HEAD N.V.

(*Incorporated in The Netherlands as a public company with limited liability, having its corporate seat in Rotterdam, The Netherlands*)

This Prospectus concerns the listing (the **Listing**) of 48,383,353 ordinary shares (the **Shares**) in the share capital of Head N.V. (the **Issuer**), a public company with limited liability incorporated under the laws of The Netherlands, on the official market *(Amtlicher Handel)* of the Vienna Stock Exchange. As of April 15, 2010, there are 88,204,030 ordinary shares of the Issuer issued and outstanding.

On August 19, 2009, the Issuer issued an amount of 22,491,278 of its ordinary shares (the **Exchange Offer Shares**) pursuant to an exchange offer made by HTM Sport GmbH – formerly known as HTM Sport- und Freizeitgeräte AG (**HTM**), a subsidiary of the Issuer, to exchange ordinary shares in the Issuer and new 10% Senior Secured Notes due 2012 issued by HTM (the **Secured Notes**) for HTM's then outstanding €135,000,000 $8^1/_2$% Senior Notes (the **Exchange Offer**).

On that date, the Issuer also issued a further amount of 25,892,075 of its ordinary shares (the **WCF Issue Shares**) and transferred 2,451,223 of its treasury shares (the **WCF Treasury Shares**) to Head Sports Holdings N.V. (a Netherlands Antilles corporation) and its shareholders (both of which are controlled by Mr. Johan Eliasch and his family members) in consideration for Mr. Eliasch agreeing to personally guarantee the obligations of the lender (provided such lender was not a major bank or other financial institution organised under the laws of a state in the United States of America or any member state of the European Union) under a working capital facility of up to €10 million to be entered into by the Issuer or one of its subsidiaries (the **WCF Guarantee Undertaking**). The working capital facility of up to €10 million was ultimately provided to Head N.V. on August 13, 2009 by a corporation which is ultimately controlled by the principal shareholder of Head N.V. and his family members.

The Exchange Offer Shares and the WCF Issue Shares together comprise the Shares which are the subject of the Listing.

Application will be made for the Listing of the Shares on the official market of the Vienna Stock Exchange. Barring unforeseen circumstances, we expect that trading in the Shares will commence on the Vienna Stock Exchange on or about April 30, 2010. Once listed on the Vienna Stock Exchange, the Shares will be fungible with the Issuer's ordinary shares already listed on the Vienna Stock Exchange and bearing ISIN NL 0000238301. Once listed, the Shares will be traded on the Vienna Stock Exchange under the symbol "HEAD", and will be priced in EUR.

The Exchange Offer Shares are in bearer form represented by a single global bearer share certificate deposited with Oesterreichische Kontrollbank Aktiengesellschaft (**OeKB**) as custodian. The WCF Issue Shares are in registered form and can only be transferred in book-entry form. The Exchange Offer Shares will be cleared through Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**).

This Prospectus does not constitute an offer by, or an invitation by or on behalf of, the Issuer or any representative of the Issuer, to purchase any securities or an offer to sell or issue, or the solicitation to buy, securities by any person.

Investing in the Shares involves risk. See the chapter headed "Risk Factors" for a discussion of certain risks that should be carefully considered by prospective investors prior to an investment in the Shares.

This document constitutes a prospectus for the purposes of Article 3 of Directive 2003/71/EC (the "**Prospectus Directive**") and has been prepared in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (the "**FSA**"). This Prospectus was approved by, and filed with, the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) ("**AFM**") on April 19, 2010 and will be passported into Austria for purposes of the listing on the Vienna Stock Exchange.

This Prospectus will be published in the English language only.

Prospectus dated April 19, 2010.

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1. SUMMARY

This summary should be read as an introduction to the more detailed information appearing elsewhere in this Prospectus. Any decision by an investor to invest in the Shares should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference and, in particular, the information in the chapter headed "Risk Factors" and any supplements to this Prospectus required under the applicable laws that are published by us.

This summary does not provide a complete overview and does not contain all the information that you should consider in connection with any decision relating to the Shares. Civil liability attaches to us in respect of this summary, and any translation of this summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in the European Economic Area, the plaintiff investor may, under the national legislation of the State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated. Words and expressions defined elsewhere in this Prospectus have the same meaning in this summary.

OVERVIEW

Head N.V. was incorporated under the laws of The Netherlands on August 24, 1998 as a public company with limited liability (naamloze vennootschap), or N.V. Our statutory seat is in Rotterdam, The Netherlands. We are registered under number 24286737 at the Commercial Register in Amsterdam, The Netherlands. Our address is at Rokin 55, 1012 KK Amsterdam, The Netherlands and our telephone number is +31 20 625 1291.

We are a leading global manufacturer and marketer of branded sporting goods serving the skiing, racquet sports and diving markets. We have created or acquired a portfolio of brands—*Head* (principally alpine skis, ski boots, bindings and snowboard products and tennis, racquetball and squash racquets, tennis balls, tennis footwear and badminton products), *Penn* (tennis balls and racquetball balls), *Tyrolia* (ski bindings) and *Mares* (diving equipment). Our key products have attained leading market positions and are used by many of today's top athletes.

With a broad product offering marketed mainly from middle to high-price points, we supply sporting equipment and accessories to all major distribution channels in the skiing, racquet sports and diving markets, including pro shops, specialty sporting goods stores and mass merchants. Our products are sold through over 31,000 specialty sporting goods stores, chain stores and department stores in over 85 countries and target sports enthusiasts of varying levels of ability and interest ranging from the novice to the professional athlete. Our strongest presence has traditionally been in Europe.

Over the past six decades, we believe we have earned a reputation as a leading developer and manufacturer of innovative, high-quality and technologically-advanced sporting equipment. Our focus continues to be on our core products of skiing, tennis and diving equipment. In order to expand market share and maximise profitability, we have increased our emphasis on marketing and new product development, further leveraging our brands, global distribution network and traditional strength in manufacturing.

SHARES TO BE LISTED

This Prospectus concerns the listing of 48,383,353 of our ordinary shares.

