SOLA INTERNATIONAL INC
Form PRER14A
January 28, 2005

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[X] Preliminary Proxy Statement
[ ] Definitive Proxy Statement
[ ] Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[ ] Definitive Additional Materials
[ ] Soliciting Material Under Rule 14a-12

SOLA INTERNATIONAL INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[ ] No fee required.

[X] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common stock, par value $0.01 per share, of SOLA International Inc.

(2) Aggregate number of securities to which transaction applies:

32,231,930 shares of common stock
1,608,603 options to purchase shares of common stock

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

$28.00 per share of common stock
$28.00 minus weighted average exercise price of $15.33 for 1,608,603 options

(4) Proposed maximum aggregate value of transaction: $922,875,040 (a)

(5) Total fee paid: $108,622.39(a)

(a) As of December 6, 2004, there were 32,231,930 shares of common stock outstanding and 1,608,603 options to purchase shares of common stock outstanding. In the merger described in the accompanying proxy statement, each share of common stock will (subject to appraisal rights) be converted into the right to receive $28.00 in cash and each holder of any option will receive an amount in cash determined by multiplying the excess of $28.00 per share over the applicable exercise price of such option by the number of shares the holder could have purchased had the holder exercised that option in full. The filing fee of $108,622.39 was calculated pursuant to applicable rules and orders of the Commission and is equal to $117.70 per $1,000,000 of the proposed aggregate merger consideration of $922,875,040, which represents the sum of (a) the product of 32,231,930 issued and outstanding shares of common stock and merger consideration of $28.00 per share and (b) the product of (i) 1,608,603 shares of common stock underlying options and (ii) the difference between $28.00 per share and the weighted average exercise price of such options of $15.33 per share.

[ ] Fee paid previously with preliminary materials.

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Dear Stockholder:

On December 5, 2004, we entered into a merger agreement with Sun Acquisition, Inc. and Carl Zeiss TopCo GmbH, the parent of Sun Acquisition.

If the merger is completed, holders of SOLA's common stock will receive $28.00 in cash, without interest, for each share of SOLA's common stock they own.

STOCKHOLDERS OF SOLA WILL BE ASKED, AT A SPECIAL MEETING OF SOLA'S STOCKHOLDERS, TO APPROVE AND ADOPT THE MERGER AGREEMENT AND THE MERGER. THE BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED AND DECLARED THE MERGER, THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT ADVISABLE, AND HAS DECLARED THAT IT IS IN THE BEST INTERESTS OF SOLA'S STOCKHOLDERS THAT SOLA ENTER INTO THE MERGER AGREEMENT AND CONSUMMATE THE MERGER ON THE TERMS AND CONDITIONS SET FORTH IN THE MERGER AGREEMENT. THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SOLA'S STOCKHOLDERS VOTE FOR APPROVAL AND ADOPTION OF THE MERGER AGREEMENT AND THE MERGER.

The time, date and place of the special meeting to consider and vote upon a proposal to approve and adopt the merger agreement and the merger are as

follows:

3:00 p.m. local time, February 28, 2005
10590 West Ocean Air Drive,
Suite 300
San Diego, California 92130

The proxy statement attached to this letter provides you with information about the proposed merger and the special meeting of SOLA's stockholders. We encourage you to read the entire proxy statement carefully. You may also obtain more information about SOLA from documents we have filed with the Securities and Exchange Commission.

YOUR VOTE IS IMPORTANT REGARDLESS OF THE NUMBER OF SHARES OF SOLA'S COMMON STOCK YOU OWN. BECAUSE APPROVAL AND ADOPTION OF THE MERGER AGREEMENT AND THE MERGER REQUIRES THE AFFIRMATIVE VOTE OF THE HOLDERS OF A MAJORITY OF OUR ISSUED AND OUTSTANDING SHARES OF COMMON STOCK ENTITLED TO VOTE THEREON, A FAILURE TO VOTE WILL COUNT AS A VOTE AGAINST THE MERGER. ACCORDINGLY, YOU ARE REQUESTED TO PROMPTLY VOTE YOUR SHARES BY COMPLETING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE ENVELOPE PROVIDED, WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING.

Voting by proxy will not prevent you from voting your shares in person if you subsequently choose to attend the special meeting.

Thank you for your cooperation and continued support.

Very truly yours,

/s/ Maurice J. Cunniffe

Maurice J. Cunniffe
Chairman

THIS PROXY STATEMENT IS DATED JANUARY 28, 2005,

AND IS FIRST BEING MAILED TO STOCKHOLDERS ON OR ABOUT JANUARY 31, 2005.

SOLA INTERNATIONAL INC.
10590 WEST OCEAN AIR DRIVE
SUITE 300
SAN DIEGO, CALIFORNIA 92130
TELEPHONE: (858) 509-9899
INTERNET SITE: WWW.SOLA.COM

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD FEBRUARY 28, 2005

To the stockholders of SOLA International Inc.:

A special meeting of stockholders of SOLA International Inc., a Delaware corporation, will be held on February 28, 2005, at 3:00 p.m. local time, at 10590 West Ocean Air Drive, Suite 300, San Diego, California 92130, for the following purposes:

1. To consider and vote on a proposal to approve and adopt the Agreement and Plan of Merger dated as of December 5, 2004, by and among

SOLA, Sun Acquisition, Inc. and Carl Zeiss TopCo GmbH, the parent of Sun Acquisition, and the merger contemplated thereby, pursuant to which, upon the merger becoming effective, each share of common stock, par value $0.01 per share, of SOLA International Inc. will be converted into the right to receive $28.00 in cash, without interest; and

2. To transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

Only stockholders of record on January 24, 2005 are entitled to notice of and to vote at the special meeting and at any adjournment or postponement of the special meeting. All stockholders of record are cordially invited to attend the special meeting in person. To assure your representation at the meeting in case you cannot attend, however, you are urged to vote your shares by marking, signing, dating and returning the enclosed proxy card as promptly as possible in the postage prepaid envelope enclosed for that purpose. Any stockholder attending the special meeting may vote in person even if he or she has returned a proxy card.

Holders of SOLA's common stock have the right to dissent from the merger and obtain payment in cash of the fair value of their common stock as appraised by the Delaware Court of Chancery under applicable provisions of Delaware law. This amount could be more, the same or less than the value a stockholder would be entitled to receive under the terms of the merger agreement. In order to perfect and exercise their appraisal rights, stockholders must give written demand for appraisal of their shares before the taking of the vote on the merger at the special meeting and must not vote in favor of the merger. A copy of the applicable Delaware statutory provisions is included as Annex D to the accompanying proxy statement, and a summary of these provisions can be found under "Dissenters' Rights of Appraisal" in the accompanying proxy statement.

The approval and adoption of the merger agreement and the merger requires the approval of the holders of a majority of the outstanding shares of SOLA's common stock entitled to vote thereon. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy and thus ensure that your shares will be represented at the special meeting if you are unable to attend. If you sign, date and mail your proxy card without indicating how you wish to vote, your vote will be counted as a vote in favor of approval and adoption of the merger agreement and the merger. If you fail to return your proxy card, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the special meeting and will effectively be counted as a vote against approval and adoption of the

merger agreement and the merger. If you do attend the special meeting and wish to vote in person, you may withdraw your proxy and vote in person.

By order of the board of directors,

-s- Jeremy C. Bishop
JEREMY C. BISHOP
President and Chief Executive Officer

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: WHAT IS THE PROPOSED TRANSACTION?

A: The proposed transaction is the acquisition of SOLA International Inc. ("SOLA") by Carl Zeiss TopCo GmbH ("Carl Zeiss TopCo") pursuant to an Agreement and Plan of Merger (the "merger agreement") dated as of December 5, 2004 by and among SOLA, Sun Acquisition, Inc. ("merger sub") and Carl Zeiss TopCo. Once the merger agreement has been approved and adopted by our stockholders and the other closing conditions under the merger agreement have been satisfied or waived, merger sub will merge with and into SOLA. SOLA will be the surviving corporation in the merger (the "surviving corporation") and will become a wholly-owned subsidiary of Carl Zeiss TopCo.

Q: WHAT WILL OUR STOCKHOLDERS RECEIVE IN THE MERGER?

A: After completion of the merger, our stockholders will receive $28.00 in cash, without interest, for each share of our common stock that they own. For example, if you own 100 shares of our common stock, you will receive $2,800.00 in cash in exchange for your SOLA shares.

Q: WHERE AND WHEN IS THE SPECIAL MEETING?

A: The special meeting will take place at 10590 West Ocean Air Drive, Suite 300, San Diego, California 92130, on February 28, 2005, at 3:00 p.m. local time.

Q: WHAT VOTE OF OUR STOCKHOLDERS IS REQUIRED TO APPROVE AND ADOPT THE MERGER AGREEMENT AND THE MERGER?

A: For us to complete the merger, stockholders holding at least a majority of the shares of our common stock outstanding at the close of business on the record date must vote "FOR" the approval and adoption of the merger agreement and the merger.

Q: HOW DOES OUR BOARD OF DIRECTORS RECOMMEND THAT I VOTE?

A: Our board of directors unanimously recommends that our stockholders vote "FOR" the proposal to approve and adopt the merger agreement and the merger. You should read "The Merger -- Reasons for the Merger" for a discussion of the factors that our board of directors considered in deciding to unanimously recommend the approval and adoption of the merger agreement and the merger.

Q: WHAT DO I NEED TO DO NOW?

A: We urge you to read this proxy statement carefully, including its annexes, and to consider how the merger affects you. Then just mail your completed, dated and signed proxy card in the enclosed return envelope as soon as possible so that your shares can be voted at the special meeting of our stockholders.

Q: WHY IS MY VOTE IMPORTANT?

A: Whether or not you vote for the merger, if the merger is approved, you will be paid the merger consideration for your shares of our common stock upon completion of the merger, unless you exercise your appraisal rights. However, because approval of the merger proposal requires the affirmative vote of holders of record on the record date of a majority of our common stock outstanding, not just the common stock voting, if you do not vote, it will have the same effect as a vote against the merger proposal.

Q: WHAT HAPPENS IF I DO NOT RETURN A PROXY CARD?

A: Because the required vote of our stockholders is based upon the number of outstanding shares of our common stock, rather than upon the shares actually voted, the failure to return your proxy card will have the same effect as voting against the merger.

Q: IF MY SHARES ARE HELD IN "STREET NAME" BY MY BROKER, WILL MY BROKER VOTE MY SHARES FOR ME?

A: Yes, but only if you provide instructions to your broker on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Without such instructions, your shares will not be voted, which will have the same effect as voting against the merger. See "The Special Meeting of SOLA's Stockholders -- Voting Required; Quorum."

Q: MAY I VOTE IN PERSON?

A: Yes. If your shares are not held in "street name" through a broker, you may attend the special meeting of our stockholders and vote your shares in person, rather than signing and returning your proxy card. If your shares are held in "street name," you must first get a proxy card from your broker in order to attend the special meeting and vote.

Q: AM I ENTITLED TO APPRAISAL RIGHTS?

