laperle(11) Toronto, Ontario	Vice President, Human Resources	Vice President, Human Resources of the Company
Cathie McDowell(12) Toronto, Ontario	Vice President, Business Technology	Vice President, Business Technology of the Company
Ian Young(13) Toronto, Ontario	Vice President, Business Development	Vice President, Business Development of the Company

(A) Denotes member of the Compensation Committee.

(B) Denotes member of the Audit Committee.

(C) Denotes member of the Executive Committee.

(D) Denotes member of the Governance Committee.

(E) Denotes member of the Pension Advisory Committee.

(1) William Anderson is Managing Director of Trident Advisors Inc., a private investment company and is Chairman, President and Chief Executive Officer of Dylex Limited. See the more detailed description of Mr. Anderson's background below.

(2) The Honourable William G. Davis, P.C., C.C., Q.C., is Counsel to Torys, Barristers and Solicitors. Mr. Davis was the Premier of the Province of Ontario from 1971 to 1985 and was a Member of the Ontario Legislature from 1959.

(3) Maureen Farrow is President of Economap Inc., a consulting company specializing in strategic economic advisory services for business and government, which she founded in 1992. From 1994 to Fall 1999 Ms. Farrow served as Executive Vice President and Director of Economics and Portfolio-Equity Strategy of Loewen, Ondaatje, McCutcheon Limited. From 1980 to 1992, Ms. Farrow was a partner with The Coopers & Lybrand Consulting Group. From 1997 to 1999 Ms. Farrow served as President of the C.D. Howe Institute.

(4) Dr. James Gillies is Professor Emeritus of Policy and former Chairman and Director of the Max Bell Business-Government Studies Program in the Schulich School of Business at York University.

(5) Allister Graham is the former Chairman and Chief Executive Officer of the Oshawa Group Limited. Mr. Graham served in this capacity for 9 years prior to Oshawa being acquired by Sobeys Canada Inc. in 1998.

(6) Norman Latowsky is the former Chairman and Chief Executive Officer of The UCS Group, a division of Imasco Limited, having previously served as President of The UCS Group for 11 years.

(7) Susan Murray is the founder and Chief Executive Officer of SAMCI, a national leader in Canadian government relations.

(8) Graeme Eadie joined Dylex in October 1995 as Executive Vice President and Chief Financial Officer. Mr. Eadie was also appointed Corporate Secretary of the Company in April 2000. Prior to joining Dylex, Mr. Eadie served as President of The Cadillac Fairview Corporation Limited, which he joined in 1979. See the more detailed description of Mr. Eadie's background below.

(9) David Beiles was appointed Vice President, Logistics of the Company in June 1992. Mr. Beiles was Vice President, Corporate Development of the Company from July 1988 to June 1992.

(10) Ian Bradley was appointed Vice President, Finance and Administration of the Company in February 1999. Prior to that, Mr. Bradley was an independent consultant from 1997 to 1999 working for Dylex and other companies. Prior to that, Mr. Bradley was General Manager & President of Mattel Canada Inc. from 1988 to 1997 and Chief Financial Officer of Mattel from 1983 to 1987. From 1980 to 1983, Mr. Bradley was Chief Financial Officer of Ethicon Sutures (a Johnson & Johnson Company). Mr. Bradley is a Chartered Accountant.

(11) Susanne Laperle was appointed Vice President, Human Resources of the Company in February 1996. Prior to that, Ms. Laperle was a Senior Consultant for J.C. Williams Group from October 1993 to February 1996. Ms. Laperle was Vice President, Human Resources and Communications of Woodward's Stores Limited from September 1991 to June 1993.

(12) Cathie McDowell joined Dylex in August 1999 as Vice President, Business Technology. Prior to joining Dylex, Ms. McDowell was the Vice President of Merchandising, Retail & Finance Systems with the Oshawa Group. Ms. McDowell joined the company in 1993 and held the position of Director of Retail Technology for the Oshawa Foods division prior to her appointment as Vice President. Between 1987 and 1993 Ms. McDowell was with Catalina Marketing where she was Vice President Retail Operations & Services since 1989.

(13) Ian Young was appointed Vice President, Business Development in February 1999. Mr. Young was Vice President, Finance for the Company from April 1996 to February 1999. Prior to that, Mr. Young was Corporate Controller for the Company from January 1994 to April 1996. Prior to that, Mr. Young was Director of Finance of Steel, a former division of the Company, from August 1993 to December 1993. Prior to that, Mr. Young was Financial Controller of Argos PLC, a catalogue retailer in Milton Keynes, England, from June 1992 to July 1993.