Application will be made for the Listing of the Shares on the official market of the Vienna Stock Exchange. Barring unforeseen circumstances, we expect that trading in the Shares will commence on the Vienna Stock Exchange on or about April 30, 2010. Once listed on the Vienna Stock Exchange, the Shares will be fungible with the Issuer's ordinary shares already listed on the Vienna Stock Exchange and bearing ISIN NL 0000238301. Once listed, the Shares will be traded in the mid market segment on the Vienna Stock Exchange under the symbol "HEAD", and will be priced in EUR.

The Exchange Offer Shares are in bearer form represented by a single global bearer share certificate deposited with OeKB as custodian. The WCF Issue Shares are in registered form and can only be transferred in book-entry form. The Exchange Offer Shares will be cleared through Euroclear and Clearstream, Luxembourg.

MOTIVE FOR THE LISTING

The Shares (comprising the Exchange Offer Shares and the WCF Issue Shares) were issued on August 19, 2009 in relation to the following circumstances:

The Exchange Offer Shares were issued pursuant to an exchange offer made by HTM, the Issuer's primary operating subsidiary, to exchange ordinary shares in the Issuer and new 10% Senior Secured Notes due 2012 issued by HTM (the **Secured Notes**) for HTM's then outstanding €135,000,000 $8^{1}/_{2}$% Senior Notes (the **Senior Notes**).

The WCF Issue Shares were issued to Head Sports Holdings N.V. (a Netherlands Antilles corporation) and its shareholders (both of which are controlled by Mr. Johan Eliasch and his family members) in consideration for Mr. Eliasch agreeing to personally guarantee the obligations of the lender (provided such lender was not a major bank or other financial institution organized under the laws of a state in the United States of America or any member state of the European Union) under a working capital facility of up to €10 million to be entered into by the Issuer or one of its subsidiaries. The working capital facility of up to €10 million was ultimately provided to a subsidiary of the Issuer on August 13, 2009 by a corporation which is ultimately controlled by the principal shareholder of Head N.V. and his family members and expired on December 31, 2009.

This Prospectus is being issued in order to facilitate the listing of the Shares on the Vienna Stock Exchange, so that they may become fungible with the Issuer's ordinary shares already listed on the Vienna Stock Exchange as required under section 82 of the Austrian Exchange Act.

SUMMARY OF RISK FACTORS

Specific risks that are discussed in the chapter headed "Risk Factors" include the following:

Risks Associated with Our Business

- The impact of the current global economic turmoil and any further deterioration of global economic conditions, as well as the related financial crisis, on us, our customers and end-users of our products may have a material adverse effect on our business, results of operations and financial condition.
- Weather and other factors beyond our control have caused and could continue to cause a decline in demand for our products.
- The sporting goods industry is highly competitive and our success depends upon our ability to respond quickly to changes in consumer preferences.
- Changes in the tastes of the sporting public affect the demand for our products, and in recent years, we have observed a declining interest in skiing and tennis.
- Our failure to introduce innovative products to the market could adversely affect our sales and margins.
- Shifts in currency exchange rates may adversely affect our results of operations.
- We are dependent in part on the performance of third-party suppliers, which may cause delays in filling orders, affect the quality of some products or affect the image of our trademarks. Some of our key products are produced in single locations.

- We are dependent on patents and trademarks, and inadequate protection of our patents and trademarks, or patent or trademark litigation, could adversely affect our business.
- Environmental and consumer safety regulations by European Union, U.S., Chinese and other national and local regulatory bodies could adversely affect our business.
- We have product liability exposure resulting from the use of our products.
- Changes in income tax law in Austria and in other countries have affected, and in the future may again affect, our net income dramatically; additionally, as a result of applicable accounting rules, we may be required to write-down a portion of our deferred tax assets.
- We may be affected by raw material and energy price increases.
- We are indirectly controlled by one shareholder whose interests may conflict with yours.
- Price Risk.
- Cash flow and fair value interest rate risk

Risks Associated with our Ordinary Shares

- Following the listing of the Shares on the Vienna Stock Exchange, it may be difficult for you to sell large quantities of Shares in the public market at favourable prices, or at all, because the market for our ordinary shares is relatively illiquid and the market price for our ordinary shares may be volatile.
- Sales of large quantities of our ordinary shares by our shareholders, or the perception that these sales may occur, could adversely affect the prevailing market price of our ordinary shares, as could future offerings by us of our ordinary shares or securities exchangeable or exercisable for our ordinary shares.
- Transfers of the Shares will be subject to restrictions.
- Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.

2. RISK FACTORS

Before investing in the Shares, prospective investors should consider carefully, together with the other information contained in this Prospectus and any supplements to this Prospectus, the factors and risks relating to our business, the industries we operate in and the Shares referred to in the chapter headed "Risk Factors", which include various factors that are specific to each of our operations as well as the specific sectors and geographic locations in which we operate, macro-economic factors such as economic growth, changes in currency, inflation and interest rates, regulatory requirements and initiatives, and litigation and claims that arise in the normal course of business.

We believe that the factors set out below represent the risks inherent in investing in Shares. All of the factors are contingencies which may or may not occur. We are not in a position to express a view on the likelihood of any such contingency occurring. One or more of the risks described below could affect us simultaneously. We believe that the risks and uncertainties described below are the material risks and uncertainties that we face. However, additional risks or uncertainties not currently known to us or that we currently may consider immaterial may also have a negative effect on our business, future prospects, financial conditions and results of operations and thus affect the trading price or value of our Shares.

A summary of these risk factors is contained in the "Summary" section of this Prospectus.

Risks Associated with Our Business

The impact of the current global economic turmoil and any further deterioration of global economic conditions, as well as the related financial crisis, on us, our customers and end-users of our products may have a material adverse effect on our business, results of operations and financial condition.

We and the sporting goods industry in general are dependent on the economies in which we sell our products, and in particular on levels of consumer spending. Economic conditions affect not only the ultimate consumer, but also retailers, our primary direct customers. As a result, our results may be adversely affected by downward trends in the economies in which we sell our products.