A: Yes. Under the General Corporation Law of the State of Delaware, holders of our common stock who do not vote in favor of approving and adopting the merger agreement and the merger will have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery if the merger is completed, but only if they submit a written demand for an appraisal prior to the vote on the approval and adoption of the merger

agreement and the merger and they comply with the Delaware law procedures explained in this proxy statement.

Q: IS THE MERGER EXPECTED TO BE TAXABLE TO ME?

A: Generally, yes. The receipt of $28.00 in cash for each share of our common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. For U.S. federal income tax purposes, generally you will recognize gain or loss as a result of the merger measured by the difference, if any, between $28.00 per share and your adjusted tax basis in that share. You should read "The Merger -- Material United States Federal Income Tax Consequences" for a more complete discussion of the federal income tax consequences of the merger. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. You should also consult your tax advisor on the tax consequences of the merger to you.

Q: WHEN DO YOU EXPECT THE MERGER TO BE COMPLETED?

A: We are working toward completing the merger as quickly as possible, and we anticipate that it will be completed in the first quarter of 2005. In order to complete the merger, we must obtain stockholder approval and satisfy a number of other closing conditions under the merger agreement. See "The Merger Agreement -- General" and "The Merger Agreement -- Conditions to the Merger."

Q: SHOULD I SEND IN MY STOCK CERTIFICATES NOW?

A: No. Shortly after the merger is completed, each holder of record will receive a letter of transmittal with instructions informing you how to send in your stock certificates in order to receive the merger consideration. You should use the letter of transmittal to exchange stock certificates for the merger consideration to which you are entitled as a result of the merger. DO NOT SEND ANY STOCK CERTIFICATES WITH YOUR PROXY.

Q: WHAT WILL I RECEIVE FOR MY STOCK OPTIONS IN THE MERGER?

A: Your stock options will be "cashed out," meaning that you will receive cash payments for each share underlying your options equal to the excess, if any, of $28.00 per share over the exercise price per share of your options, subject to any required withholding of taxes.

Q: WHO CAN HELP ANSWER MY OTHER QUESTIONS?

A: If you have more questions about the merger, you should contact our proxy solicitation agent:

Georgeson Shareholder Services
17 State Street
10th Floor
New York, New York 10004

Telephone: (877) 278-3853

Fax: (212) 440-9009

SUMMARY

This summary does not contain all of the information that is important to

you. You should carefully read the entire proxy statement to fully understand the merger. The merger agreement is attached as Annex A to this proxy statement. We encourage you to read the merger agreement because it is the legal document that governs the merger.

THE PROPOSED TRANSACTION

STOCKHOLDER VOTE

- You are being asked to vote to approve and adopt a merger agreement with respect to a merger in which merger sub will merge with and into SOLA. As a result of the merger, SOLA will become a wholly owned subsidiary of Carl Zeiss TopCo.

PRICE FOR YOUR STOCK

- Upon completion of the merger, you will receive $28.00 in cash, without interest, for each of your shares of our common stock.

THE ACQUIROR

- Sun Acquisition, Inc. is a Delaware corporation formed for the purpose of effecting the acquisition by Carl Zeiss TopCo of all of the outstanding shares of SOLA. The capital stock of Sun Acquisition is indirectly held by Carl Zeiss TopCo, a Germany company. Carl Zeiss TopCo is currently an indirect wholly owned subsidiary of Carl Zeiss AG ("Carl Zeiss"). Upon completion of the merger and the transactions set forth in the master agreement described under "The Parties to the Merger," Carl Zeiss TopCo will be owned equally by Carl Zeiss and the EQT III funds. Carl Zeiss is an international group of companies operating worldwide in the optical and opto-electronic industry. EQT is a European private equity company with equity commitments exceeding E5 billion. Unless context indicates otherwise, references to EQT are references to the EQT III funds. See "The Parties to the Merger."

BOARD RECOMMENDATION

Our board of directors, by the unanimous vote of the directors, has determined that the merger agreement is advisable, has approved and adopted the merger agreement and the merger and unanimously recommends that our stockholders vote "FOR" approval and adoption of the merger agreement and the merger. See "The Merger -- Recommendation of Our Board of Directors."

REASONS FOR THE MERGER

Our board of directors carefully considered the terms of the proposed transaction and approved the merger based on a number of factors. For a discussion of these reasons, see "The Merger -- Our Reasons for the Merger."

OPINION OF OUR FINANCIAL ADVISOR

In connection with the merger, our board of directors received a written opinion from UBS Securities LLC, our financial advisor, as to the fairness, from a financial point of view, of the merger consideration to be received by holders of our common stock (other than our affiliates). The full text of UBS's written opinion, dated December 5, 2004, is attached to this proxy statement as Annex C. Holders of our common stock are encouraged to read this opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken. UBS' OPINION WAS PROVIDED TO OUR BOARD OF DIRECTORS IN ITS EVALUATION OF THE MERGER CONSIDERATION. UBS' OPINION DOES NOT ADDRESS ANY OTHER ASPECT OF THE MERGER AND DOES NOT CONSTITUTE A RECOMMENDATION TO ANY STOCKHOLDER AS TO HOW TO VOTE OR ACT WITH RESPECT TO ANY

MATTERS RELATING TO THE PROPOSED MERGER.

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FINANCING

In connection with the merger, Carl Zeiss TopCo has informed us that it will cause approximately $920 million in cash to be paid to our stockholders and holders of stock options, that our credit agreement will be repaid at the effective time for the merger and that our 6 7/8% Senior Notes and 11% Senior Notes will be repaid after the effective time for the merger. As of November 30, 2004, $170.6 million was outstanding under our credit facility and $94.9 million of our 6 7/8% Senior Notes and $9.1 million of our 11% Senior Notes were outstanding. Carl Zeiss TopCo has informed us that these payments are expected to be funded by a combination of equity contributions to Carl Zeiss TopCo by Carl Zeiss and EQT and a debt financing. Carl Zeiss TopCo has also informed us that a subsidiary of Carl Zeiss TopCo has received a commitment letter from Credit Suisse First Boston International and Deutsche Bank AG London, as mandated lead arrangers, for senior facilities, second lien facilities and mezzanine facilities totaling $615.7 million and E443 million.

VOTING AND SUPPORT AGREEMENT

As a condition to entering into the merger agreement, Carl Zeiss TopCo and merger sub required our directors and executive officers who own our shares to enter into a voting and support agreement under which each has agreed, among other things, to (1) vote his shares in favor of adoption of the merger agreement, (2) vote his shares against any action or agreement that would reasonably be expected to result in a breach of any representation, warranty, covenant or agreement of SOLA under the merger agreement; and (3) vote his shares against any action or agreement that would reasonably be expected to prevent, impede, interfere with, delay or postpone the consummation of the merger, including, without limitation any (a) acquisition proposal, (b) reorganization, recapitalization, liquidation or winding-up of SOLA or any other extraordinary transaction involving SOLA or (c) corporate action the consummation of which would frustrate the purposes, or prevent or delay the consummation, of the transactions contemplated by the merger agreement.

As of the record date, the parties to the voting and support agreement held an aggregate of 294,100 shares of our common stock, representing approximately 0.9% of the votes eligible to be cast at the special meeting. See "The Merger -- Voting and Support Agreement" and the voting and support agreement attached as Annex B to this proxy statement.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The merger will be a taxable transaction to you. For United States federal income tax purposes, your receipt of cash in exchange for your shares of our common stock generally will cause you to recognize a gain or loss measured by the difference, if any, between the cash you receive in the merger and your tax basis in your shares of our common stock. You should consult your own tax advisor for a full understanding of how the merger will affect your taxes. See "The Merger -- Material United States Federal Income Tax Consequences."

THE SPECIAL MEETING OF OUR STOCKHOLDERS

PLACE, DATE AND TIME

The special meeting will be held at 3:00 p.m., local time, on February 28,

2005 at 10590 West Ocean Air Drive, Suite 300, San Diego, California 92130.

WHAT VOTE IS REQUIRED FOR APPROVAL AND ADOPTION OF THE MERGER AGREEMENT AND THE MERGER

The approval and adoption of the merger agreement and the merger requires the approval of the holders of a majority of the outstanding shares of our common stock entitled to vote at the special meeting. The failure to vote has the same effect as a vote against approval and adoption of the merger agreement and the merger. Stockholders who together own approximately 0.9% of the outstanding shares of our common stock have already agreed to vote in favor of approval and adoption of the merger agreement and approval of the merger. See "The Merger -- Voting and Support Agreement."

WHO CAN VOTE AT THE MEETING

You can vote at the special meeting all of the shares of our common stock you own of record as of January 24, 2005, which is the record date for the special meeting. If you own shares that are registered in someone else's name, for example, a broker, you need to direct that person to vote those shares or obtain an authorization from them and vote the shares yourself at the meeting. As of January 24, 2005, there were 32,231,930 shares of our common stock outstanding held by approximately 252 holders of record.

PROCEDURE FOR VOTING

You can vote shares you hold of record by attending the special meeting and voting in person or by mailing the enclosed proxy card. If your shares are held in "street name" by your broker, you should instruct your broker on how to vote your shares using the instructions provided by your broker. If you do not instruct your broker to vote your shares, your shares will not be voted, which will have the same effect as a vote "AGAINST" approval and adoption of the merger agreement and approval of the merger. See "The Special Meeting of SOLA's Stockholders -- Vote Required; Quorum."

HOW TO REVOKE YOUR PROXY

You may revoke your proxy at any time before the vote is taken at the meeting. To revoke your proxy, you must either advise our Secretary in writing, deliver a proxy dated after the date of the proxy you wish to revoke, or attend the meeting and vote your shares in person. Merely attending the special meeting will not constitute revocation of your proxy. If you have instructed your broker to vote your shares, you must follow the directions provided by your broker to change these instructions.

DISSENTERS' RIGHTS OF APPRAISAL

Delaware law provides you with appraisal rights in the merger. This means that if you are not satisfied with the amount you are receiving in the merger, you are entitled to have the value of your shares determined by the Delaware Court of Chancery and to receive payment based on that valuation. The ultimate amount you receive as a dissenting stockholder in an appraisal proceeding may be more or less than, or the same as, the amount you would have received under the merger agreement.

To exercise your appraisal rights, you must deliver a written objection to the merger to SOLA at or before the special meeting and you must not vote in

favor of approval and adoption of the merger agreement and the merger. Your failure to follow exactly the procedures specified under Delaware law will result in the loss of your appraisal rights. See "Dissenters' Rights of Appraisal."

OUR STOCK PRICE

Shares of our common stock are listed on the New York Stock Exchange ("NYSE") under the trading symbol "SOL." On December 3, 2004, which was the last trading day before we announced the merger, our common stock closed at $22.11 per share. On January 27, 2005, which was the last practicable trading day before this proxy statement was printed, our common stock closed at $27.53 per share. See "Market Price of Our Common Stock."

WHEN THE MERGER WILL BE COMPLETED

We are working to complete the merger as soon as possible. We anticipate completing the merger in the first quarter of 2005, subject to receipt of stockholder approval and satisfaction of other requirements, including the conditions described below. See "The Merger Agreement -- General."

