FORM 27

MATERIAL CHANGE REPORT

1. **Reporting Issuer:**

   Western Star Trucks Holdings Ltd.
   2076 Enterprise Way
   Kelowna, British Columbia
   V1Y 6H8

2. **Date of Material Change:**

   July 19, 2000

3. **Press Release:**

   Date of Issuance: July 19, 2000
   Place of Issuance: Kelowna, BC

4. **Summary of Material Change:**

   Western Star Trucks Holdings Ltd. ("Western Star") announced that Freightliner LLC a 100% owned subsidiary of DaimlerChrysler has agreed to acquire all of the issued and outstanding common shares of Western Star at a cash price of $42 per share under a plan of arrangement.

5. **Full Description of the Material Change:**

   Western Star Trucks Holdings Ltd. ("Western Star") announced that Freightliner LLC a 100% owned subsidiary of DaimlerChrysler has agreed to acquire all of the issued and outstanding common shares of Western Star at a cash price of $42 per share under a plan of arrangement.

   The Board of Directors of each of DaimlerChrysler and Western Star have approved the transaction, which will be subject to certain conditions including approval of 75% of Western Star's shareholders and normal regulatory and court approvals. A shareholder meeting to approve the transaction is expected to be held during September 2000.

   Western Star International Pte Limited, indirectly controlled by two Peabody Family Trusts, (the "Principal Shareholder") holding approximately 6 million shares, or 42%, of the issued and outstanding shares, has entered into a lock-up agreement to vote in favour of the transaction. The arrangement agreement provides that entities associated with Terry Peabody will purchase Western Star's Australian operations, including MAN Australia for approximately $39 million.

The Board of Directors of Western Star will recommend that shareholders vote in favour of the transaction and have agreed that Western Star will not solicit or initiate purchase and sale discussions with any other party. The arrangement agreement provides, under certain circumstances, for normal termination events and break fees.

"This transaction provides a tremendous opportunity for Western Star employees, customers and shareholders. The Board of Directors accepted this deal after considerable deliberation and consideration", stated Terry Peabody, Chairman, Chief Executive Officer and President.

UBS Warburg acted as financial advisor to Western Star and has provided a fairness opinion in connection to the proposed transaction.

6. **Reliance on Confidentiality Provisions of the Act:**

Not applicable.

7. **Omitted Information:**

Not applicable.

8. **Senior Officers:**

For further information contact:

David Burke, Chief Financial Officer at (250) 860-3319

9. **Statement of Senior Officer:**

The foregoing accurately discloses the material change referred to herein.

DATED at Kelowna, British Columbia, this 25th day of July, 2000.

David L. Burke
Executive Vice President,
Chief Financial Officer