



## Organization Announcement

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About a year ago we embarked on a process to bring clearer accountability for the achievement of quarterly operating results and longer term development objectives, increasing our focus on the customer and on manufacturing coordination. To date, we have seen the successful development of the annual world wide retailers conference, a start on increased world wide marketing coordination through the creation of a global marketing group, the establishment of world wide quarterly operational reviews and key appointments in world wide brand development and new business development. Specific results of these actions include standardization of product specifications, development of a coordinated global sourcing strategy, improved communication of marketing programs and information, a clear recognition by our key customers of Sola's renewed focus on them and improved operating results in many parts of the world.

Our summary strategy for 2000 is based on three linked imperatives that will accelerate this process. The imperatives are:

- (a) Reduction of cost of goods via sourcing changes and cost down strategies
- (b) Redeployment of resources from past to future priorities
- (c) Using the funding provided by (a) and (b) to execute a range of new and modified offensive strategies:

- Progressive Encirclement
- Matrix Expansion
- Contoured Lenses
- Rx Sunwear
- Chain Retail "Breadth of Relationship"
- Front Office Strategies e.g. E-commerce, Tele-selling

Executing these imperatives and at the same time obtaining acceptable growth in our existing business will require our organization to continue to evolve.

I am pleased to announce that a new global structure with separate leadership and accountability for Front Office, Back Office, Development and Support Functions will replace SOLA's current structure of self-sufficient, integrated regions managing manufacturing as well as commercial functions. The new structure is outlined below and in the attached chart. It will be based on:

- **Six “Front Office” Regions/Divisions – Americas, Europe, Australia, Asia, Sunlenses and American Optical**

Front office regions will focus exclusively on managing relationships with the customer to grow SOLA’s business day-to-day and include sales, marketing, product management and customer service. AO, which remains a free-standing business, will be the exception in retaining its current distribution and Rx servicing activities.

***Front Office Priority: “Build Customer Equity”***

The Front Office structure will continue to reflect the decentralized philosophy and regional/local focus that enables responsiveness and proactivity in the local marketplace, but within a more tightly defined central strategy, especially for new and different activities.

- **Three “Back Office”/Operations Regions – Americas, Europe and Rest of World (ROW)**

These regions will focus exclusively on supply of products and services to the Front Office and include manufacturing, distribution, logistics & planning, quality, finance, HR and MIS.

***Back Office Priority: Cost Reduction, Quality, Customer Service Reliability***

The Back Office structure will reflect a more centralized approach enabling global planning plus concentration and economy of resources.

- **A Worldwide Development Function**

This function will combine technical and marketing responsibility for development of the new products and technologies, new businesses and new channels that are critical to SOLA’s future.

***Development Function Priorities: Develop Innovative New Products and Businesses, together with Building Brand Equity***

- **Group Support Functions**

These functions include Finance, Human Resources, Information Technology and Rx Support and will provide leadership and support to Front and Back Office organizations as well as the Development function in their respective areas of expertise.

***Group Support Functions Priority: Build World Class Best Practice***

## BUSINESS LEADERSHIP STRUCTURE

SOLA's front office business leadership (excluding the Sunlens Division and American Optical), will be as follows:

- **Brett Olson**, currently Regional Director, South America, is appointed President, Americas, responsible for all SOLA's business – sales, marketing, customer service - in the United States, Canada, and Latin America, located in Petaluma and reporting to me. Brett's direct reports will be:

John Potocny, EVP Sales, North America  
 Paulo Frias, President, Latin America  
 VP Marketing, Americas (vacant)  
 Luan La Gatta, Director, New Products  
 John Becker, Director Matrix Sales, North America  
 Business Analyst, Forecaster/Planner, Americas (vacant)

- **Mark Ashcroft**, currently Managing Director of SOLA UK, is appointed Vice President, Europe located in Birmingham and reporting to me. Mark's direct reports will be:

Hubert Weiss, VP Central Europe  
 Lorenzo Ungaro, VP Southern Europe  
 Steve Wright, Commercial Director, UK, Ireland, Scandinavia  
 Thomas Sikora, General Manager, Eastern Europe, Greece, Turkey  
 Neil Appleton, VP Retail Chains, Matrix, European Marketing  
 Gaelle Boutellier, Business Planning/Demand Forecasting Manager

- **Adrian Walker**, currently Regional Director, Asia, is appointed Vice President, Asia responsible for sales and marketing in Asia (including India) and the Middle East, located in Lonsdale and reporting to me. Adrian's direct reports will be:

Mark Thyssen, Marketing Director  
 Patrick Poon, Finance Director  
 Simon Lui, General Manager, China  
 John Soukias, Sales Manager, Middle East  
 Lalit Gore, National Sales Manager, India

- **Wayne Rockall** is appointed Vice President, Australia, responsible for sales and marketing in Australia, New Zealand, and Africa, located in Lonsdale and reporting to me. Wayne will join SOLA from United Distillers Australia on October 18 and there will be an extended handover of the role from Warrick Duthy, completed by April 1, 2000. His appointment is the subject of a separate announcement. Wayne's direct reports will be:

Ian Andrae, Key Account Manager, Chains  
 Andrew Reilly, Key Account Manager, Wholesale  
 Tim Whitehead, National Field Sales Manager  
 Steven Copley, Customer Services Manager  
 Dianne Kalendra, Marketing Manager

Michy Kris, Professional Services Manager  
 Gerry Loots, Logistics/Rx Services Manager  
 Warren Ortmann, Business Analyst/Demand Forecaster

Wayne Brook, IT Manager will continue to report to Warrick Duthy until the completion of handover to Wayne.

- **Les Kocsis**, VP/General Manager, SOLA Sunlens Division and **Jeremy Bishop**, President, American Optical, will report to me along with other front office leaders. These organizations have already moved significantly towards the front office model as manufacturing supply to AO and Brazil plano manufacture has transferred to local SOLA organizations. These manufacturing activities will now be the responsibility of the Americas back office organization. Effective immediately, Sunlens manufacturing activities in Italy will be the responsibility of the European back office organization. American Optical will remain a free standing business, including lab operations and distribution.

## OPERATIONS LEADERSHIP STRUCTURE

SOLA's Operations leadership will be as follows:

- **Jim Cox** is appointed Executive VP Worldwide Operations reporting to me with responsibility for all back office Manufacturing, Distribution, Logistics and Support functions, including Rx operations. Jim will continue to be located in Menlo Park.
- **Barry Packham** will support Jim as Executive VP, Manufacturing Development and will continue to be based in Lonsdale.

Responsibility for regional operations will be split geographically between 3 key leaders:

- **Barry Weitzenberg** is appointed President, Americas Operations reporting to Jim and responsible for Manufacturing, Distribution and Support activities in the United States, Mexico and Brazil. He will be based in Petaluma. Reporting to Barry will be:
  - Dave Provow, VP Manufacturing, North America
  - Alejandro Flores, VP Operations, Mexico
  - Rich Sanzari, VP Finance
  - Hedley Lawson Jr., VP Human Resources
  - Jorge Mário, VP Operations, Brazil
  - Rob Camden-Britton, Director Quality
  - Joyce Maruniak, Sr. Director Supply Chain Management
- **Tony Donegan** is appointed VP Operations, Europe reporting to Jim and responsible for Manufacturing, Distribution and Support activities, including Rx operations, throughout Europe, based in Wexford. He will also have responsibility for Venezuela manufacturing operations. Reporting to Tony will be:
  - Andrew Clarke, Logistics Director
  - Brian Creagh, Finance Director

Bernard Schott, Human Resources Director  
 Derek Mernagh, Plant Manager, SOLA ADC  
 Jim Cullimore, Plant Manager, SOLA Venezuela  
 Michele D'Adamo, Sunlens Plant Manager, Italy  
 Tom Higgins, Rx Operations Manager  
 Shay Foley, R&D/Technology Manager  
 Martin Anderson, IT Manager  
 Thomas Huelswitt, Customer Technical Service Manager

- **Jon Westover** is appointed VP Operations, Rest of World based in Lonsdale and reporting to Jim. He will be responsible for Manufacturing, Distribution and Support activities, including Rx operations, in Australia and Asia including Lonsdale, Taiwan, China and the OLMIL operations in India. Reporting to Jon will be:

Hye Kong Ng, Operations Director Asia  
 Bruce Neil, Production Manager, SOA  
 Barb Hutson, Production Manager, SOA  
 Lisa Walker, Production Manager, SOA  
 Nick Middleton, Manufacturing Services Manager  
 Robin Barlow, Quality Manager  
 Ian Bateman, Technical Operations Manager  
 Richard Stone, OLMIL Production Manager

## DEVELOPMENT LEADERSHIP STRUCTURE

Leadership of SOLA's strategic development resources, marketing as well as technical, and the creation of effective linkages with the front and back office functions will be critical to the Company's future. I will retain a close involvement in this area but it will require dedicated leadership to be successful.