The recent weakening of consumer confidence, declining income and asset values in many areas and other adverse factors related to the current deteriorating global economic conditions, have resulted and may continue to result in our current and potential customers as well as the end-users postponing or reducing spending on our products.

The global financial crisis has also led to more limited availability of credit which may have a negative impact on the financial condition, and in particular on the purchasing ability, of some of our distributors, our independent retailers and may also result in requests for extended payment terms, credit losses, insolvencies, limited ability to respond to demand or diminished sales channels available to us. This global crisis may also affect our suppliers who may have difficulties obtaining necessary credit, which could jeopardise their ability to provide timely deliveries to us. The current economic environment may also result in adverse effects to payment terms with suppliers, suppliers requesting credit support or otherwise reducing credit, which may have a negative effect on our cash flows and working capital.

The related currency fluctuations, such as the recent severe volatility in exchange rates, may also increase the costs of our products that we may not be able to pass on to our customers or impair the purchasing power of our customers in different markets; result in significant competitive benefit to certain of our competitors who incur a material part of their costs in other currencies than we do; hamper our pricing; and increase our hedging costs and limit our ability to hedge our exchange rate exposure.

The difficult global economic conditions may also result in inefficiencies due to our deteriorated ability to appropriately forecast developments in our industry and plan our operations accordingly, and failures to adjust our costs appropriately. Adverse economic conditions affecting us, our current and potential customers and their spending on our products may have a material adverse effect on our business, results of operations and financial condition.

Further negative developments in our business, results of operations and financial condition due to the current difficult global economic conditions or other factors could cause lowered credit ratings of our short and long-term debt or their outlook from the credit rating agencies and, consequently, impair our ability to raise new financing or refinancing our current borrowings and increase our costs associated with any new debt instruments.

Weather and other factors beyond our control have caused and could continue to cause a decline in demand for our products.

Adverse weather can cause a significant decline in our sales, as in 2006 and 2007 when the poor snow conditions globally during the 2006/2007 season substantially reduced revenues for our Winter Sports products and negatively impacted our consolidated operating results. In addition, the occurrence of events that adversely affect economies or international tourism, such as terrorism or regional instability, continue to adversely affect leisure travel and related discretionary consumer spending, which can have a particularly negative impact on our diving business.

The sporting goods industry is highly competitive and our success depends upon our ability to respond quickly to changes in consumer preferences.

The sporting goods industry is highly competitive and includes many regional, national and international companies, some of which have achieved a substantial market share. We compete primarily on the basis of product features, brand recognition, quality and price, and the failure to remain competitive could adversely affect our results of operations and financial condition. Some of our competitors offer types of sports products that we do not sell, and some of our competitors are larger and have substantially greater financial and other resources than us.

Our success also depends partly on our ability to anticipate and respond quickly to changing merchandise trends, consumer taste and consumer preferences. Any failure to so respond could adversely affect consumer acceptance of our brand names and product lines and could harm our business.

Changes in the tastes of the sporting public affect the demand for our products, and in recent years, we have observed a declining interest in skiing and tennis.

In recent years, we have observed declining demand overall in the global ski and tennis markets. An estimated 6.5 million pairs of skis were sold per year worldwide in the late 1980s, whereas approximately 4.1 million pairs were sold in 2006. In 2007, the market declined to approximately 3.0 million pairs, and in 2008, we estimate that 3.1 million pairs were sold. Snowboard sales have developed from approximately 0.8 million boards sold in 1995 to a peak of approximately 1.6 million in 2000, and approximately 1.2 million sold in 2006. In 2008, approximately 1.0 million snowboards were sold. A general decline in demand in the tennis market has been observed since the period of peak demand in the early 1990s. We believe this decline is due to competing leisure activities, including computer games and the Internet. We and the sporting goods industry in general are dependent on the tastes of the sporting public and its priorities in spending on leisure activities. A further decrease in interest in skiing and tennis would cause a decline in the size of the markets from which we derive most of our sales and could thus cause a decline in our revenues and consolidated operating results.

Our failure to introduce innovative products to the market could adversely affect our sales and margins.

Our success is dependent in part on our introduction of innovative products that represent an improvement over existing products that we or other manufacturers offer. We believe that our future growth and success will depend significantly on our continued ability to identify, develop, introduce and market innovative sports products such as our Head Intelligence and Liquidmetal and Super Shape skis and snowboard equipment, our Head Titanium, Head Intelligence, Head Liquidmetal, Head Cross Bow, Head Microgel and Head Speed series of tennis racquets, and our Mares line of diving equipment. However, we cannot assure you that our product innovations will lead to improved business or financial performance. Our operating results may fluctuate as a result of the amount, timing and market acceptance of new products that we or our competitors introduce. In addition, our failure to introduce new, innovative products will adversely affect our margins because margins on the sales of sports products tend to decline over time with the entry of competitive products into existing markets.

Shifts in currency exchange rates may adversely affect our results of operations.

We operate in a multi currency environment in which a portion of our revenues and expenses are denominated in currencies other than the euro. Approximately 30% of our revenues were denominated in U.S. dollars in 2008. As a result, we are subject to currency translation risk and, to a lesser extent, currency transaction risk. Currency translation risk arises because we measure and record the financial condition and results of operations of each of our subsidiaries in their functional currency and then translate these amounts into our reporting currency, the euro. We incur transaction risk when one of our subsidiaries enters into a transaction using a currency other than its functional currency, although we reduce this risk by seeking, when possible, to match our revenues and costs in each currency. We also hedge part of our firm commitments for sales to Japan, the United Kingdom, Switzerland and Canada. Accordingly, shifts in currency exchange rates may adversely affect our results of operations. See ‘‘Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Results of Operations—Factors Affecting Revenues.’’

We are dependent in part on the performance of third-party suppliers, which may cause delays in filling orders, affect the quality of some products or affect the image of our trademarks. Some of our key products are produced in single locations.

We outsource a substantial portion of our manufacturing to third parties in Europe, such as in Austria (snowboards), Czech Republic (binding assembly), Italy and Bulgaria (diving products), and in Asia, such as in China (tennis racquets, badminton products, accessories, snowboards, snowboard bindings, snowboard boots, helmets, body protection) and Thailand (diving products). Approximately 34% of our cost of sales in 2008 consisted of fees paid to third-party manufacturers. Furthermore, a substantial number of our third-party licensees, who produce apparel and other products under the Head brand, outsource their manufacturing to third parties.

