

MATERIAL CHANGE REPORT

1. *Reporting Issuer:*

Dylex Limited
150 Ferrand Drive
Suite 100
Toronto, Ontario
M3C 3E5

2. *Date of Material Change:*

May 16, 2001

3. *Press Release:*

A press release was issued on May 16, 2001 at Toronto, Ontario.

4. *Summary of Material Changes:*

On May 16, 2001 Dylex Limited ("Dylex") announced that the capital reorganization involving Hardof Wolf Group Inc. ("HWGI") was successfully completed. Shareholders of Dylex will receive \$1.30 for each of their Dylex shares. As a result of the capital reorganization, all of the outstanding shares of Dylex are now held by HWGI.

5. *Full Description of Material Changes:*

On May 16, 2001 Dylex announced that a proposed capital reorganization, which was the subject of a March 27, 2001 press release and a prior material change report and which was overwhelmingly approved by the shareholders of Dylex at the special meeting of shareholders held on May 15, 2001, was successfully completed. The special resolution to permit HWGI to acquire all of the issued and outstanding Dylex shares at a price of \$1.30 per share received the support of approximately 98% of the votes cast by shareholders. Accordingly, shareholders of Dylex will receive \$1.30 for each of their Dylex shares. As a result of the capital reorganization, all of the outstanding shares of Dylex are now held by HWGI.

Dylex operates two businesses: BiWay, a neighbourhood general merchandise retailer and Fairweather, a retailer of business and casual apparel for Women.

HWGI is a private company, the principals of which have extensive retail experience in the United States.

6. *Confidential Filing:*

Not Applicable.

7. *Omitted Information:*

None.

8. *Senior Officer*

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

Hardof Wolf
Chairman
(212) 621-4782

9. *Statement of Senior Officer:*

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto this 23rd day of May, 2001.

DYLEX LIMITED

“Hardof Wolf”

Hardof Wolf
Chairman