Accordingly, **Warrick Duthy**, currently Regional Director of SOA, is appointed Executive VP Marketing and Business Development, responsible for the strategic development functions. He will be based in Lonsdale, reporting to me. Warrick's direct reports will be:

- **Matthew Cuthbertson**, Director, Research and Development, located in Lonsdale
- **Ted Gioia**, VP Strategic Planning, located in Petaluma
- **Leslie Gardner**, VP Strategic Marketing, located in Petaluma
- **Peter Joy**, VP Worldwide Brand Development, located in Lonsdale
- **David Goerss**, VP New Business Development, located in Petaluma
- **Mike Morris (Dr.)**, VP New Business Development, located in Petaluma
- **Ryuzo Yamamoto**, General Manager, SOLA Japan

## GROUP SUPPORT FUNCTIONS

- **Steve Neil** will lead the Finance function as EVP Finance and CFO. In addition to managing the corporate finance, compliance and shareholder management activities required in a US public company, Steve will be responsible for financial accounting, reporting and consolidation for the Group. This is the critical mission of the finance

function. Consequently, the senior finance executives in the three back office regions will report to Steve Neil for:

- Financial reporting
- Internal control
- Fiscal and compliance issues – treasury, tax, foreign exchange

Rich Sanzari, VP Finance Americas, and Brian Creagh, Finance Director, Europe will also report to Barry Weitzenberg and Tony Donegan respectively for management accounting issues and general financial counsel and support. Finance support will be provided to customers in both back and front office organizations. David Cross, Finance Director, ROW will have a single reporting relationship to Steve Neil to facilitate support of the multiple management organizations based in the Lonsdale site.

Monthly financial entity reporting and consolidations will remain unchanged. Adherence to this principle of no change is critical to the future smooth running of the Company.

All current budgets, forecasts and financial commitments remain in force through the end of the fiscal year.

Specific resources dedicated to providing business information for decision-makers, analysis of performance, development project analysis, sales demand forecasting, margin and pricing analysis etc. will report to the appropriate front office, back office or development function leadership.

- **Steve Lee**, VP Human Resources, will be responsible for the worldwide HR function and for leadership of the Group's HR priorities. Stronger direction and coordination of key HR issues worldwide will be an essential feature of the new organization and Steve will lead a team of three senior HR managers – Richard Altman in Australia/Asia, Hedley Lawson in the Americas and Bernard Schott in Europe – to drive global priorities in performance management, education, people sourcing and development. For this purpose, Hedley and Bernard will have a strong dotted line reporting relationship to Steve. Richard Altman, who will be responsible for multiple organizations as customers on the Lonsdale site, will report directly to Steve with immediate effect.
- **Alan Vaughan**, VP Worldwide Rx will report to me and will continue to provide best practice support and development for Rx laboratory operations worldwide and support to GMD in global sourcing and commodity product standardisation programs.

## LINKAGES

To ensure that the front and back office operations work effectively together, linkages that provide effective coordination will be key. Working these out in detail and implementing them will be an immediate task. The most important will be:

- Key Performance Indicators for front and back office organizations to measure and manage performance. These must be clear and mutually supportive.

- Key roles that provide critical planning information – most notably, demand forecasting analysts in front office operations.
- Regional forums bringing together front and back office people to conduct day-to-day business planning:

Demand Forecasting  
Production Planning  
Inventory Management  
Customer Service Level Monitoring

- Regional groups for the purpose of communication and cross-functional collaboration within the three geographies – Americas, Europe and ROW.

These groups will be the subject of separate regional communications.

The new structure outlined above represents the most significant organization change for SOLA since the current regional structure was established in 1981 but is at the same time an evolutionary change reflecting the direction of strategic thinking in SOLA that has been emerging over a number of years. In particular, the changes announced today represent the next logical step in the direction established in October, 1998. The new organization is designed to facilitate implementation of new strategies as well to enable us to execute existing strategies better. I am excited by the potential it will realize. We now have the task of making it work effectively. A great deal of work remains to be done to define in detail how aspects of the new organization will function day-to-day and how they will work collaboratively. This will need the input of many people and the positive support of everyone. I know you will lend your commitment and energies to its success.

If you have questions regarding these changes or if there are any aspects you are unclear on, please e-mail me direct. This is just the first in a series of communications covering vision, strategy and organization issues aimed at clarifying the Company's future direction.

**John Heine**  
**October 4, 1999**