As a result of this outsourcing, we, as well as our third-party licensees, are dependent in part on the performance of third-party suppliers in order to deliver quality products in a timely manner. We and our licensees are also increasingly subject to risks relating to the local economic and political conditions in the countries to which we outsource our manufacturing operations. Although these factors have not had an adverse impact on our operations to date, we cannot assure you that they will not affect quality control, orders and shipments, or the image of our trademark in the case of licensees. In addition, we and our third-party manufacturers produce certain of our key products, such as ski boots and tennis racquets or tennis balls, at single production sites, exposing us to the risk that major incidents at such sites, such as fire or earthquake damage, could substantially reduce or halt production. In the event we are required to shift the manufacturing of some of our products from one geographical location, or from one contract manufacturer, to another, our ability to fulfill orders and our cost of sales may be adversely affected, which would negatively impact our results of operations.

We are dependent on patents and trademarks, and inadequate protection of our patents and trademarks, or patent or trademark litigation, could adversely affect our business.

We rely on a combination of patents, trademarks, trade secrets and confidentiality agreements to protect our proprietary technology, rights and know-how. We hold several hundred patents and trademarks, several of which are filed in multiple jurisdictions, including Europe, the United States and Asia. Our major trademarks are registered in our key markets and numerous other countries. We believe our patents and trademarks to be among our most valuable marketing assets and generally seek protection for them in countries where significant existing or potential markets for our products exist. We believe we have taken adequate measures to protect our proprietary information, trade names and trademarks in all our major markets, although not all our trade names and trademarks are proprietary to us for all of our products in all our markets. For example, we do not own the trademark "Liquidmetal", but rather license the name pursuant to an agreement we have with Liquidmetal Technologies, Inc. This agreement had an initial term of four years commencing January 1, 2003, and the parties agreed to extend the agreement under similar terms to December 31, 2011.

We cannot assure that the measures we (or our licensors from whom we license patents and trademarks) take to protect our intellectual property will afford us adequate protection against patent and trademark infringements, that pending patent and trademark applications will eventually be issued or that the claims allowed for any of our existing or future patents and trademarks will provide competitive advantages for our products or will not be successfully challenged or circumvented by competitors. In addition, we cannot assure you that we will be able to continue to license names for which we do not currently hold trademarks under the same terms as our existing license agreements or at all.

In the United States, patent applications are maintained in secrecy for a period after filing and the right to a patent is given to the first to invent, not the first to file, a patent application. We cannot be sure that our products or technologies do not infringe patents that may be granted in the future under pending patent applications, or that our products do not infringe any patents or proprietary rights of third parties. The validity and enforceability of third-party claims could prevent us from selling our products or could require us to obtain licenses from the owners of these patents or to redesign our products to avoid infringements. We cannot assure you that we could accomplish any of these alternatives successfully, and our inability to do so if necessary could adversely affect our business. In addition, we cannot assure you that our employees and third parties with whom we have entered into confidentiality agreements will respect these obligations, or that our competitors will not use our trade secrets or proprietary information. In addition, the laws of some countries do not protect our products and intellectual property rights to the same extent as the laws of the United States or Europe. Litigation may be necessary to defend against claims of infringement, to enforce our patents or trademarks, or to protect trade secrets and could result in substantial costs to us. We cannot assure you that we would prevail in these types of litigation.

Environmental and consumer safety regulations by European Union, U.S., Chinese and other national and local regulatory bodies could adversely affect our business.

Our operations are subject to European Union, U.S., Chinese and other national and local laws governing, among other things, water pollution, air pollution, noise pollution and hazardous substance discharges and consumer safety. We believe that our business, operations and facilities have been and are being operated in compliance in all material respects with applicable environmental and health and safety laws. However, the operation of manufacturing plants entails risks in these areas. As a result, we cannot assure you that we will not incur material costs or liabilities. In addition, we could incur significant costs in order to comply with any future European Union, U.S., Chinese and other national or local environmental and health and safety laws that may be adopted, or to respond to stricter interpretations or stricter enforcement of existing laws in the future.

We have product liability exposure resulting from the use of our products.

Some of our products are used in relatively high-risk recreational settings, and from time to time, we are named as a defendant in lawsuits asserting product liability claims relating to our sporting goods products. To date, none of these lawsuits has had a material adverse effect on us, and we do not believe that any lawsuit now pending could reasonably be expected to have such an effect. We maintain product liability and general liability insurance coverage. No assurances can be given that such insurance will continue to be available at an acceptable cost or that such coverage will be sufficient to cover one or more large claims, or that the insurers will not successfully disclaim coverage as to a pending or future claim.

Changes in income tax law in Austria and in other countries have affected, and in the future may again affect, our net income dramatically; additionally, as a result of applicable accounting rules, we may be required to write-down a portion of our deferred tax assets.

As of December 31, 2008, we recognised €73.9 million of deferred tax assets, mainly on Austrian tax loss carry forwards. We believe it is probable that these deferred tax assets will be realised. Austria and some other countries allow an unlimited carryover of net operating losses. However, a change in income tax law lowering the applicable tax rate could occur, as it did in 2004 in Austria and in 2007 in Germany, requiring us to write down €20.2 million of our deferred tax assets in 2004 and €1.4 million in 2007. Such a write-down has caused a significant income tax expense and negatively affected our net income, and may occur again in the future.

In addition, as a result of applicable accounting rules, we may be required to consider when we will be able to use our tax loss carry forwards to offset taxable income and may, as a consequence, be required to write-down a portion of our deferred tax assets. In the event such a write-down is necessary under applicable accounting rules, it could significantly increase our deferred tax expense and negatively affect our net income.

We may be affected by raw material and energy price increases.