NON-SOLICITATION OF OTHER OFFERS

The merger agreement contains restrictions on our ability to solicit or engage in discussions or negotiations with a third party regarding a proposal to acquire a significant interest in our company. Notwithstanding these restrictions, under certain circumstances, our board of directors may engage in

discussions with a party that makes a written bona fide proposal for an alternative acquisition proposal that the board of directors determines is a superior proposal and may modify its recommendation to stockholders with respect to the merger agreement and merger. See "The Merger Agreement -- No Solicitation of Other Offers." As of the date of this proxy statement, we have not received any other proposals.

CONDITIONS TO COMPLETING THE MERGER

Our, Carl Zeiss TopCo's and merger sub's respective obligations to consummate the merger are subject to the satisfaction of the following conditions:

- approval and adoption of the merger agreement by our stockholders in accordance with Delaware law;
- no provision of any applicable law and no judgment, injunction, order or decree shall prohibit the consummation of the merger;
- all applicable waiting periods have expired or been terminated under applicable antitrust statutes of, and all necessary consents and approvals have been received from, the relevant competition authorities of Australia, the European Union and Switzerland relating to the transactions contemplated by the merger agreement and the master agreement; and
- any applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvement Act of 1976 ("HSR Act") relating to the transactions contemplated by the merger agreement and the master agreement shall have expired or been terminated.

Carl Zeiss TopCo and merger sub are not obligated to consummate the merger unless a number of additional conditions are satisfied, including:

- we shall have performed in all material respects all of our obligations under the merger agreement required to be performed by us at or prior to the effective time;

- our representations and warranties contained in the merger agreement and in any certificate or other writing delivered by us pursuant to the merger agreement: (1) that are qualified by materiality or material adverse effect shall be true at and as of the effective time as if made at and as of such time (except that those representations and warranties which address matters only as of a particular date need only be true and correct as of such date) and (2) that are not qualified by materiality or material adverse effect shall be true in all material respects at and as of the effective time as if made at and as of such time (except that those representations and warranties that are not qualified by materiality or material adverse effect which address matters only as of a particular date need only be true and correct in all material respects as of such date);

- Carl Zeiss TopCo shall have received a certificate signed by our chief executive officer or chief financial officer to the effect of the foregoing two sentences;

- there shall not have been instituted or pending any action or proceeding (or any investigation or other inquiry that might result in such action or proceeding) by any government or governmental authority (1) challenging the consummation of the merger or seeking to obtain material damages and (2) seeking to restrain or prohibit Carl Zeiss TopCo's ownership or operation of all or any material portion of the business or assets of SOLA, which, in the case of clause (2) only, have had or would reasonably be expected to have a material adverse effect on SOLA;

- no action shall have been taken, and no law, statute, rule, regulation, injunction, order or decree shall have been proposed or deemed applicable to the merger, by any court, government or governmental authority or agency, other than the application of the waiting period provisions of the HSR Act and the applicable antitrust or merger control statutes of Australia, the European Union and Switzerland, to the transactions contemplated by the merger agreement and the master agreement, that, in the judgment of Carl Zeiss TopCo, is likely, directly or indirectly, to result in any of the consequences referred to in clauses (1) and (2) of the foregoing sentence;

- the holders of not more than 10% of the total outstanding shares shall have demanded appraisal of their shares in accordance with Delaware law;

- the lenders under the commitment letter delivered to a subsidiary of Carl Zeiss TopCo (or in the commitment letter related to any alternative financing) shall be ready and willing to fund the amounts contemplated by the commitment letter on the terms set forth therein (or in the commitment letters related to any alternative financing) (including, in each case "flex" provisions in any fee letter or otherwise) sufficient to consummate the merger, refinance the debt of SOLA and its subsidiaries and pay related fees and expenses; and

- we shall have obtained the consent or approval to the transactions

contemplated hereby of a contractual counterparty identified in the merger agreement.

The merger agreement provides that a "material adverse effect," as to any person, means a material adverse effect on the financial condition, business, assets or results of operations of such person and its subsidiaries, taken as a whole.

We are not obligated to consummate the merger unless the following conditions have been satisfied:

- each of Carl Zeiss TopCo and merger sub shall have performed in all material respects all of its obligations hereunder required to be performed by it at or prior to the effective time

- the representations and warranties of Carl Zeiss TopCo contained in the merger agreement and in any certificate or other writing delivered by Carl Zeiss TopCo pursuant thereto shall be true in all material respects at and as of the effective time as if made at and as of such time; and

- we shall have received a certificate signed by an officer of Carl Zeiss TopCo to the effect of the foregoing two bullet points.

Either SOLA or Carl Zeiss TopCo and merger sub could choose to waive any condition to its respective obligation to complete the merger even though that condition has not been satisfied. See "The Merger Agreement -- Conditions to the Merger."

TERMINATION OF THE MERGER AGREEMENT

The merger agreement may be terminated, and the merger contemplated thereby may be abandoned, at any time prior to the effective time, whether before or after our stockholders have approved and adopted the merger agreement and the merger:

- by either us or Carl Zeiss TopCo if:

  (a) the merger has not been consummated on or before April 30, 2005; provided that this right to terminate the merger agreement will not be available to any party whose breach of any provision of the merger agreement results in the failure of the merger to be consummated by such time;

  (b) (1) there shall be any law that makes consummation of the merger illegal or otherwise prohibited or (2) any judgment, injunction, order or decree of any court or governmental body having competent jurisdiction enjoining us or Carl Zeiss TopCo from consummating the merger is entered and such judgment, injunction, order or decree shall have become final and nonappealable; or

  (c) the merger agreement shall not have been approved and adopted in accordance with Delaware law by our stockholders at the special meeting (or any adjournment thereof);

- by Carl Zeiss TopCo if:

  (a) at any time prior to the adoption and approval of the merger agreement by our stockholders, our board of directors shall (1) have withdrawn, or modified in a manner adverse to Carl Zeiss TopCo, its approval or recommendation of the merger agreement or the merger, as permitted by the merger agreement or (2) have approved, recommended or endorsed any alternative acquisition proposal; or

(b) we shall have breached certain of our obligations with respect to our agreement not to solicit other offers, or, after receipt of an alternative acquisition proposal, shall have breached any of our obligations under the merger agreement; or

- by us, in accordance with the terms of the merger agreement after our receipt of a superior proposal; provided, that (1) we have not willfully and materially breached certain of our obligations under our agreement not to solicit other offers and we have paid any termination fee payable to Carl Zeiss and (2) Carl Zeiss TopCo does not make, within three business days of receipt of written notification of a superior proposal, an offer that our board of directors determines in good faith, after consultation with its financial advisors, is at least as favorable to our stockholders as the superior proposal.

See "The Merger Agreement -- Termination of the Merger Agreement" and "The Merger Agreement -- Termination Fee and Expenses."

TERMINATION FEE AND EXPENSES

We have agreed to pay Carl Zeiss TopCo a termination fee of $22,200,000 if any of certain payment events occurs.

We will reimburse Carl Zeiss TopCo, EQT and Carl Zeiss for 100% of their reasonable out-of-pocket fees and expenses (including reasonable fees and expenses of their counsel) actually incurred by any of them in connection with the merger agreement and the master agreement and the transactions contemplated thereby (including the arrangement of, obtaining the commitment to provide or obtaining any financing for such transactions and any currency and interest rate swaps or other hedging arrangements) up to $10,000,000 for Carl Zeiss TopCo, EQT and Carl Zeiss in the aggregate upon certain termination events described in the merger agreement.

See "The Merger Agreement -- Termination Fee and Expenses."

EMPLOYEE BENEFITS MATTERS; STOCK OPTIONS

The merger agreement contains a number of provisions relating to the benefits that our employees will receive in connection with and following the merger. In particular, under the merger agreement:

- for not less than twelve months following the effective time of the merger, Carl Zeiss TopCo and the surviving corporation will provide benefits that are no less favorable in the aggregate than as provided under our employee plans on the date of the merger agreement for each employee of SOLA as of the closing date and will provide certain other benefits to our employees as described under "The Merger Agreement -- Employee Benefits Matters"; and

- our directors, executive officers, employees and consultants will have their unvested stock options effectively accelerated and their vested and unvested stock options "cashed out" in connection with the merger, meaning that they will receive cash payments for each share underlying their options equal to the excess, if any, of $28.00 per share over the exercise price per share of their options, subject to any required withholding for taxes.

See "The Merger Agreement -- Employee Benefits Matters."

INTERESTS OF OUR DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER

When considering the unanimous recommendation by our board of directors in favor of the merger, you should be aware that our directors and executive officers have interests in the merger that are different from, or in addition to, yours, including the following:

- our directors, executive officers, employees and consultants will have their unvested stock options effectively accelerated and their vested and unvested stock options "cashed out" in connection with the merger, meaning that they will receive cash payments for each share underlying their options equal to

the excess, if any, of $28.00 per share over the exercise price per share of their options, subject to any required withholding for taxes;

- certain of our executive officers will be entitled to benefits under their employment agreements, which provide for various lump sum payments upon closing of the merger, and in one case will provide an additional "gross-up" lump sum payment to cover the costs of any excise taxes to which the executive officer may be subject;

- certain of our executive officers will receive payments under the management incentive plan in an amount equal to a pro rata portion of the full amount payable under such program based on the fiscal year ending on the last day of the last fiscal month ended prior to the merger; and

- certain indemnification and insurance arrangements for our current and former directors and officers will be continued for six years following the closing date of the merger if the merger is completed.

See "The Merger -- Interests of Our Directors and Executive Officers in the Merger."

SHARES HELD BY DIRECTORS AND EXECUTIVE OFFICERS

We expect all of the outstanding shares owned by our directors and executive officers to be voted in favor of the proposal to approve and adopt the merger agreement and the merger. Pursuant to the voting and support agreement, certain of our directors and executive officers have agreed with Carl Zeiss TopCo and merger sub to vote their shares in favor of approval and adoption of the merger agreement and the merger. As of the close of business on the record date, the parties to the voting and support agreement held an aggregate of 294,100 shares of our common stock, representing approximately 0.9% of the votes eligible to be cast at the special meeting. See "Security Ownership by Certain Beneficial Owners and Management" and "The Merger -- Voting and Support Agreement."

PROCEDURE FOR RECEIVING MERGER CONSIDERATION

We will appoint a paying agent to coordinate the payment of the cash merger consideration following the merger. The paying agent will send you written instructions for surrendering your certificates and obtaining the cash merger consideration after we have completed the merger. DO NOT SEND IN YOUR SOLA SHARE CERTIFICATES NOW. See "The Merger Agreement -- Exchange of Certificates."