Executive management at the Company play a key role in the implementation of the Company's strategic plan. The following is a brief summary of their positions prior to their joining the Company:

William Anderson, served as President and Chief Executive Officer of Inverness Petroleum Ltd. ("Inverness") from 1984 to 1993 and became its Chairman in 1988. Mr. Anderson served as Chairman of Inverness until January 1996. Mr. Anderson also served as Executive Vice President of Paloma Partners Management Company ("Paloma") from October 1993 to November 1995 and Managing Director from November 1995 to March 1996. Mr. Anderson was President of Silverton Management Company Limited from 1996 to June 1998. Mr. Anderson is currently Managing Director of Trident Advisors Inc., a private investment company and is Chairman, President and Chief Executive Officer of Dylex Limited.

Graeme Eadie, the Executive Vice President, Chief Financial Officer and Corporate Secretary of Dylex Limited, joined the Company in October 1995. Mr. Eadie was also appointed Corporate Secretary of the Company in April 2000. From 1993 to 1995, Mr. Eadie was President and Chief Operating Officer of The Cadillac Fairview Corporation Limited. Mr. Eadie also held various prior positions in the development, financial and operations areas at Cadillac Fairview, including Executive Vice President and Chief Operating Officer from 1989 to 1993 and Executive Vice President and Chief Financial Officer from 1987 to 1989.

Division Presidents

The following individuals are the divisional presidents:

Name	Division	Division President Since
William Aziz	BiWay	August 1999
Mickey Maklin	Thriftys	April 1993
Conrad LeDrew	Tip Top Tailors	September 1998
Louis-Philippe Vanier	Fairweather, Labels	May 1999 & February 2000
Richard Weinstein	Braemar	May 1999

William Aziz has been the President of BiWay since August 1999. Prior to joining the Company, Mr. Aziz was Chairman, President and Chief Executive Officer of White Rose Crafts and Nursery Sales Limited from 1998 to 1999. Prior to that, Mr. Aziz was President and Chief Restructuring Officer of Interlink Freight Systems Inc. from 1996 to 1997 and President and Chief Executive Officer of Agnew Group Inc. from 1991 to 1996.

Mickey Maklin has been the President of Thriftys since April 1993. Prior to becoming president, Mr. Maklin served as Vice President and Co-General Manager of Thriftys from 1983 to 1991 and Senior Vice President and Co-General Manager of Thriftys from 1991 to 1993.

Conrad LeDrew has been the President of Tip Top Tailors since September 1998. Prior to joining the Company, Mr. LeDrew was President of the Bootlegger chain of Comark Inc. for eight years. Prior to that, Mr. LeDrew held increasingly senior positions in the Dylex organization in both men's and women's fashions.

Louis-Philippe Vanier has been the President of Fairweather since May 1999. Prior to joining the Company, Mr. Vanier held senior international posts with DFS Group LP (Duty Free Stores), most recently as President, North America for 2 years and previous to that, as President Taiwan for 8 years. Mr. Vanier gained his early retail experience with the Hudson's Bay Company, and held a number of management positions in the Montreal market during his 11 years tenure.

Richard Weinstein has been the President of Braemar since May 1999. Prior to becoming the president, Mr. Weinstein served as Vice President, Merchandising of Thriftys from September 1993 to May 1999. Prior to that, Mr. Weinstein held increasingly senior positions with various large U.S. retailers such as Dayton Hudson Corp. and Fingerhut Corp.

ITEM 8 - ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company's information circular for its most recent annual meeting of shareholders. Additional financial information is provided in the Company's consolidated and comparative audited financial statements and notes thereto for the year ended January 29, 2000. The Company will provide any person upon request to the Corporate Secretary of the Company, 637 Lake Shore Boulevard West, Toronto, Ontario, M5V 1A8, any of the following documents:

1. one copy of the annual information form of the Company, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the annual information form;

2. one copy of the consolidated financial statements of the Company for its most recently completed financial year, together with the accompanying report of the auditor and one copy of any interim financial statements of the Company subsequent to the financial statements for its most recently completed financial year; and/or

3. one copy of the information circular of the Company in respect of its most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared in lieu of that information circular, as appropriate.

When the securities of the Company are in the course of a distribution pursuant to a short form prospectus or if a preliminary short form prospectus has been filed by the Company in respect of a distribution of securities, the foregoing documents will be provided free of charge. At other times, the Company may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Company.