Our production is dependent on the timely availability of certain raw materials whose prices are driven by the oil and steel price development on the world market. Such raw materials are used in manufacturing, among other items, plastic components for bindings, ski boots and diving fins, carbon fibers for racquets, rubber and felt for tennis balls and metal parts for binding components and ski edges. Changing raw material prices historically have had a material impact on our earnings and cash flows, and are likely to continue to have a significant impact on earnings and cash flows in future periods. Historically, we have generally not been able to pass on to our customers increases in costs resulting from raw material and energy prices, and have sought other means, particularly through the restructuring of our production processes, to maintain operating margins. See ''Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Results of Operations—Factors Affecting Revenues.''

We are indirectly controlled by one shareholder whose interests may conflict with yours.

Head Sports Holdings N.V. and its affiliates, directly and indirectly, controlled approximately 54.69% of our issued ordinary shares, as of September 30, 2009. Head Sports Holdings N.V., a Netherlands Antilles corporation, and its shareholders are controlled by Mr. Johan Eliasch and his family members. Head Sports Holdings N.V. has the power to approve the nominations of our executive officers, approve the proposed actions of the Supervisory and Management Boards, change our core business, cause us to engage in transactions with affiliated companies, cause or restrict the sale of our assets, control our dividend policy and make other fundamental corporate decisions.

The business of Head N.V. is carried out primarily by a Management Board, which appoints our executive officers, and is overseen by a Supervisory Board. Under Head N.V.'s articles of association, a Dutch foundation called the Stichting Head Option Plan has the power to nominate all members of the Management Board, appoint one-third of the Supervisory Board and nominate the remaining members of the Supervisory Board. The Board of the Stichting is controlled by Head Sports Holdings N.V., an entity controlled by Mr. Johan Eliasch and his family members, jointly with Mr. Johan Eliasch.

The special power of the Stichting ceases when Mr. Johan Eliasch or his affiliates or family members cease to control the Stichting or cease to beneficially hold any of Head N.V.'s ordinary shares. In general, a two-thirds majority of shareholders voting at a general meeting of shareholders may remove members of the Management and Supervisory Boards, and the articles of association, including the rights of the Stichting, also may be amended (at the proposal of the Management Board and with approval of the Supervisory Board) by a two-thirds majority of shareholders. Therefore, as a result of his control over the Stichting, Mr.

Johan Eliasch or his family menbers will retain the power to nominate and essentially control the election of the Management and Supervisory Board members and other executive officers so long as he holds any of Head N.V.'s ordinary shares until there is an amendment to the articles of association to remove the rights of the Stichting.

Price Risk

Head N.V. is exposed to marketable securities price risk because of marketable securities held by Head N.V. and classified on the consolidated balance sheet as available-for-sale. To manage its price risk arising from marketable securities, Head N.V. diversifies its portfolio. Due to the marginal price risk, Head N.V. does not disclose further sensitivities.

Cash flow and fair value interest rate risk

As Head N.V. has no significant interest-bearing assets, Head N.V.'s income and operating cash flows are substantially independent of changes in market interest rates. Head N.V. operates with several international banks and does not have a lead bank.

Head N.V.'s interest rate risk arises from long-term borrowings. Borrowings issued at fixed rates expose Head N.V. to fair value interest rate risk. Head N.V.'s main external financial source arises the Secured Notes (prior to the conclusion of the Exchange Offer this source was the Senior Notes). Borrowings issued at variable rates expose Head N.V. to cash flow interest rate risk. During 2008 and 2007, Head N.V.'s borrowings at variable rate were denominated in euro, Japanese yen, Canadian dollar and Czech koruna.

Risks Associated with Our Ordinary Shares

Following the listing of the Shares on the Vienna Stock Exchange, it may be difficult for you to sell large quantities of Shares in the public market at favorable prices, or at all, because the market for our ordinary shares is relatively illiquid and the market price for our ordinary shares may be volatile.

The market for our ordinary shares is relatively illiquid. For example, in 2008 and the nine months ended September 30, 2009, the average daily trading volume of our ordinary shares on the Vienna Stock Exchange was approximately 7,800 ordinary shares and approximately 15,800 ordinary shares, respectively. The market price of our ordinary shares has also been, and is likely to continue to be, volatile. The high and low closing prices of our ordinary shares on the Vienna Stock Exchange were €2.45 and €0.33, respectively, in 2008 and €0.57 and €0.29, respectively, in the nine months ended September 30, 2009. Accordingly, even following their listing on the Vienna Stock Exchange it may be difficult for you to sell large quantities of the Shares in the public market at favorable prices, if at all.

Sales of large quantities of our ordinary shares by our shareholders, or the perception that these sales may occur, could adversely affect the prevailing market price of our ordinary shares, as could future offerings by us of our ordinary shares or securities exchangeable or exercisable for our ordinary shares.

The market price of our ordinary shares could fall if large quantities of ordinary shares are sold in the public market, or there is a perception in the marketplace that such sales could occur. Subject to applicable securities laws, holders of our ordinary shares may decide to sell them at any time. Because Head Sports Holdings N.V. and its shareholders, Mr. Johan Eliasch and holders of Senior Notes that tendered their Senior Notes in the Exchange Offer own a significant percentage of our ordinary shares, large sales or transfers of our ordinary shares by Head Sports Holdings N.V. and its shareholders, Mr. Johan Eliasch or such holders of Senior Notes could significantly affect the market price of our ordinary shares. See "Principal Shareholders."

The market price of our ordinary shares could also fall as a result of any future offerings we make of ordinary shares, or securities exchangeable or exercisable for our ordinary shares, or the perception in the marketplace that these sales might occur. We may make such offerings at any time or from time to time in the future, subject to limitations relating to our authorised share capital.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. We are under no obligation to file a registration statement with respect to such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

3. IMPORTANT INFORMATION

Certain definitions

In this Prospectus, the “Issuer” refers to Head N.V. and references to "we", "our", "us", “Head” or "Group" refer to the Issuer and its direct and indirect subsidiaries, in each case unless the context requires otherwise. Capitalised terms are defined in the chapter headed "Definitions".

