FORM 27

MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE SECURITIES ACT (BRITISH COLUMBIA)

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

1. Reporting Issuer

CREO PRODUCTS INC. ("Creo")
3700 Gilmore Way
Burnaby, British Columbia
V5G 4M1

2. Date of Material Change

January 24, 2000

3. Press Release

Date of Issuance: January 24, 2000

Place of Issuance: Vancouver, British Columbia

4. Summary of Material Change

The Company reported net income for the three months ended December 31, 1999 of $5.2 million or $0.15 per share (fully diluted - US GAAP) compared to $3.4 million or $0.12 per share for the three months ended December 31, 1998.

5. Full Description of Material Change

Total revenue for the three months ended December 31, 1999 increased 48.1% to $54.1 million from $36.5 million for the three months ended December 31, 1998.

Product revenue from the Company's joint venture with Heidelberg increased 80.8% to $22.3 million for the three months ended December 31, 1999 from $12.3 million for the three months ended December 31, 1998. This increase was primarily due to increased sales activity on the part of Heidelberg.

Service revenue increased 68.7% to $9.3 million for the three months ended December 31, 1999 from $5.5 million for the three months ended December 31, 1998. This increase in service revenue was due to fees generated from additional customer support agreements entered into in connection with new product sales.

Cost of sales increased 45.4% to $28.3 million for the three months ended December 31, 1999 from $19.5 million for the three months ended December 31, 1998. This increase was primarily due to the increase in the Company's product sales and installed customer base. Cost of sales decreased as a percentage of total revenue to 52.3% for the three months ended December 31, 1999 from 53.3% for the three months ended December 31, 1998.

Gross research and development expenses increased 71.7% to $10.3 million for the three months ended December 31, 1999 from $6.0 million for the three months ended December 31, 1998. This increase was due to a 42.0% increase in the number of research and development personnel and the increase in the amount of materials used for prototyping and developing new products.

Outside funding of the Company's research and product development activities increased 10.1% to $4.4 million for the three months ended December 31, 1999 from $4.0 million for the three months ended December 31, 1998.

As a result of these factors affecting gross research and development expenses and research and development funding, net research and development expenses, which represent gross research and development expenses less outside funding, increased 192.0% to $5.9 million for the three months ended December 31, 1999 from $2.0 million for the three months ended December 31, 1998.

Sales and marketing expenses increased 34.6% to $9.1 million, or 16.9% of total revenue, for the three months ended December 31, 1999 from $6.8 million, or 18.6% of total revenue, for the three months ended December 31, 1998. This increase was primarily due to the increase in sales activity.

General and administration expenses increased 42.3% to $2.9 million, or 5.3% of total revenue, for the three months ended December 31, 1999 from $2.0 million, or 5.6% of total revenue, for the three months ended December 31, 1998. This increase was primarily due to the growth of the Company's business.

Income tax expense increased to $3.4 million, or 39.5% of pre-tax income, for the three months ended December 31, 1999 from $2.5 million, or 42.8% of pre-tax income, for the three months ended December 31, 1998. This increase was primarily due to the increase in the Company's profitability.

6. Reliance on Section 85(2) of the Securities Act (British Columbia)/Section 75(3) of the Securities Act (Ontario)

Not applicable.

7. Omitted Information

Not applicable.

8. Senior Officers

For further information contact:

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9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Vancouver, British Columbia this 24th day of January, 2000.

CREO PRODUCTS INC.

Per: *"Tom Kordyback"*
(Authorized Signatory)

Thomas Kordyback, Vice President, Finance, Chief Financial Officer and Secretary
(Print Name and Title)