Form 27

SECURITIES ACT (Ontario)

MATERIAL CHANGE REPORT UNDER SECTION 75(2) OF THE ACT

NOTE: This form is a guideline only. A letter or other document may be used if the substantive provisions of this form are complied with.

WHERE THIS REPORT IS FILED ON A CONFIDENTIAL BASIS PUT AT THE BEGINNING OF THE REPORT IN BLOCK CAPITALS "CONFIDENTIAL——S.75"

ITEM 1 —— Reporting Issuer:

State the full name and address of the principal office in Canada of the reporting issuer.

Telepanel Systems Inc.
245 Riviera Drive
Markham, Ontario
L3R 5J9

ITEM 2 —— Date of Material Change:

January 18, 2000

ITEM 3 —— Press Release:

State the date and place(s) of issuance of the press release issued pursuant to section 75(1) of the Act.

January 18, 2000 Canada News Wire

ITEM 4 —— Summary of Material Change:

Provide a brief but accurate summary of the nature and substance of the material change.

The entry into an exclusive, worldwide, remarketing agreement with IBM, particulars of which are contained in the attached press release.

ITEM 5 —— Full Description of Material Change:

Supplement the summary required under Item 4 with the disclosure which should be sufficiently complete to enable a reader to appreciate the significance of the material change without reference to other material. Management is in the best position to determine what facts are significant and must disclosure those facts in a meaningful manner. See also Item 7.

This description of the significant facts relating to the material change will therefore include some or all of the following: dates, parties, terms and conditions, description of any assets, liabilities or capital affected, purpose, financial or dollar values, reasons for the change, and a general comment on the probable impact on the reporting issuer or its subsidiaries. Specific financial forecasts would not normally be required to comply with this form.

The above list merely describes examples of some of the facts which may be significant. The list is not intended to be inclusive or exhaustive of the information required in any particular situation.

See attached press release

ITEM 6 —— Reliance on Section 75(3) of the Act:

If the report is being filed on a confidential basis in reliance on section 75(3) of the Act, state the reasons for such reliance.

N/A

INSTRUCTION:

Refer to section 75 of the Act and to the Regulation concerning continuing obligations in respect of reports filed pursuant to section 75(3) of the Act.

ITEM 7 —— Omitted Information:

In certain circumstances where a material change has occurred and a material change report has been or is about to be filed but section 75(3) of the Act will no longer or will not be relied upon, a reporting issuer may nevertheless believe one or more significant facts otherwise required to be disclosed in the material change report should remain confidential and not be disclosed or not be disclosed in full detail in the material change report.
State whether any information has been omitted on this basis and provide the reasons for any such omission in sufficient detail to permit the Commission to exercise its discretion pursuant to section 140(2) of the Act.

The reasons for the omissions may be contained in a separate letter filed as provided in section 4 of the Regulation.

N/A

ITEM 8 —— Senior Officers:

To facilitate any necessary follow-up by the Commission, give the name and business telephone number of a senior officer of the reporting issuer who is knowledgeable about the material change and the report or an officer through whom such senior officer may be contacted by the Commissions.

GREGORY P. MILLER
Vice-President and Secretary
(905) 477-7877

ITEM 9 —— Statement of Senior Officer:

Include a statement in the following form signed by a senior officer of the reporting issuer:—

The foregoing accurately discloses the material change referred to herein.

DATED at Markham, in the Province of Ontario, this 6th day of April, 1999.

"GREGORY P. MILLER" Vice-President
(Name and Office)

FOR IMMEDIATE RELEASE: January 18, 2000.

CONTACTS:

In Canada -	In the US-	
Chris Skillen	Irving Straus	Mallory Factor
President & CEO	Straus Communications	Mallory Factor Inc.
Telepanel Systems Inc.		
(905)-477-7877	(212)-768-2477	(212)-350-0000

Internet: www.telepanelsystems.com

TELEPANEL AND IBM ENTER STRATEGIC ALLIANCE TO PROVIDE ESLs THROUGH A WORLDWIDE MARKETING AGREEMENT

TORONTO, Canada - January 18, 2000 - Telepanel Systems Inc. (TSE:TLS and OTC:TLSXF), the leader in electronic shelf label systems for retail stores, announced that IBM has entered into a four-year, renewable, worldwide, remarketing agreement under which IBM will sell Telepanel electronic shelf labels as its electronic shelf label product.

This new, expanded alliance culminates a seven year relationship with IBM during which Telepanel has evolved its leading, wireless ESL product while IBM has assisted its customers with retail automation to take advantage of a full function electronic shelf label. "This is a company defining transaction which validates Telepanel, our technology, and the ESL world market," said Chris Skillen, President and CEO of Telepanel. In anticipation of this agreement, IBM and Telepanel have been actively marketing the ESL solution to major retailers in both North America and Europe.

Under the terms of the agreement, Telepanel is providing IBM with exclusive world marketing rights for its electronic shelf label products and IBM is responsible for actively marketing, selling, and supporting Telepanel products to retailers worldwide using its resources. The agreement allows Telepanel's existing remarketers: Fleming, SuperValu, Bozzuto's and Riva to work directly with Telepanel to continue to meet the needs of their customers.

This relationship provides IBM customers with the combined advantages of IBM's scope and retail expertise and Telepanel's cost effective leading ESL Technology and advanced marketing techniques. It also anticipates joint development by augmenting Telepanel's engineering capabilities with the substantial R & D expertise at IBM. Through this alliance, IBM is providing Telepanel with development funding of $1.6 million to further develop Telepanel offerings and its technologies.

“This new relationship with IBM Retail Store Solutions through both a distribution and technology alliance provides the best possible ESL solution to the marketplace," said Chris Skillen. "IBM is the dominant retail automation vendor to the ESL target market. The scope and technology advantages both companies bring to the arrangement allow us to achieve both the price point and technology to continue to precipitate and lead the multi-billion dollar ESL market."

Mr. Skillen went on to say, "the ESL sector is ready, it is a very large, self-evident market whose time has come. The early dissipation of Y2K issues will further accelerate market acceptance. Pricing accuracy, increased number of price changes, advanced merchandising techniques and scarce labor are the main drivers of the need for ESLs."

Telepanel is the leader in developing wireless electronic shelf labeling systems for retail stores. Telepanel display modules are placed on the edge of store shelves to show a product's price and other information. Prices are changed by a radio communications link to the store's cash registers, to provide accurate and up-to-date pricing.

Telepanel's new proprietary Millennium *PLUS* technology delivers to the market an advanced, wireless, high bandwidth, radio frequency communications technique that makes use of unlicensed communications bands in North America and Europe. Millennium *PLUS* leads the industry in low cost, reliable, high throughput communication to tens of thousands of wireless devices within each customer space.

Approximately 2,000,000 Telepanel wireless display modules are presently installed and operating throughout the United States, Canada, and in Europe. Telepanel installations are at such premier supermarkets and warehouse chains as Adam's Super Food Stores, A & P, Stop & Shop, Loblaws, Big Y, Reasor's, Wakefern, Grand Union, Sam's Clubs, Shaw's, Brown's, Doll's, Berks, Ellington, Port Richmond, Stew Leonard's, Champion, Leclerc, Intermarche, SPAR, and Super U and at Universal Studios, Hollywood.

This press release includes forward looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements do not constitute historical facts and involve risks and uncertainties, including, but not limited to, the possibility that adverse economic or other factors may cause actual results to be materially different than current estimates and projections. Additional detailed information concerning a number of factors that could cause actual results to differ materially from the information contained in this press release is contained in the reports and other documents of Telepanel filed with the Securities and Exchange Commission from time to time.