Reliance on information and responsibility statements

The Issuer accepts responsibility for the information contained in this Prospectus. Having taken all reasonable care to ensure that such is the case, the Issuer further declares that the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Euro Invest Bank AG, in its capacity as listing agent (the **Listing Agent**) for the Shares, does not accept any responsibility whatsoever for the contents of this Prospectus nor for any other statements made or purported to be made by Euro Invest Bank AG or on its behalf in connection with Head or the Shares. Euro Invest Bank AG accordingly disclaims all and any liability whether arising in tort or contract or otherwise in respect of this Prospectus or any such statement.

Potential investors in the Shares are expressly advised that an investment in the Shares entails financial risk and that they should therefore carefully review the entire contents of this Prospectus, including the information incorporated herein by reference.

In addition to your own examination of us and of the Shares, including the merits and risks involved, you should only rely on the information contained in this Prospectus, or incorporated by reference herein, and any supplements to this Prospectus required under the applicable laws that are published by us which may contain information different from that contained in this Prospectus.

The information included in this Prospectus reflects the position at the date of this document and under no circumstances should the issue and distribution of this Prospectus after the date of its publication be interpreted as implying that the information included herein will continue to be correct and complete at any later date. We undertake no obligation to publicly update or revise any information including forward-looking statements included in this Prospectus, whether as a result of new information, future events or otherwise, except as required by applicable laws and regulations or by any appropriate regulatory authority.

Restrictions

General

The Listing, the distribution of this Prospectus, any related materials and the making of an offer by way of Listing may in certain jurisdictions other than The Netherlands, including, but not limited to, the United States, be restricted by law. This Prospectus does not constitute an offer in countries in which such offer would be illegal. Persons into whose possession this Prospectus or any related materials comes should inform themselves about (including, without being limited to, consulting their professional advisors) and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. We do not accept or assume any responsibility or liability for any violation by any person of any such restrictions.

United States

The Shares have not been and will not be registered under the United States Securities Act of 1933 (the **Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

No offer is being made, directly or indirectly, in or into the United States or to any U.S. person, as defined in Regulation S under the Securities Act, or by use of the mails, or by any means or instrumentality of interstate or foreign commerce, or any facilities of a national securities exchange, of the United States. This includes, but is not limited to, post, facsimile transmission, telex or any other electronic form of transmission and telephone. Accordingly, copies of this Prospectus and any related other documents are not being sent and must not be mailed or otherwise distributed or sent in, into or from the United States.

Persons receiving this Prospectus and/or such other documents must not distribute or send them in, into or from the United States, or use such mails or any such means, instrumentality or facilities for any purpose directly or indirectly in connection with the Listing.

European Union

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) no offer of Shares contemplated by this Prospectus has been made nor will it be made to the public in that Relevant Member State, except that an offer of Shares may be made to the public in that Relevant Member State:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Issuer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this Prospectus, the expression an "**offer to the public**" means the communication in any form and by any means of sufficient information on the terms of a listing and the relevant securities to be offered so as to enable an investor to decide to purchase or subscribe for such securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. For the purposes of this Prospectus, the term "**Prospectus Directive**" means Directive 2003/71/EC of the European Parliament and of the Council of the European Union, and includes any relevant implementing measure in each Relevant Member State.

Information sourced from third parties

We confirm that the information regarding the market prices of our ordinary shares in the section headed “Description of the Issuer's Share Capital” in this Prospectus that has been sourced from the Vienna Stock Exchange has been accurately reproduced and that, as far as we are aware and able to ascertain from the information published or provided by those third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Unless otherwise stated, statements herein regarding market positions of companies (including ourselves) and market conditions are based on industry sources. With regards to the US tennis market we receive data from the TIA (Tennis Industry Association). For the European tennis market an organisation called Sports Market Survey (UK) receives data from the industry which we then in turn use. For Winter Sports, the sources of information included herein are Sporting Goods Intelligence (for the US market), Sporting Goods Intelligence Europe and the GFK report (a German market research group) for the Austrian, German, Switzerland market

Although we believe these industry sources are reliable, as we do not have access to the information, methodology and other bases for such information, we have not independently verified the information. Nevertheless, as far as we are aware and able to ascertain from the information published or provided by those third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

No representations

No person is or has been authorised to give any information or make any representation in connection with this Prospectus or the Shares other than as contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been given by, on behalf of or authorised by us.

Cautionary statement on forward-looking statements

This Prospectus contains forward-looking statements. These statements relate to our future prospects, developments and business strategies.

These forward-looking statements are identified by their use of terms and phrases such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “will” and similar terms and phrases, including references to assumptions. These forward-looking statements include all matters that are not historical facts. These statements are contained in the section entitled “Risk Factors” and other sections of the this Prospectus.

These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different. These factors include, but are not limited to, the following:

- the impact of the current global economic turmoil;
- weather and other factors beyond our control;
- competitive pressures and trends in the sporting goods industry;
- our ability to introduce new and innovative products; and
- our ability to realise the cost savings we expect to achieve from our cost reduction program.

Our risks are more specifically described under "Risk Factors." If one or more of these risks or uncertainties materialise, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected.

Forward-looking statements involve risks, uncertainties and assumptions and speak only as at the date they are made. Investors should not place undue reliance on any forward-looking statements. Other than as required by applicable law or the applicable rules of any exchange on which our Shares may be listed, we have no intention or obligation to update forward-looking statements after the date of this Prospectus.

Incorporation by reference

The following documents, each of which is available on our website at *www.head.com* as noted below and has been filed with the AFM, shall be deemed to be incorporated in, and form part of, this Prospectus:

(a) Our most recent Articles of Association (*statuten*).

(b) Our unaudited quarterly report and press release relating to our unaudited financial results for the three and nine months ended September 30, 2009, dated November 12, 2009.

(c) Our press release relating to our unaudited financial results for the twelve months ended December 31, 2009, dated February 25, 2010.

(d) Our press release relating to the improved terms of the exchange offer made by HTM to exchange ordinary shares in the Issuer and new 10% Senior Secured Notes due 2012 issued by HTM, dated July 30, 2009.