QUESTIONS

If you have additional questions about the merger or other matters discussed in this proxy statement after reading this proxy statement, you should contact our proxy solicitation agent:

Georgeson Shareholder Services
219 Murray Hill Parkway
East Rutherford, NJ 07073

Telephone: (877) 278-3853

Fax: (212) 440-9009

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

Certain of the matters discussed in this proxy statement may constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can generally be identified by the use of forward-looking terminology such as "believes," "expects," "may," will," "should," "seeks," "approximately," "intends," "plans," "estimates," or "anticipates" or the negative of these terms or other comparable terminology, or by discussions of strategy, plans or intentions. Statements contained in this proxy statement that are not historical facts are forward-looking statements. Without limiting the generality of the preceding statement, all statements in this proxy statement concerning or relating to estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results are forward-looking statements. Forward-looking statements also include those statements relating to the

expected completion and timing of the merger and other information related to the merger. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. These forward-looking statements are necessarily estimates reflecting our best judgment based upon current information and involve a number of risks and uncertainties. Other factors may affect the accuracy of these forward-looking statements and our actual results may differ materially from the results anticipated in these forward-looking statements. While it is impossible to identify all relevant factors, factors that could cause actual results to differ materially from those estimated by us include, but are not limited to:

- operating in the highly competitive spectacle lens industry and the inability to compete effectively with entities with more established operating histories and greater financial resources;
- legal and logistical risks associated with our foreign operations;
- an inability to continually reduce manufacturing costs;
- the concentration of a large part of our manufacturing operations in Tijuana, Mexico;
- our financial performance through the completion of the merger;
- the timing of, and regulatory and other conditions associated with, the completion of the merger;
- an inability to develop new and value-added products;
- competition against alternative technologies and treatments that provide a substitute for spectacle lenses;

- the restriction of the payment of dividends by our foreign subsidiaries in certain jurisdictions that subject such payments to legal restrictions;

- our dependence on a small number of suppliers for raw materials;

- the need from time to time to record special charges;

- our dependence upon the North American chain retail channel;

- non-compliance with the environmental and safety regulations to which we are subject;

- the departure of key personnel and our ability to retain sufficient qualified personnel;

- our substantial level of indebtedness;

- our inability to effectively and efficiently implement our plan to improve our internal control over financial reporting; and

- potential impairment of certain assets.

All subsequent written and oral forward-looking statements attributable to SOLA International Inc. and persons acting on our behalf are qualified in their entirety by the cautionary statements contained in this proxy statement.

THE PARTIES TO THE MERGER

SOLA designs, manufactures and distributes a broad range of eyeglass lenses, primarily focusing on the faster-growing plastic lens segment of the global lens market, and particularly on higher-margin value-added products. Our strong global presence includes manufacturing and distribution sites in three major regions: North America, Europe and Rest of World (primarily Australia, Asia and South America) and approximately 6,600 employees in 27 countries servicing customers in over 50 markets worldwide. For additional information, visit our web site at www.sola.com.

Merger sub is a Delaware corporation formed for the purpose of effecting the acquisition by Carl Zeiss TopCo of all of the outstanding shares of SOLA. The capital stock of merger sub is indirectly held by Carl Zeiss TopCo, a Germany company.

Carl Zeiss TopCo is currently an indirect wholly owned subsidiary of Carl Zeiss. Pursuant to a master agreement (the "master agreement") between Carl Zeiss, EQT III Limited, the EQT III funds, and the other persons named therein, subject to the conditions for the merger being satisfied, Carl Zeiss has agreed to contribute its optical lens business, and Carl Zeiss and the EQT III funds have agreed to make capital contributions to Carl Zeiss TopCo. Carl Zeiss has also agreed to make a shareholder loan to Carl Zeiss TopCo. Upon completion of the Merger and the transactions set forth in the master agreement, Carl Zeiss TopCo will be owned equally by Carl Zeiss and the EQT III funds. The EQT III funds may transfer all rights and obligations of the EQT III funds pursuant to the master agreement to the EQT IV funds.

The mailing address for merger sub and Carl Zeiss TopCo is Turnstrasse 27, 73430 Aalen, Germany.

Carl Zeiss is an international group of companies operating worldwide in the optical and opto-electronic industry. Carl Zeiss is headquartered in Oberkochen, Germany. Carl Zeiss is structured as six business groups and offers products and services for biomedical research and medical technology, system solutions for the semiconductor, automotive and mechanical engineering industries, as well as high quality consumer goods such as eyeglass lenses, camera lenses and binoculars. Carl Zeiss is represented in more than 30 countries and operates production facilities in Europe, America and Asia.

EQT is a European private equity company with equity commitments exceeding E5 billion. The EQT III fund was launched by EQT in 2001.

THE SPECIAL MEETING OF SOLA'S STOCKHOLDERS

TIME, PLACE AND PURPOSE OF THE SPECIAL MEETING

The special meeting will be held on February 28, 2005, at 3:00 p.m. local time, at 10590 West Ocean Air Drive, Suite 300, San Diego, California 92130. The purpose of the special meeting is to consider and vote on the proposal to approve and adopt the merger agreement and the merger. OUR BOARD OF DIRECTORS HAS UNANIMOUSLY DETERMINED THAT THE MERGER AGREEMENT IS ADVISABLE, HAS APPROVED AND ADOPTED THE MERGER AGREEMENT AND THE MERGER AND RECOMMENDS THAT OUR STOCKHOLDERS VOTE "FOR" APPROVAL AND ADOPTION OF THE MERGER AGREEMENT AND THE MERGER.

WHO CAN VOTE AT THE SPECIAL MEETING

Only holders of record of our common stock as of January 24, 2005, which is the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting. If you own shares that are registered in someone else's name, for example, a broker, you need to direct that person to vote those shares or obtain an authorization from them and vote the shares yourself at the meeting. On January 24, 2005, there were 32,231,930 shares of our common stock outstanding held by approximately 252 holders of record.

VOTE REQUIRED; QUORUM

The approval and adoption of the merger agreement and the merger requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote at the special meeting. Each share of common stock is entitled to one vote. Because the required vote of stockholders is based upon the number of outstanding shares of our common stock, rather than upon the shares actually voted, failure to submit a proxy or to vote in person will have the same effect as a vote "AGAINST" approval and adoption of the merger agreement and the merger.

If your shares are held in "street name" by your broker, you should instruct your broker how to vote your shares using the instructions provided by your broker. Under the rules of the NYSE, brokers who hold shares

in "street name" for customers may not exercise their voting discretion with respect to non-routine matters such as the approval and adoption of the merger agreement and the merger. As a result, if you do not instruct your broker to vote your shares, it will have the same effect as a vote "AGAINST" approval and adoption of the merger agreement and the merger.

Pursuant to the voting and support agreement, certain stockholders who together own approximately 0.9% of the outstanding shares of our common stock as of the close of business on the record date have already agreed to vote in favor of approval and adoption of the merger agreement and the merger. The parties to the voting and support agreement are certain of our directors and executive officers. See "The Merger -- Voting and Support Agreement."

The holders of a majority of the outstanding shares of our common stock entitled to be cast as of the record date, represented in person or by proxy, will constitute a quorum for purposes of the special meeting. A quorum is necessary to hold the special meeting. Once a share is represented at the special meeting, it will be counted for the purpose of determining a quorum and any adjournment of the special meeting, unless the holder is present solely to object to the special meeting. However, if a new record date is set for an adjourned meeting, a new quorum will have to be established.

VOTING BY PROXY

This proxy statement is being sent to you on behalf of the board of directors of SOLA for the purpose of requesting that you allow your shares of our common stock to be represented at the special meeting by the persons named in the enclosed proxy card. All shares of our common stock represented at the meeting by properly executed proxy cards will be voted in accordance with the instructions indicated on that proxy. If you sign and return a proxy card without giving voting instructions, your shares will be voted as recommended by our board of directors. THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" APPROVAL AND ADOPTION OF THE MERGER AGREEMENT AND THE MERGER.

We do not expect that any matter other than the proposal to approve and adopt the merger agreement and the merger will be brought before the special meeting. If, however, such a matter is properly presented at the special meeting, the persons named in the proxy card will use their own judgment to determine how to vote your shares.

You may revoke your proxy at any time before the vote is taken at the special meeting. To revoke your proxy, you must either advise our Secretary in writing, deliver a proxy dated after the date of the proxy you wish to revoke or attend the special meeting and vote your shares in person. Attendance at the special meeting will not by itself constitute revocation of a proxy. If you have instructed your broker to vote your shares, you must follow the directions provided by your broker to change these instructions.

SOLICITATION OF PROXIES

We will pay the cost of this proxy solicitation. In addition to soliciting proxies by mail, directors, officers and employees of SOLA may solicit proxies personally and by telephone, e-mail or otherwise. None of these persons will receive additional or special compensation for soliciting proxies. We will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions.

SOLA has engaged Georgeson Shareholder Services to assist in the solicitation of proxies for the special meeting and will pay Georgeson Shareholder Services a fee of $8,500, plus reimbursement of out-of-pocket expenses. The address of Georgeson Shareholder Services is 17 State Street, 10th Floor, New York, New York 10004. Georgeson Shareholder Services' telephone number is (877) 278-3853.

THE MERGER

The discussion of the merger in this proxy statement is qualified by reference to the merger agreement and the voting and support agreement, which are attached to this proxy statement as Annexes A and B, respectively. You should read each agreement carefully.

BACKGROUND OF THE MERGER

In 2002, a representative of Carl Zeiss and members of our management had preliminary discussions about a business combination of Carl Zeiss's optical lens business and us. The parties decided not to proceed with a transaction at that time.

At board meetings held on July 20, 2004 and July 21, 2004, our management updated our board of directors on the status of various possible acquisitions and other transactions by us as part of our regular acquisition strategy, which would not include a change of control of us.

On July 29, 2004, representatives of Carl Zeiss advised a member of our management that Carl Zeiss was interested, together with EQT, in acquiring SOLA and combining SOLA with Carl Zeiss's optical lens business. The member of our management stated that we were not for sale, and the representatives of Carl Zeiss also advised the member of our management that Carl Zeiss and EQT would not participate in a public auction process.

On August 5, 2004, representatives of EQT met with a member of our management, provided the member of our management with an overview of the EQT funds and requested access to preliminary company data.

On August 11, 2004, representatives of Carl Zeiss and EQT described to a member of our management the information and access they would need to establish a valuation of SOLA and an offer price for our stockholders.

On August 16, 2004, our management held further discussions with representatives of Carl Zeiss and EQT. Also, on August 16, 2004, a member of our management provided an update to our board of directors with respect to various mergers and acquisition opportunities. Our board of directors considered and approved a request from representatives of Carl Zeiss and EQT who had expressed their desire to proceed with preliminary due diligence. Our board of directors formed a merger and acquisition subcommittee for reasons of efficiency and ease of communications to advise management between meetings of our board of directors. The subcommittee's function was to provide an initial evaluation of acquisition opportunities -- either a single major acquisition or a series of small acquisitions that would in the aggregate be material. The subcommittee consisted of three directors, all of whom were independent directors.

On August 18, 2004, we signed a confidentiality agreement with EQT, which Carl Zeiss signed soon after, and, on August 19, 2004, we responded to EQT's August 5, 2004 request for data.

On August 27, 2004, representatives of The Boston Consulting Group, an advisor to Carl Zeiss and EQT, reviewed with a member of our management an executive summary of their market and company specific data and some general initial synergy conclusions.

