MATERIAL CHANGE REPORT

PURSUANT TO

SECTION 85(1) OF THE SECURITIES ACT (BRITISH COLUMBIA)
SECTION 118(2) OF THE SECURITIES ACT (ALBERTA)
SECTION 84(1) OF THE SECURITIES ACT (SASKATCHEWAN)
SECTION 75(2) OF THE SECURITIES ACT (ONTARIO)
SECTION 73 OF THE SECURITIES ACT (QUEBEC)
SECTION 81(2) OF THE SECURITIES ACT (NOVA SCOTIA)
SECTION 76(2) OF THE SECURITIES ACT (NEWFOUNDLAND)

ITEM 1: REPORTING ISSUER

The T. Eaton Company Limited (the "Company")

ITEM 2: DATES OF MATERIAL CHANGES

December 10, 1998 and December 15, 1998

ITEM 3: PRESS RELEASES

Press releases relating to the material changes were released on December 10, 1998 and December 15, 1998.

ITEM 4: SUMMARY OF MATERIAL CHANGE

On December 10, 1998, the Company announced details respecting its revised Revised Forecast Consolidated Statement of Earnings" for the fiscal year ending January 30, 1999. The Company announced in a press release dated November 16, 1998 and a material change report dated November 24, 1998 its intention to revise the Revised Forecast Consolidated Statement of Earnings included with the second quarter report to shareholders dated September 11, 1998. Management noted that while the Company has experienced significant success in the expansion of its fashion and soft goods businesses, sales growth has not been as rapid as estimated. Management believes that the unusually warm Canadian weather experienced in the third quarter will continue to have an adverse effect on fall and winter apparel sales and that continued uncertainty in consumer confidence will negatively affect industry apparel sales in the fourth quarter.

On December 15, 1998, the Company announced the appointment of Brent Ballantyne, Chairman of the Board of Directors, as the President and Chief Executive Officer of the Company effective immediately.

ITEM 5: FULL DESCRIPTION OF MATERIAL CHANGE

See Appendix A attached hereto for the "Revised Forecast Consolidated Statement of Earnings. See Appendix B attached hereto for a full description of the appointment of Mr. Ballantyne.

ITEM 6: RELIANCE ON CONFIDENTIALITY SECTION OF THE ACT

Not applicable

ITEM 7: OMITTED INFORMATION

Not applicable

ITEM 8: SENIOR OFFICER - FOR FURTHER INFORMATION CONTACT:

Harold (Hap) S. Stephen
Executive Vice-President and Chief Financial Officer
290 Yonge Street, 7th Floor
Toronto, Ontario M5B 1C8
Phone: (416) 349-7111 Ext. 5011
Fax: (416) 349-7126

ITEM 9: STATEMENT OF SENIOR OFFICER

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto this 16th day of December, 1998

The T. Eaton Company Limited

"Harold (Hap) S. Stephen"
Harold (Hap) S. Stephen
Executive Vice-President and Chief Financial Officer

IT IS AN OFFENCE FOR A PERSON TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THIS REGULATION THAT AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.

APPENDIX A

UNAUDITED

THE T. EATON COMPANY LIMITED
REVISED FORECAST CONSOLIDATED STATEMENT OF EARNINGS

For the Fiscal Year Ending January 30, 1999
(millions of dollars, except per share amounts and number of shares)

	Actual 40 Weeks Ended November 7, 1998	Forecast 12 Weeks November 8, 1998 - January 30, 1999	Forecast Fiscal Year Ended January 30, 1999
REVENUE	1,131	505	1,636
Cost of merchandise sold	763	338	1,101
Gross margin	368	167	535
EXPENSES			
Operating, administrative and selling	399	133	532
Depreciation and amortization	21	9	30
	420	142	562
Operating earnings (loss) before interest	(52)	25	(27)
Interest expense	10	3	13
Operating earnings (loss)	(62)	22	(40)
Unusual items	(29)	3	(32)
Earnings (loss) before income taxes	(91)	19	(72)
Provision for (recovery of) income taxes	(11)	(2)	(13)

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Earnings (loss) before earnings from discontinued operations	(80)	21	(59)
Earnings from discontinued operations	26	4	30
Net earnings (loss) for the period	(54)	25	(29)
Earnings (loss) per common share			
Before discontinued operations			$(3.22)
Discontinued operations			1.61
Net loss per common share			$ 1.61
Weighted average number of shares (000's):			18,436

THE. T. EATON COMPANY LIMITED

NOTES TO REVISED FORECAST CONSOLIDATED STATEMENT OF EARNINGS AND SIGNIFICANT ASSUMPTIONS - DECEMBER 10, 1998
Fiscal Year Ending January 30, 1999

1. PURPOSE OF THE UPDATED FORECAST CONSOLIDATED STATEMENT OF EARNINGS

This is an update to the forecast that was included in the second quarter report to shareholders dated September 11, 1998 (``the September 11, 1998 Forecast'').