(e) The publicly available audited consolidated annual financial statements of the Issuer, which have been prepared in accordance with IFRS as adopted by the European Union together with the notes thereto (as they appear in the Issuer's annual reports for the relevant year) in respect of the years ended 31 December 2006, 31 December 2007 and 31 December 2008 as respectively included on:

  (A) page 16 up to and including page 71 of the Issuer's Dutch statutory annual report for 2006;

  (B) page 14 up to and including page 74 of the Issuer's Dutch statutory annual report for 2007; and

  (C) page 23 up to and including page 81 of the Issuer's annual report for 2008.

(f) The auditor's report for each of the years ended 31 December 2006, 31 December 2007 and 31 December 2008 which appear on pages 72-73 of the Issuer's Dutch statutory annual report for 2006, pages 75-76 of the Issuer's the Issuer's Dutch statutory annual report for 2007 and pages 92-93 of the Issuer's annual report for 2008 respectively.

(g) Head N.V.'s Audit Committee Charter.

No other document or information, including the contents of our website (*www.head.com*) or of websites accessible from hyperlinks on such website, including the websites of any member of our Group, form part of, or are incorporated by reference in, this Prospectus.

Governing law

This Prospectus is governed by and construed in accordance with the laws of The Netherlands. The District Court of Amsterdam (*Rechtbank Amsterdam*) and its appellate courts are to have exclusive jurisdiction to settle any disputes which might arise out of or in connection with this Prospectus. Accordingly, any legal action or proceedings arising out of or in connection with the Prospectus, must be brought exclusively in such courts.

Market and industry data

Market data and certain industry data and forecasts used throughout this Prospectus were obtained from internal company surveys, market research and publicly available information. While we are not aware of any misstatements regarding the industry data and forecasts presented herein, we have not independently verified any of the data from third party sources nor have we ascertained the underlying economic assumptions relied upon therein. Similarly, we have not independently verified internal studies, which we believe to be reliable based upon our management’s knowledge of the industry.

4. PRESENTATION OF FINANCIAL INFORMATION

GENERAL

Unless stated otherwise, all financial information in this Prospectus is presented on a consolidated basis. Certain financial and statistical information in this Prospectus has been subject to rounding adjustments and to currency conversion adjustments, where appropriate. Unless stated otherwise, financial information set out in this Prospectus is unaudited. Unless stated otherwise, all information in this Prospectus is as at December 31, 2008.

FINANCIAL STATEMENTS AND FINANCIAL INFORMATION

Our audited consolidated financial statements for the financial years ended December 31, 2008, December 31, 2007 and December 31, 2006, together with our unaudited consolidated financial results for the nine months ended September 30, 2009, in each case including the notes thereto, are available on our website at *www.head.com*. Each of these documents is incorporated by reference into this Prospectus.

The audited financial statements for the years ended December 31, 2008, December 31, 2007 and December 31, 2006, were prepared in accordance with International Financial Reporting Standards (**IFRS**) as adopted by the European Union.

CURRENCY DENOMINATIONS

Unless otherwise indicated, all references in this Prospectus to (i) "euro", "EUR" or "€" are to the lawful currency of the European Monetary Union, of which the Netherlands is a member, (ii) "U.S. dollar", "$" or "US$" are to United States dollars and (iii) "yen" is to Japanese Yen.

5. THE LISTING

SHARES TO BE LISTED

This Prospectus concerns the Listing of 48,383,353 ordinary shares of Head N.V.

Application will be made for the Listing of the Shares on the official market of the Vienna Stock Exchange. Barring unforeseen circumstances, we expect that trading in the Shares will commence on the Vienna Stock Exchange on or about April 30, 2010. Application has been made for the Exchange Offer Shares to be accepted for clearance through the book-entry facilities of Euroclear and Clearstream, Luxembourg.

Once listed on the Vienna Stock Exchange, the Exchange Offer Shares will be fungible with the Issuer's ordinary shares already listed on the Vienna Stock Exchange and bearing ISIN NL 0000238301. Once listed, the Shares will be traded on the Vienna Stock Exchange under the symbol "HEAD", and will be priced in EUR.

The Exchange Offer Shares are in bearer form represented by a single global bearer share certificate deposit with OeKB as custodian. The WCF Issue Shares are in registered form and can only be transferred in book-entry form. The entity in charge of keeping the records in respect of the WCF Issue Shares is Head N.V. whose address is Rokin 55, 1012 KK Amsterdam, The Netherlands.

MOTIVE FOR THE LISTING

Ordinary shares issued pursuant to the Exchange Offer

On July 30, 2009, HTM, the Issuer's primary operating subsidiary, made an exchange offer to the holders of its then outstanding Senior Notes for them to receive €510.625 aggregate principal amount of the Secured Notes and 262.372 ordinary shares in Head N.V., for each €1,000 principal amount of Senior Notes exchanged.

Acceptances of the Exchange Offer by the holders of the Senior Notes resulted in the Exchange Offer Shares being issued to holders of the Senior Notes on August 19, 2009.

Ordinary shares issued in consideration for the provision of the WCF Guarantee Undertaking

On July 30, 2009, Head Sports Holdings N.V. and Mr. Johan Eliasch entered into an agreement with HTM and Head N.V. pursuant to which Mr. Johan Eliasch agreed to personally guarantee the obligations of the lender under a working capital facility of up to €10 million to be entered into by Head N.V. or one of its subsidiaries on commercially reasonable terms with a bank or other financial institution on or prior to the closing of the Exchange Offer, provided that Mr. Eliasch's personal guarantee would not be required if such facility was provided by a bank or other financial institution organised under the laws of the United States of America or any state thereof or the District of Columbia or any member state of the European Union having combined capital and surplus of not less than €250 million as of the date of the WCF Guarantee Undertaking. Pursuant to the WCF Guarantee Undertaking, the Issuer issued the WCF Issue Shares and transferred the WCF Treasury Shares to Head Sports Holdings N.V. and its shareholders on August 19, 2009.

The working capital facility of up to €10 million was ultimately provided to a subsidiary of Head N.V. on August 13, 2009 by a corporation which is ultimately controlled by the principal shareholder of Head N.V. and his family members and expired on December 31, 2009.