On September 7, 2004, we received from representatives of Carl Zeiss and EQT an oral, non-binding expression of interest in acquiring us at a per share price of $26.00 plus or minus $2.00. This represented a premium of 22.5% to

41.8% over the closing price of $19.75 for our shares on September 7, 2004.

On September 9, 2004, representatives of Carl Zeiss and EQT repeated their oral, non-binding expression of interest in acquiring us at a per share price of $26.00 plus or minus $2.00 to the Chairman of our merger and acquisition subcommittee and the Chairman refused to allow due diligence to proceed on that basis.

Between September 9, 2004 and September 15, 2004, our management had further discussions with representatives of Carl Zeiss and EQT and, on September 15, 2004, representatives of Carl Zeiss and EQT advised a member of our management that it might be possible to offer $28.00 per share, subject to

confirmatory due diligence, internal approvals, obtaining financing and us not exploring other alternatives. This represented a premium of 43.2% over the closing price of $19.55 for our shares on September 15, 2004.

On September 21, 2004, on a monthly conference call, our board of directors was updated on the status of a possible transaction with Carl Zeiss and EQT. The board of directors discussed the proposal from Carl Zeiss and EQT and reviewed alternatives to a transaction with Carl Zeiss and EQT, including remaining independent and other potential transactions.

On September 30, 2004, the merger and acquisition subcommittee, with two additional independent directors participating, recommended to the board of directors that Carl Zeiss and EQT could commence due diligence and in September and early October 2004, our management held further discussions with representatives of Carl Zeiss and EQT.

On October 5, 2004, a member of our management updated our board of directors on the status of discussions with Carl Zeiss and EQT. Our board of directors determined that, although SOLA was not for sale, Carl Zeiss and EQT could commence due diligence as recommended by the mergers and acquisitions subcommittee. Our board of directors also rejected a request from Carl Zeiss and EQT that we enter into an agreement to negotiate exclusively with them. However, our board of directors understood that Carl Zeiss and EQT would be unwilling to proceed if we began exploring other alternatives with third parties.

On October 11, 2004, representatives of Carl Zeiss and EQT and their advisors commenced due diligence.

On October 17, 2004, members of our management met with representatives of Carl Zeiss and EQT and their advisors in connection with Carl Zeiss' and EQT's due diligence.

On October 20, 2004, our board of directors held a meeting with members of our management and UBS Securities LLC, our financial advisor, to review the expression of interest submitted by Carl Zeiss and EQT. At this meeting, UBS discussed with our board of directors financial and related matters with respect to a potential transaction with Carl Zeiss and EQT. Also at this meeting a representative of Gardner Carton & Douglas LLP, our outside legal counsel, advised the board with respect to its fiduciary duties.

On October 25, 2004, we retained Cahill Gordon & Reindel LLP to act as our special outside counsel in connection with the proposed transaction.

On November 4, 2004, The Boston Consulting Group reviewed with a member of

our management an extract of some of their updated findings with respect to their market and company specific data and synergy conclusions.

On November 20, 2004, Carl Zeiss and EQT advised us in writing that they were proposing a merger at $28.00 per share, that they had received internal approvals to proceed at that price, that they had received a commitment letter to provide financing for the merger and that the proposal would be deemed automatically withdrawn unless a definitive merger agreement was signed by December 5, 2004, upon a public announcement or disclosure to a third party of the terms of the proposal or upon any exploration by us or our representatives of other strategic alternatives. A draft merger agreement was also provided. A member of our management and our advisors had discussions with Carl Zeiss and EQT and their advisors over the next few days in which Carl Zeiss and EQT made clear that $28.00 per share was their last and final offer based on all information received and discussions with our management to date.

On November 23, 2004, our board of directors held a meeting, together with members of our management and our legal and financial advisors, to review Carl Zeiss' and EQT's November 20, 2004 proposal. Following the meeting, our board of directors instructed our management to continue to explore the proposed transaction with Carl Zeiss and EQT.

During the period beginning on November 26, 2004 and concluding on December 5, 2004, we, Carl Zeiss, EQT and our respective representatives and advisors negotiated the terms of the merger agreement and voting and support agreement. We also reviewed the master agreement and the commitment letter received by a subsidiary of Carl Zeiss TopCo. On each of November 30, 2004 and December 2, 2004, a member of our

management reviewed with our mergers and acquisitions subcommittee the progress of negotiations on the proposed transaction.

On December 4, 2004 and December 5, 2004, our board of directors held special meetings that were attended by our chief executive officer ("CEO") and representatives of our outside legal counsel, Cahill Gordon, and our financial advisor, UBS Securities. A representative of Cahill Gordon updated the board of directors on the status of negotiations with Carl Zeiss and EQT. The representative of Cahill Gordon then summarized the terms of the merger agreement and the voting and support agreement, including the resolution of final issues related to each agreement. The representative of Cahill Gordon also advised our board of directors with respect to the fiduciary duties applicable to our directors, both generally and within the specific context of a transaction involving the exchange of our outstanding equity securities for cash. Also at these meetings, UBS reviewed with our board of directors its financial analysis of the merger consideration and, at the December 5, 2004 meeting, delivered to our board of directors an oral opinion, which opinion was confirmed by delivery of a written opinion dated December 5, 2004, to the effect that, as of that date and based on and subject to various assumptions, matters considered and limitations described in its opinion, the merger consideration was fair, from a financial point of view, to holders of our common stock (other than our affiliates). Our board of directors discussed the proposed transaction, including the benefits of the transaction against the advantages and disadvantages of remaining independent and other potential transactions, and posed various questions to our CEO and our legal and financial advisors. After extensive discussion, our board of directors unanimously (1) approved and declared the merger, the merger agreement and the transactions contemplated by the merger agreement advisable, (2) declared that it was in the best interests of our stockholders that we enter into the merger agreement and consummate the merger on the terms and conditions set forth in the merger agreement, (3)

resolved to recommend that our stockholders approve and adopt the merger agreement and the merger, (4) approved an amendment to our Rights Agreement dated August 27, 1998 with BankBoston, N.A. (as predecessor in interest to EquiServe Trust Company, N.A.), rendering it inapplicable to the merger agreement, the merger and the other transactions contemplated by the merger agreement, (5) exempted the merger agreement, the voting and support agreement and the transactions contemplated thereby from Section 203 of the Delaware General Corporation Law and any other applicable state antitakeover law and (6) authorized execution of the merger agreement.

On December 5, 2004, the parties executed the merger agreement.

Prior to the commencement of trading on December 6, 2004, we issued a press release announcing the execution of the merger agreement.

REASONS FOR THE MERGER

Our board of directors consulted with senior management and our legal and financial advisors and considered a number of factors, including those set forth below, in reaching its decision to approve the merger agreement and the transactions contemplated by the merger agreement, and to recommend that our stockholders vote "FOR" approval and adoption of the merger agreement and the merger.

MERGER CONSIDERATION

Our board of directors considered the fact that the $28.00 per share cash consideration to be received by our stockholders if the merger is consummated was higher than the trading prices of our common stock at any time over the last three years and represents a 26.6% premium to the closing price of $22.10 on December 3, 2004, the last trading day prior to the public announcement of the execution of the merger agreement. Our board of directors also considered Carl Zeiss' and EQT's statement that $28.00 per share was the highest price they would pay based on their strategy for SOLA. In addition, our board of directors considered that Carl Zeiss and EQT were offering all cash for the SOLA shares, rather than stock or a combination of stock and cash. Our board of directors also considered the fact that it believed most of our employees would be retained after the merger.

REVIEW OF PROSPECTS IN REMAINING INDEPENDENT

Our board of directors considered our financial condition, results of operations and business, including prospects of increased competition from commodity manufacturers, particularly in Asia, and prospects for making suitable affordable acquisitions. In addition, our board of directors considered our earnings prospects if we were to remain independent.

OPINION OF OUR FINANCIAL ADVISOR

Our board considered the financial presentation of UBS, including its opinion, dated December 5, 2004, to our board of directors as to the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration to be received by holders of our common stock (other than our affiliates), as more fully described below under the caption "The Merger -- Opinion of Our Financial Advisor."

TERMS OF THE MERGER AGREEMENT

Our board of directors considered the terms of the merger agreement, which

was a product of arms' length negotiations, including the parties' respective representations, warranties and covenants, the conditions to their respective obligations to complete the merger and the ability of the respective parties to terminate the merger agreement. Our board of directors also considered the terms of the voting and support agreement. Our board of directors noted that the voting and support agreement and the termination fee provisions of the merger agreement could have the effect of discouraging alternative proposals for a business combination between us and a third party, but that such provisions are customary for transactions of this size and type. Our board of directors also noted that the merger agreement permits us and our board to respond to a bona fide acquisition proposal that the board determines is a superior proposal, subject to certain restrictions imposed by the merger agreement and the requirement that we pay Carl Zeiss and EQT a $22,200,000 termination fee in the event that we terminate the merger agreement to enter into an alternative acquisition with respect to such superior proposal. Our board of directors also considered that Carl Zeiss and EQT would withdraw their offer if we began exploring alternative transactions.

LIKELIHOOD OF CLOSING

Our board of directors considered the limited nature of the closing conditions included in the merger agreement, including the likelihood that the merger would be approved by requisite regulatory authorities and that the merger agreement would be approved and adopted by our stockholders. Our board of directors also considered that Carl Zeiss TopCo had received a commitment letter for financing and that the financing was not subject to any significant conditions other than those set forth in the merger agreement.

EMPLOYEE COMPENSATION AND BENEFITS

Our board of directors considered that certain of our directors and officers may receive certain benefits different from, and in addition to, those of other stockholders as described under "-- Interests of Our Directors and Executive Officers in the Merger."

TAXABILITY; NO PARTICIPATION IN FUTURE GROWTH

Our board of directors also considered that the merger will be a taxable transaction to our stockholders and that because our stockholders are receiving cash for their stock, they will not participate in our future growth.

The foregoing discussion of the information and factors considered by our board of directors, while not exhaustive, includes the material factors considered by our board of directors, and contains both factors that support the merger and factors that may weigh against it. In view of the variety of factors considered in connection with its evaluation of the merger, our board of directors did not find it practicable to, and did not, quantify or otherwise assign relative or specific weight or values to any of these factors, and individual directors may have given different weights to particular factors. In addition, our board of directors did not make any

specific determination of whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, and individual directors may have had different views on the favorability of particular factors.

RECOMMENDATION OF OUR BOARD OF DIRECTORS

AFTER CAREFUL CONSIDERATION, OUR BOARD OF DIRECTORS, BY A UNANIMOUS VOTE,

HAS DETERMINED THAT THE MERGER AGREEMENT IS ADVISABLE, HAS APPROVED AND ADOPTED THE MERGER AGREEMENT AND APPROVED THE MERGER AND UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE "FOR" APPROVAL AND ADOPTION OF THE MERGER AGREEMENT AND APPROVAL OF THE MERGER.