During the third quarter, the Company continued its strategic repositioning, which involves the closure of its major appliances and consumer electronics businesses in all locations by the end of this fiscal year, the reduction of its toy, furniture and restaurant businesses in many locations, and expansion of the more profitable fashion and soft goods businesses.

The Company's original forecast assumed the continuation in fiscal 1998 of sales growth similar to that experienced by the industry in fiscal 1997 for department store type merchandise in the goods in which the Company sells. In addition, the original forecast assumed a decrease in the use of heavy promotional discounting as a result of the implementation of the Company's market positioning, marketing and merchandising initiatives.

While the Company has experienced considerable success in the expansion of its fashion and soft goods business, the growth has not been as rapid as planned. Continued uncertainty in consumer confidence has resulted in lower industry apparel sales and unseasonably warm weather in the third quarter and early into the fourth quarter has had an adverse effect on fall and winter apparel sales. These factors, and their consequential impact on inventory levels of the Company and its competitors, have created a volatile retail marketplace leading into the critical Christmas shopping season. The revised forecast assumes that these conditions, which had an adverse effect on the Company's gross margins in the third quarter, will continue in the fourth quarter.

Management expects the difficult competitive conditions described above to continue during the fourth quarter. This market volatility and the competitive actions that the Company may have to take in order to sustain sales and manage inventory levels creates a level of uncertainty concerning the revised forecast. The reader is cautioned that certain assumptions used in the preparation of the revised forecast, although considered reasonable by the company at the time of preparation of the revised forecast, will prove to be incorrect. Actual results obtained during the forecast period will vary from this revised forecast and the variations may be material.

The September 11, 1998 Forecast has been revised to reflect the potential impact of the above factors and the actual results for the 40-week period ended November 7, 1998.

2. EXPLANATIONS OF SIGNIFICANT VARIATIONS FROM THE PREVIOUS FORECAST

(a) Sales
Management has revised the sales and gross margin forecast for the fiscal year based on the

third quarter actual results, which were lower than estimated, and the expectation that many of the negative economic conditions experienced in the third quarter will also continue in the fourth quarter. Sales for the full year are forecast to be $1,636 million or 5.8% lower than the September 11, 1998 forecast. Same store sales growth for the year is forecast to be 2.2% compared to 8.5% in the September 11, 1998 Forecast.

(b) Gross Margin
The gross margin rate for the full year has been adjusted to 32.7% from 34.0% in the previous forecast to reflect recent actual results, the updated economic assumptions and estimated additional markdowns.

APPENDIX B

NEWS RELEASE

Brent Ballantyne Named President and CEO of Eaton's

TORONTO, Dec. 15 /CNW/ - The T. Eaton Company Limited today announced the appointment of Brent Ballantyne as President and Chief Executive Officer, effective immediately. Mr. Ballantyne has served as Chairman of the Company's Board of Directors since December, 1997.

The announcement was made by Ms. Kathleen Taylor, a director of the Company who chaired the Board committee that conducted the search for a new president to succeed George Kosich who resigned last month. Ms. Taylor is Executive Vice President and Chief Corporate Officer of Four Seasons Hotels and Resorts.

Ms. Taylor said, "Brent Ballantyne brings to this new role an extensive business background and experience with restructured companies. His strong leadership skills and strategic planning capabilities will focus Eaton's on the operational performance issues that need to be addressed at this time."

"While the search for a new president, initiated some months ago, allowed the Board to consider candidates from Canada and the United States, we have concluded that Mr. Ballantyne is the right person to take Eaton's into its next stage of growth. While direct retail experience was one factor, we were especially interested in Mr. Ballantyne because of his proven track record and his ability to work with the experienced retail management team the company has already assembled."

Ms. Taylor continued, "Because of his role as an advisor throughout the court-supervised restructuring process, and having served as Chairman of the Board since the end of last year, Mr. Ballantyne has special knowledge of Eaton's position in the Canadian marketplace and the challenges facing the Company today."

Mr. Ballantyne said, "I greatly appreciate the opportunity to serve Eaton's in this new capacity. Much has been accomplished in a very short time, and more remains to be done. I look forward to working with our experienced retail management team, all of our dedicated personnel and our valued suppliers in building a strong and profitable Company in the years ahead."

Founded in 1869, Eaton's is one of the most recognized brand names in Canada. The company operates 64 department stores in virtually every major shopping centre and select downtown locations in Canada.

For further information: Ms. Sigi Brough, General Manager, Corporate Public Relations,
(416) 349-7111 ext. 3528

Note: biographical information on Mr. Ballantyne is available through the Company.