INTERESTS OF OUR DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER

STOCK OPTIONS

Under the terms of the merger agreement and our stock option agreements with our directors, officers and employees, all of the stock options granted to such individuals will be canceled immediately prior to the effective time of the merger. The merger agreement provides that, in consideration for such cancellation we will pay to the holder of each such option, regardless of whether such option is vested or unvested, an amount in cash determined by multiplying (1) the excess, if any, of $28.00 per share over the applicable exercise price of such option by (2) the number of shares such holder could have purchased (assuming full vesting of all options) had such holder exercised such option in full immediately prior to the effective time.

The holders of all options which are "in the money," meaning that they have exercise prices below $28.00 per share, immediately prior to the effective time of the merger will be entitled to receive such cash payments. This includes our executive officers and our non-employee directors, each of whom holds outstanding options. The following table summarizes the vested and unvested options held by our executive officers and directors as of the record date, and the consideration that each of them will receive pursuant to the merger agreement in connection with the cancellation of their options:

	NO. OF SHARES UNDERLYING VESTED AND UNVESTED OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE OF VESTED AND UNVESTED OPTIONS	RESULTING CONSIDERATION
Jeremy C. Bishop	389,800	$10.49	$6,824,795
Maurice J. Cunniffe	69,709	$13.89	$ 983,765
Andrew Feshbach	3,753	$18.48	$ 35,729
Robert A. Muh	31,440	$14.22	$ 433,107
Colombe Nicholas	8,000	$18.71	$ 74,300
Jackson L. Schultz	38,916	$15.86	$ 472,504
Charles F. Smith	14,530	$17.53	$ 152,138
Barry J. Packham	39,000	$13.10	$ 581,050
Mark Ashcroft	120,000	$12.48	$1,862,625
Ronald F. Dutt	85,000	$19.18	$ 749,500
David A. Cross	64,270	$19.14	$ 569,605
Douglas D. Danforth	0	$ 0.00	$ 0.00

EMPLOYMENT AGREEMENTS

Five of our executive officers -- Jeremy C. Bishop, Mark Ashcroft, David Cross, Ronald Dutt and Barry Packham -- have previously entered into employment agreements with us that contain provisions that entitle them to termination benefits. Pursuant to the employment agreements, upon a termination of the executive's employment by the company other than for cause or by the executive for good reason, the executive is entitled to receive certain severance payments. In the case of Mr. Bishop, these severance payments would equal

eighteen months' salary and 150% of the average annual compensation paid under our management incentive plan for the three years prior to such termination. In the case of Mr. Ashcroft, these payments would equal six months' salary and 50% of the average annual compensation paid under our management incentive plan for the three years immediately prior to such termination. Mr. Cross would receive six months' base salary or base salary for a period that is customary practice in SOLA Australia at the time of termination and the average annual compensation received under our management incentive plan for the three years prior to the date of termination for the period of time for which he receives his salary following termination. Mr. Dutt would receive payments equal to his base salary for a period of six months and a pro rated bonus based upon the compensation paid to him under our management incentive plan for the three years immediately prior to such termination. If terminated prior to September 30, 2005, Mr. Packham would receive eighteen months' base salary and 150% of the average annual compensation paid under our management incentive plan for the three years prior to such termination. Each executive would also receive continued benefits under our employee benefit plans and outplacement assistance for periods ranging from six to eighteen months. Prior to EQT's and Carl Zeiss's July 29, 2004 indication of interest in SOLA, our board of directors approved certain amendments to each of the employment agreements (collectively, the "employment agreement amendments") to provide for, among other things, a change of control payment and a gross-up payment, if circumstances warrant, in the event the merger or another change of control transaction is consummated. However, upon the insistence of EQT and Carl Zeiss, the execution of the employment agreement amendments was deferred until the signing of the merger agreement.

Pursuant to the terms of these employment agreement amendments, upon consummation of the merger and without regard to the effect of the merger on the status of the executive's employment by the surviving corporation, each executive will be entitled to receive an amount equal to one and a half times and, in the case of Mr. Bishop, three times the sum of (1) the annual base salary of the executive as in effect immediately prior to the occurrence of the merger plus (2) the annual average of the amount of earnings accrued by the executive pursuant to our management incentive plan in each of the last three fiscal years completed immediately prior to the occurrence of the merger. Assuming the merger is completed on or about February 15, 2005, the approximate aggregate amount of the cash severance that would be paid to the five executive officers as a group is estimated to be $4.7 million (including the excise tax gross up payable to Mr. Bishop as described in the paragraph below). If the executive receives the foregoing change of control payment following the merger and a termination of the executive's employment were to occur during the twelve month period following consummation of the merger, the executive would not be entitled to receive the continuation of salary payments and payments equal to a percentage of average annual compensation paid under the management incentive plan, but would still receive the other benefits described above.

Pursuant to the employment agreements with the executive officers, if any amounts or benefits received under the agreements or otherwise are subject to the excise tax imposed under Section 4999 of the Internal Revenue Code, payments under the employment agreement will be reduced to the extent necessary to make no excise tax payable. In connection with the merger, the employment agreements with Messrs. Bishop, Dutt and Packham were amended to delete this restriction and to provide instead for a gross-up payment to be made to the executive if he is subject to the excise tax to restore him to the after-tax position that he would have been in if the excise tax had not been imposed. We expect that only Mr. Bishop will receive a gross-up payment in connection with the merger.

MANAGEMENT INCENTIVE PLAN

In connection with entering into the merger agreement, we amended our management incentive program to provide that a pro rata portion of the full amount payable under such program based on the fiscal year ending on the last day of the last fiscal month ended prior to the merger would be paid in full at the merger. Calculations of the aggregate amount to be paid under such program would be in a manner consistent with past practices. We reasonably anticipate such amounts to be consistent with amounts paid thereunder with respect to the 2004 fiscal year, except: (1) as may be impacted by any increase (or decrease) in profit/(loss) for such period and (2) that the composition thereof with respect to individuals and/or geographic regions may be subject to variation.

INDEMNIFICATION AND INSURANCE

The merger agreement provides that, upon completion of the merger, for a period of six years, Carl Zeiss TopCo and the surviving corporation will indemnify and hold harmless all of our past and present officers and directors to the fullest extent permitted by applicable laws and our certificate of incorporation and bylaws as in effect on the date of the merger.

The merger agreement also provides that the surviving corporation will maintain for a period of six years after completion of the merger directors' and officers' liability insurance policies maintained by SOLA on terms with respect to coverage in an amount no less favorable than those of such policy in effect on the date of the merger agreement, although the surviving corporation will not be required to make annual premium payments in excess of 250% of the annual premiums paid by the surviving corporation for directors' and officers' liability insurance in the last full fiscal year prior to the effective date of the merger. In the event that the surviving corporation is unable to maintain or obtain such insurance, the surviving corporation will obtain a policy with the greatest coverage available for an amount not to exceed 250% of the annual premiums paid by the surviving corporation for directors' and officers' liability insurance in the last full fiscal year. In lieu of such insurance coverage, if the premium and terms are acceptable to Carl Zeiss TopCo, we may purchase a six year "tail" policy covering directors' and officers' liability, and covering each person presently covered.

FUTURE EMPLOYMENT ARRANGEMENTS

Subsequently to the announcement of the definitive merger agreement, certain of our executive officers (including our CEO) have held (or are expected to have) discussions with Carl Zeiss TopCo regarding future employment by Carl Zeiss TopCo or one of its subsidiaries (including the surviving corporation) following the effective date of the merger. Although no agreement, arrangement or understanding currently exists, some members of our existing management may be employed by Carl Zeiss TopCo or its subsidiaries (including the surviving corporation) after the acquisition is completed, which means that members of our existing management may, prior to the completion of the acquisition, enter into new arrangements with Carl Zeiss TopCo or its subsidiaries regarding employment with, or the right to purchase and participate in the equity of, Carl Zeiss TopCo.

OPINION OF OUR FINANCIAL ADVISOR

On December 5, 2004, at a meeting of our board of directors held to approve the proposed merger, UBS delivered to our board of directors an oral opinion, confirmed by delivery of a written opinion dated December 5, 2004, to the effect that, as of that date and based on and subject to various assumptions, matters considered and limitations described in its opinion, the merger consideration was fair, from a financial point of view, to holders of our common stock (other

than our affiliates).

The full text of UBS' opinion describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS. This opinion is attached as Annex C and is incorporated into this proxy statement by reference. UBS' OPINION IS DIRECTED ONLY TO THE FAIRNESS, FROM A FINANCIAL POINT OF VIEW, OF THE MERGER CONSIDERATION TO BE RECEIVED BY HOLDERS OF SOLA COMMON STOCK (OTHER THAN OUR AFFILIATES) AND DOES NOT ADDRESS ANY OTHER ASPECT OF THE MERGER. THE OPINION DOES NOT ADDRESS THE RELATIVE MERITS OF THE MERGER AS COMPARED TO OTHER BUSINESS STRATEGIES OR TRANSACTIONS THAT MIGHT BE AVAILABLE WITH RESPECT TO SOLA OR THE UNDERLYING BUSINESS DECISION OF SOLA TO EFFECT THE MERGER. THE OPINION DOES NOT CONSTITUTE A RECOMMENDATION TO ANY STOCKHOLDER AS TO HOW TO VOTE OR ACT WITH RESPECT TO ANY MATTERS RELATING TO THE PROPOSED MERGER. HOLDERS OF SOLA COMMON STOCK ARE ENCOURAGED TO READ THIS OPINION CAREFULLY IN ITS ENTIRETY.

The summary of UBS' opinion described below is qualified in its entirety by reference to the full text of its opinion.

In arriving at its opinion, UBS:

- reviewed publicly available business and historical financial information relating to SOLA;

- reviewed internal financial information and other data relating to our business and financial prospects that were provided to UBS by our management and not publicly available, including financial forecasts and estimates prepared by our management;

- conducted discussions with members of our senior management concerning our business and financial prospects;

- reviewed current and historical market prices of our common stock;

- reviewed publicly available financial and stock market data with respect to companies in lines of businesses which UBS believed to be generally comparable to those of SOLA;

- compared the financial terms of the merger with publicly available financial terms of other transactions which UBS believed to be generally relevant;

- reviewed the merger agreement and related documents; and

- conducted other financial studies, analyses and investigations, and considered other information, as UBS deemed necessary or appropriate.

In connection with its review, with our consent, UBS did not assume any responsibility for independent verification of any of the information that UBS was provided or reviewed for the purpose of its opinion and, with our consent, UBS relied on that information being complete and accurate in all material respects. In addition, at our direction, UBS did not make any independent evaluation or appraisal of any of the assets or liabilities, contingent or otherwise, of SOLA, and was not furnished with any evaluation or appraisal. With respect to the financial forecasts referred to above, UBS assumed, at our direction, that they were reasonably prepared on a basis reflecting the best currently available estimates and judgments of our management as to the future financial performance of SOLA. UBS' opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and information made

available to UBS as of, the date of its opinion.

UBS was not asked to, and it did not, offer any opinion as to the terms of the merger agreement or the form of the merger. UBS assumed, with our consent, that each of SOLA, Carl Zeiss TopCo and merger sub would comply with all material terms of the merger agreement and that the merger would be consummated in accordance with its terms without waiver, modification or amendment of any material term, condition or agreement. UBS also assumed, with our consent, that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger would be obtained without any adverse effect on SOLA or the merger. In connection with its engagement, UBS was not requested to, and it did not, solicit third party indications of interest in the possible acquisition of all or a part of SOLA. Except as described above, we imposed no other instructions or limitations on UBS with respect to the investigations made or the procedures followed by UBS in rendering its opinion.

In connection with rendering its opinion to our board of directors, UBS performed a variety of financial and comparative analyses which are summarized below. The following summary is not a complete description of all analyses performed and factors considered by UBS in connection with its opinion. The preparation of a financial opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. With respect to the selected public companies analysis and the selected precedent transactions analysis summarized below, no company or transaction used as a comparison is either identical or directly comparable to SOLA or the merger. These analyses necessarily involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading or acquisition values of the companies concerned.

UBS believes that its analyses and the summary below must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying UBS' analyses and opinion. None of the analyses performed by UBS was assigned greater significance or reliance by UBS than any other. UBS arrived at its ultimate opinion based on

the results of all analyses undertaken by it and assessed as a whole. UBS did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis for purposes of its opinion.

The estimates of our future performance provided by our management in or underlying UBS' analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than those estimates. In performing its analyses, UBS considered industry performance, general business and economic conditions and other matters, many of which are beyond our control. Estimates of the financial value of companies do not necessarily purport to be appraisals or reflect the prices at which companies actually may be sold.

The merger consideration was determined through negotiation between SOLA, Carl Zeiss and EQT and the decision to enter into the merger was solely that of our board of directors. UBS' opinion and financial analyses were only one of many factors considered by our board of directors in its evaluation of the merger and should not be viewed as determinative of the views of our board of directors or management with respect to the merger or the merger consideration.

The following is a brief summary of the material financial analyses

performed by UBS and reviewed with our board of directors in connection with its opinion relating to the proposed merger. THE FINANCIAL ANALYSES SUMMARIZED BELOW INCLUDE INFORMATION PRESENTED IN TABULAR FORMAT. IN ORDER TO FULLY UNDERSTAND UBS' FINANCIAL ANALYSES, THE TABLES MUST BE READ TOGETHER WITH THE TEXT OF EACH SUMMARY. THE TABLES ALONE DO NOT CONSTITUTE A COMPLETE DESCRIPTION OF THE FINANCIAL ANALYSES. CONSIDERING THE DATA BELOW WITHOUT CONSIDERING THE FULL NARRATIVE DESCRIPTION OF THE FINANCIAL ANALYSES, INCLUDING THE METHODOLOGIES AND ASSUMPTIONS UNDERLYING THE ANALYSES, COULD CREATE A MISLEADING OR INCOMPLETE VIEW OF UBS' FINANCIAL ANALYSES.

SELECTED PUBLIC COMPANIES ANALYSIS

UBS compared selected financial information for SOLA with corresponding financial information of the following 10 publicly traded companies in the ophthalmic sector of the healthcare industry, referred to below as the "Ophthalmic Companies," and six publicly traded companies in the medical technology sector of the healthcare industry, referred to below as the "Mature Medtech Companies":

OPHTHALMIC COMPANIES	MATURE MEDTECH COMPANIES
- Alain Afflelou S.A.	- Getinge AB
- De Rigio S.p.A.	- Huntleigh Technology PLC
- Fielmann AG	- Invacare Corporation
- Indo Internacional S.A.	- STERIS Corporation
- Luxottica Group S.p.A.	- Viasys Healthcare Inc.
- Marcolin S.p.A.	- Vital Signs, Inc.
- Moulin International Holdings Limited	
- Essilor International, S.A.	
- Hoya Corporation	
- Bausch & Lomb Incorporated	

UBS reviewed, among other things, enterprise values, calculated as equity value, plus debt, less cash, as multiples of latest 12 months revenue and earnings before interest, taxes, depreciation and amortization, commonly known as EBITDA, and calendar years 2004 and 2005 estimated EBITDA. UBS also reviewed equity values as a multiple of calendar years 2004 and 2005 estimated earnings per share, commonly known as EPS. In addition, UBS reviewed calendar year 2005 estimated revenue growth and EBITDA margins. UBS then compared the multiples and percentages derived for the selected companies with corresponding multiples and percentages for SOLA based on the closing price of our common stock on December 2, 2004 as well as corresponding multiples and percentages implied for SOLA based on the merger consideration of $28.00 per share. Financial data for the selected companies were based on closing stock prices on December 2, 2004. Estimated financial data for the selected companies were based on publicly available research analysts' estimates. Estimated financial data for SOLA were based on internal estimates of our management, referred to in the table below as "Management Forecasts," as well as publicly available research analysts' estimates, referred to in the table below as "Street Forecasts." This analysis indicated the following implied low, mean,

median and high multiples and percentages for the selected companies, as compared to corresponding multiples and percentages implied for SOLA based both on the closing price of our common stock on December 2, 2004 and the merger consideration of $28.00 per share:

ENTERPRISE VALUE AS MULTIPLES OF:	IMPLIED DATA FOR OPHTHALMIC COMPANIES				IMPLIED DATA FOR SOLA BASED ON CLOSING STOCK PRICE ON 12/2/04		IMP
	LOW	MEAN	MEDIAN	HIGH	MANAGEMENT FORECASTS	STREET FORECASTS	MAN FOR
Revenue							
Latest 12 months	0.5x	1.8x	1.7x	3.9x	1.3x	1.3x	
EBITDA							
Latest 12 months	4.2x	8.7x	9.1x	11.3x	7.3x	7.3x	
Calendar year 2004	4.6x	9.2x	9.7x	13.2x	7.5x	7.8x	
Calendar year 2005	4.1x	8.0x	8.2x	11.1x	6.0x	7.2x	
EQUITY VALUE AS MULTIPLE OF:							
EPS							
Calendar year 2004	12.5x	21.6x	21.5x	44.8x	15.1x	15.1x	
Calendar year 2005	9.3x	15.8x	18.4x	20.4x	11.1x	13.4x	
OPERATIONAL METRICS:							
Calendar year 2005 revenue growth	3.6%	10.0%	7.8%	26.4%	12.0%*	5.5%	
Calendar year 2005 EBITDA margins	11.3%	20.9%	18.9%	36.9%	19.1%	17.2%	

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* Reflects both growth from acquisitions and organic growth of 4.0%.

ENTERPRISE VALUE AS MULTIPLES OF:	IMPLIED DATA FOR MATURE MEDTECH COMPANIES				IMPLIED DATA FOR SOLA BASED ON CLOSING STOCK PRICE ON 12/2/04	
	LOW	MEAN	MEDIAN	HIGH	MANAGEMENT FORECASTS	STREET FORECASTS
Revenue						
Latest 12 months	1.3x	1.7x	1.6x	2.3x	1.3x	1.3x
EBITDA						
Latest 12 months	8.9x	11.0x	10.9x	14.2x	7.3x	7.3x
Calendar year 2004	8.8x	10.3x	9.7x	13.0x	7.5x	7.8x
Calendar year 2005	8.2x	8.9x	8.9x	9.6x	6.0x	7.2x

EQUITY VALUE AS MULTIPLE OF:

EPS						
Calendar year 2004.....	18.0x	21.6x	20.3x	31.6x	15.1x	15.1x
Calendar year 2005.....	16.2x	18.0x	17.4x	22.2x	11.1x	13.4x

OPERATIONAL METRICS:

Calendar year 2005 revenue growth....	4.6%	7.8%	6.4%	16.0%	12.0%*	5.5%
Calendar year 2005 EBITDA margins....	12.5%	17.4%	18.8%	19.6%	19.1%	17.2%

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* Reflects both growth from acquisitions and organic growth of 4.0%.

SELECTED PRECEDENT TRANSACTIONS ANALYSIS

UBS reviewed implied enterprise values in the following 12 selected transactions involving companies in the ophthalmic sector of the healthcare industry announced between March 3, 1995 and December 2, 2004:

ACQUIROR	TARGET
- Moulin International Holdings Limited & Golden Gate Capital	- Eye Care Centers of America, Inc.
- Advanced Medical Optics, Inc.	- Pfizer Inc. (Ophthalmic Surgical Business)
- Luxottica Group S.p.A.	- Cole National Corporation
- Permira Advisers Limited	- Rodenstock GmbH
- Investor Group	- Safilo S.p.A.
- Hoya Corporation	- Optical Resources Group, Inc.
- BMC Industries, Inc.	- Monsanto Company (Orcolite Eyeglass Lens Unit)
- Bausch & Lomb Incorporated	- Storz Instrument Co.
- Bausch & Lomb Incorporated	- Chiron Corporation (Vision Unit)
- SOLA	- American Optical Corporation (Ophthalmic Lens Division)
- Essilor International, S.A.	- Benson Eyecare Corporation (Omega Group)
- Luxottica Group S.p.A.	- United States Shoe Corporation

UBS reviewed enterprise values as multiples of latest 12 months revenue, EBITDA and earnings before taxes and interest, commonly known as EBIT. UBS then compared the multiples derived from the selected transactions with corresponding data implied in the merger for SOLA based on the merger consideration of $28.00 per share. Multiples for the selected transactions were based on publicly available information at the time of announcement of the relevant transaction. This analysis indicated the following implied low, mean, median and high multiples for the selected transactions, as compared to corresponding multiples implied in the merger for SOLA based on the merger consideration of $28.00 per share:

ENTERPRISE VALUE AS MULTIPLES OF:	IMPLIED MULTIPLES FOR SELECTED TRANSACTIONS LOW	MEAN	MEDIAN	HIGH	IMPLIED MULTIPLES FOR SOLA BASED ON MERGER CONSIDERATION
Latest 12 months revenue	0.5x	1.5x	1.4x	3.1x	1.6x
Latest 12 months EBITDA	8.0x	9.2x	9.3x	10.4x	9.1x
Latest 12 months EBIT	11.3x	16.7x	13.5x	28.0x	11.6x

PREMIUMS PAID ANALYSIS

UBS reviewed the premiums paid in selected transactions involving companies in the healthcare industry announced between January 1, 2001 and December 2, 2004 with transaction values of $250 million to $2.0 billion. UBS reviewed the purchase prices paid in the selected transactions relative to the target company's closing stock prices one day, one week and one month prior to public announcement of the transaction. UBS then compared the premiums implied in the selected transactions over these specified periods with the premiums implied in the merger based on the merger consideration and the closing prices of our common stock one day, one week and one month prior to December 2, 2004. This analysis indicated the following implied low, mean, median and high premiums paid in the selected transactions, as compared to the premiums implied in the merger:

SPECIFIED PERIOD:	PERCENTAGE PREMIUMS PAID IN SELECTED TRANSACTIONS LOW	MEAN	MEDIAN	HIGH	PREMIUMS IMPLIED IN MERGER BASED ON MERGER CONSIDERATION
One day	0.1%	33.0%	26.6%	122.0%	28.8%
One week	3.8%	35.6%	28.0%	122.9%	33.9%
One month	(5.0)%	37.8%	31.2%	167.2%	40.0%

DISCOUNTED CASH FLOW ANALYSIS

UBS performed a discounted cash flow analysis to calculate the estimated present value of the stand-alone unlevered, after-tax free cash flows that SOLA could generate over fiscal years 2005 through 2008. Estimated financial data were based on internal estimates of our management and reflected estimated earn-out payments to be made by SOLA in fiscal years 2009 and 2010, assuming execution of our acquisition strategy, as a result of acquisitions occurring in fiscal years 2007 and 2008. UBS applied perpetuity growth rates ranging from 3.0% to 5.0% to our fiscal year 2008 estimated EBITDA, after adjustment to reflect the potential for an increase in capital expenditures, decrease in working capital and elimination of acquisition expenditures beyond fiscal year 2008. The cash flows and perpetuity growths were then discounted to present value using discount rates ranging from 11.0% to 13.0%. This analysis indicated the following approximate implied per share equity reference range for SOLA, as compared to the merger consideration:

IMPLIED PER SHARE EQUITY REFERENCE RANGE FOR SOLA	PER SHARE MERGER CONSIDERATION
$18.27 - $35.81	$28.00

MISCELLANEOUS

Under the terms of its engagement, we have agreed to pay UBS customary fees for its financial advisory services in connection with the merger, a significant portion of which is contingent upon completion of the merger and a portion of which was payable in connection with UBS' opinion. In addition, we have agreed to reimburse UBS for its reasonable expenses, including fees, disbursements and other charges of counsel, and to indemnify UBS and related parties against liabilities, including liabilities under federal securities laws, relating to, or arising out of, its engagement. UBS in the past has provided services to SOLA unrelated to the proposed merger, for which services UBS has received compensation, and is an agent for, and lender under, one of our credit facilities, which will be repaid in connection with the merger. In addition, UBS currently is providing services to certain portfolio companies of EQT's affiliates, for which services UBS expects to receive compensation, and an affiliate of UBS is an investor in a fund managed by an affiliate of EQT. In the ordinary course of business, UBS, its successors and affiliates may hold or trade securities of SOLA and affiliates of Carl Zeiss and EQT for their own accounts and accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

We selected UBS as our financial advisor in connection with the merger because UBS is an internationally recognized investment banking firm with substantial experience in similar transactions and is familiar with SOLA and its business. UBS is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities and private placements.

FINANCIAL PROJECTIONS

In connection with Carl Zeiss's and EQT's due diligence review and during the course of our negotiations with Carl Zeiss and EQT in connection with the proposed merger, we provided Carl Zeiss and EQT with our internal projections of our future operating performance. These projections, which we do not ordinarily make available to the public, included the following forecasts of our net sales, gross profit, total operating expenses, earnings before interest and taxes ("EBIT") and earnings before interest, taxes, depreciation and amortization ("EBITDA"), respectively (in thousands): $692,000, $284,000, $182,000, $102,000 and $130,000 for calendar year 2004; $788,000, $330,000, $198,000, $132,000 and $164,000 for calendar year 2005; $874,000, $378,000, $210,000, $168,000 and $204,000 for calendar year 2006; and $967,000, $426,000, $224,000, $203,000 and $243,000 for calendar year 2007.

These projections are included in this proxy statement only because we made them available to Carl Zeiss and EQT, and we and Carl Zeiss and EQT wish to make the same information available to our stockholders. The inclusion of the projections should not be interpreted as suggesting that Carl Zeiss and EQT relied on the projections in evaluating the merger. The projections involve risks and are based upon a variety of assumptions relating to our business, industry performance, general business and economic conditions and

other matters and are subject to significant uncertainties and contingencies, many of which are beyond our and Carl Zeiss's and EQT's control. Projections of this nature are inherently imprecise, and actual results may be materially greater or less than those contained in the projections. The projections should be read together with our financial statements that can be obtained from the Securities and Exchange Commission, as described in "Where You Can Find More Information."

The projections were prepared by us for internal use only and were not prepared with a view to public disclosure or compliance with published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants regarding projections and forecasts. The projections were not intended to be a forecast of financial results and are not guarantees of performance. The projections do not purport to present operations in accordance with generally accepted accounting principles, and our independent auditors have not examined or compiled the projections.

Our projections are subjective in many respects and thus susceptible to interpretations and periodic revision based on actual experience and business developments. There can be no assurance that the assumptions made in preparing the projections will prove accurate. It is expected that there will be differences between actual and projected results. None of us, Carl Zeiss or EQT or any of our or their affiliates or representatives has updated or otherwise revised or intends, except to the extent required by applicable federal securities laws, to update or otherwise revise the projections to reflect circumstances existing after the date when made or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the projections are shown to be in error.

FINANCING FOR THE MERGER

In connection with the merger, Carl Zeiss TopCo has informed us that it will cause approximately $920 million in cash to be paid to our shareholders and holders of stock options, that our credit agreement will be repaid at the effective time for the merger and that the 6 7/8% Senior Notes and 11% Senior Notes will be repaid after the effective time for the merger. As of November 30, 2004, $170.6 million was outstanding under our credit facility and $94.9 million of our 6 7/8% Senior Notes and $9.1 million of our 11% Senior Notes were outstanding. Carl Zeiss TopCo has also informed us that these payments are expected to be funded by a combination of equity contributions to Carl Zeiss TopCo by Carl Zeiss and EQT and a debt financing. Under the terms of the merger agreement, one of the conditions of Carl Zeiss TopCo to consummating the merger is that the lenders under the commitment letter referred to above (or in the commitment letter related to any alternative financing) shall be ready and willing to fund the amounts contemplated by the commitment letter on the terms set forth therein (or in the commitment letters related to any alternative financing) (including, in each case "flex" provisions in any fee letter or otherwise) sufficient to consummate the merger, refinance the debt of SOLA and its subsidiaries and pay related fees and expenses.

Carl Zeiss TopCo has also informed us that pursuant to the master agreement, Carl Zeiss and EQT have agreed to contribute approximately E50 million and E150 million, respectively, to Carl Zeiss TopCo. Carl Zeiss has also agreed to transfer its optical lens business divisions and make a shareholder loan of E70 million to Carl Zeiss TopCo. The proceeds from these contributions can be used for general purposes, including payment of the merger consideration, but E24.6 million can only be used for post-merger integration activities relating to Carl Zeiss's contributed assets. The transactions under the master

agreement will be completed once the conditions for the merger have been satisfied.

Carl Zeiss TopCo has also informed us that, in addition, a subsidiary of Carl Zeiss TopCo has received a commitment letter from Credit Suisse First Boston International and Deutsche Bank AG London, as mandated lead arrangers, for senior facilities, second lien facilities and mezzanine facilities totaling $615.7 million and E443 million. Carl Zeiss TopCo has informed us that the availability of these commitments to finance the payment to our shareholders and option holders of the merger consideration expires on April 19, 2005 and is subject to the completion of definitive documentation and other customary conditions. Carl Zeiss TopCo's subsidiary has received a letter from the mandated lead arrangers agreeing that various of these conditions have been satisfied. As a result, we believe that the financing under these commitment letters is not subject to any significant conditions other than those set forth in the merger agreement. However, under the

terms of the merger agreement, one of the conditions of Carl Zeiss TopCo to consummating the merger is that the lenders under the commitment letter referred to above (or in the commitment letter related to any alternative financing) shall be ready and willing to fund the amounts contemplated by the commitment letter on the terms set forth therein (or in the commitment letters related to any alternative financing) (including, in each case "flex" provisions in any fee letter or otherwise) sufficient to consummate the merger, refinance the debt of SOLA and its subsidiaries and pay related fees and expenses. See "The Merger Agreement -- Conditions to the Merger."

Carl Zeiss TopCo has agreed to use commercially reasonable efforts to obtain and effectuate the financing under the commitment letter. In the event any portion of the financing becomes unavailable on the terms and conditions contemplated in the commitment letter (including any "flex" provisions in any fee letter or otherwise), Carl Zeiss TopCo has agreed to use its commercially reasonable efforts to arrange to obtain any such portion from alternative sources at rates and on terms and conditions to Carl Zeiss TopCo that are not, in the reasonable judgment of Carl Zeiss TopCo, materially less favorable, when taken as a whole, to Carl Zeiss TopCo than set forth in the commitment letter (including any "flex" provisions in any fee letter or otherwise) and related documentation.

VOTING AND SUPPORT AGREEMENT

As a condition to entering into the merger agreement, Carl Zeiss and merger sub required each of our directors and executive officers who beneficially own our common stock to enter into a voting and support agreement under which each has agreed, among other things, to:

- vote his shares in favor of adoption of the merger agreement
- vote his shares against any action or agreement that would reasonably be expected to result in a breach of any representation, warranty, covenant or agreement of SOLA under the merger agreement; and
- vote his shares against any action or agreement that would reasonably be expected to prevent, impede, interfere with, delay or postpone the consummation of the merger, including, without limitation any (1) acquisition proposal (as defined in the merger agreement), (2) reorganization, recapitalization, liquidation or winding-up of SOLA or any other extraordinary transaction involving SOLA or (3) corporate action the consummation of which would frustrate the purposes, or prevent

or delay the consummation, of the transactions contemplated by the merger agreement.

Each director and executive officer who entered into the voting and support agreement made no agreement or understanding therein in his capacity as a director, officer or employee of SOLA and entered into the voting and support agreement solely in his capacity as an owner of shares.

The directors and executive officers who are party to the voting and support agreement are:

- Jeremy C. Bishop, Barry J. Packham, Mark Ashcroft, Ronald F. Dutt and David A. Cross, each of whom is an executive officer of SOLA; and

- Maurice J. Cunniffe, Andrew Feshbach, Robert A. Muh, Colombe Nicholas, Jackson L Schultz and Charles F. Smith, each of whom is a member of our board of directors.

As of the record date, the parties to the voting and support agreement held an aggregate of 294,100 shares of our common stock, representing approximately 0.9% of the votes eligible to be cast at the special meeting. For additional information, see the complete copy of the voting and support agreement attached to this proxy statement as Annex B.

AMENDMENT TO THE RIGHTS AGREEMENT

SOLA is a party to a Rights Agreement dated August 27, 1998 with BankBoston, N.A. (as predecessor in interest to EquiServe Trust Company, N.A.), which we refer to as the rights agreement. The rights agreement has the effect of making an acquisition of our company prohibitively expensive for any potential acquiror not approved by our board of directors. As a condition to its entering into the merger agreement, Carl

Zeiss TopCo and merger sub required us to amend the rights agreement to render it inapplicable to the merger, the merger agreement, the voting and support agreement and other transactions contemplated by the merger agreement and the voting and support agreement. On December 5, 2004, we amended the rights agreement in accordance with the merger agreement.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following describes the material U.S. federal income tax consequences to holders of our common stock whose shares are converted to cash in the merger, but does not purport to be a complete analysis of all potential tax considerations for all holders. This summary does not address the consequences of the merger under the tax laws of any state, local, or foreign jurisdiction and does not address tax considerations applicable to holders of stock options or restricted stock. In addition, this summary does not describe all of the tax consequences that may be relevant to particular classes of taxpayers, including persons who are not citizens or