The Exchange Offer Shares and the WCF Issue Shares together comprise the Shares which are the subject of the Listing.

This Prospectus is being issued in order to facilitate the listing of the Shares on the Vienna Stock Exchange, so that they may become fungible with the Issuer's ordinary shares already listed on the Vienna Stock Exchange.

LISTING AGENT

Euro Invest Bank AG will act as the Listing Agent for the Listing. Euro Invest Bank AG will not act in any other capacity in relation to the Listing or the Issuer.

THE VIENNA STOCK EXCHANGE

Organisation and market segments

The Vienna Stock Exchange is operated by an independent, privately owned stock corporation, the Wiener Börse AG, based on a license under the Stock Exchange Act issued by the Austrian Federal Ministry of Finance. Members of the Vienna Stock Exchange include banks, foreign investment firms and other firms trading in securities, derivatives and money market instruments, registered either within or outside of the European Economic Area. The supervisory authority is the Austrian Financial Market Authority (*Finanzmarktaufsicht*, the **FMA**). The FMA monitors trading on the Vienna Stock Exchange with regard to, among other things, compliance with rules and regulations regarding insider trading activity, fairness in trading, and other market related matters.

As of November 30, 2009 shares and certificates of a total of 91 issuers were listed on the Official and Second Regulated Markets, the two most important markets of the Vienna Stock Exchange. The majority of these companies were incorporated in Austria as of such date. As of November 30, 2009 the market capitalisation of all domestic companies listed on the Official and Second Regulated Markets of the Vienna Stock Exchange amounted to approximately €76.4 billion (Source: Vienna Stock Exchange).

According to the Stock Exchange Act, for listing purposes the Austrian securities market consists of two statutory markets: the first tier market (the **Official Market**) and the second tier market (the **Second Regulated Market**). The Official Market and the Second Regulated Market have been registered as "regulated markets" pursuant to the Directive 2004/39/EC on Markets in Financial Instruments, or MiFID. The Unregulated Third Market that existed prior to the entry into force of Security Supervision Act has been operated by the Wiener Börse AG since November 1, 2007, in the form of a multilateral trading facility within the meaning of the Securities Supervision Act. Participation takes place on the basis of the operator's own general terms and conditions of business, the "Terms and conditions for operation of the Third Market" which the Wiener Börse AG has drawn up. In December 2004, the U.S. Securities Exchange Commission granted the Vienna Stock Exchange the status of a "Designated Offshore Securities Market" in accordance with the Securities Act.

By meeting the statutory criteria, securities are admitted to listing on the Vienna Stock Exchange and are divided into various trading segments. To be traded in a specific segment, certain non-statutory criteria must be met by the issuer of the securities, in addition to the statutory listing criteria. The equity market is divided into the segments "prime market", "mid market" and "standard market".

Head N.V.'s existing ordinary shares are traded in the mid market segment.

The mid market segment comprises shares that are admitted to listing on the Official Market or the Second Regulated Market or shares that are traded on the Third Market and that do not meet all listing criteria required for trading in the prime market, but meet certain non-statutory listing criteria in addition to those set out in the Stock Exchange Act or the "Terms and conditions for operation of the Third Market". The standard market segment contains all securities admitted to listing on the Official Market or Second Regulated Market that meet neither the criteria for the prime market nor for the mid market. It is divided in two sub segments: standard market continuous and standard market auction.

Out of the 48 companies listed on the prime market of the Vienna Stock Exchange as of November 30, 2009, only 20 companies are included in the Austrian Traded Index (**ATX**) (Source: Vienna Stock Exchange). The ATX consists of the most actively traded (most liquid) and the most highly capitalised stocks in the prime market. It was designed to be broadly representative of the overall performance of all stock listed on the Vienna Stock Exchange, and is used as an underlying reference for futures, options and structured notes. The ATX is calculated, disseminated and licensed by the Vienna Stock Exchange on a real-time basis. The "ATX Prime" index contains all shares and certificates presently traded in the prime market segment.

Shares listed on the prime market or the standard market continuous are traded continuously, whereas securities listed on the standard market auction are traded only once a day in an auction. The mid market provides for both continuous trading and auction with liquidity providers. To provide additional liquidity, stocks traded in the prime market and the standard market continuous segment must be serviced by a specialist trader, which has agreed to enter firm quotes into XETRA, the electronic trading system used by the Vienna Stock Exchange on a permanent basis. In both segments, additional liquidity providers other than the designated specialists are permitted to act as market makers in securities already serviced by at least one specialist. The market makers' commitments must meet certain minimum requirements set up by the Vienna Stock Exchange.

General information as well as a range of services, such as quotations and ad hoc information about the companies listed on the Vienna Stock Exchange is provided by the Vienna Stock Exchange via the internet (www.wienerborse.at). Information contained on the website of the Vienna Stock Exchange is not included by reference into this Prospectus.

Trading and settlement

Officially listed securities are traded both on and outside of the Vienna Stock Exchange. Nearly half of all trades are over-the-counter (**OTC**). Shares and other equity securities listed on the Vienna Stock Exchange are quoted in euro per share.

The electronic trading system used by the Vienna Stock Exchange is XETRA (Exchange Electronic Trading), the same trading system used by the Frankfurt Stock Exchange. The settlement system uses automated netting procedures and daily mark to market evaluation of collateral requirements to further reduce transfer costs.

Trading can be suspended by the Vienna Stock Exchange if orderly stock exchange trading is temporarily endangered or if its suspension is necessary in order to protect the public interest. The electronic system provides for automatic volatility interruptions and market order interruptions during auctions and for automatic volatility interruptions during continuous trading.

The settlement of transactions concluded on the stock exchange takes place outside the stock exchange. Exchange transactions (spot and forward markets) are settled through CCP Austria Abwicklungsstelle für Börsegeschäfte GmbH. These transactions are carried out T+3 on a delivery versus payment basis, with OeKB acting on behalf of CCP Austria Abwicklungsstelle für Börsegeschäfte GmbH as the central custodian and settlement bank. In case of non-delivery, the transaction will be performed T+8 by a settlement in cash, with the defaulting counter-party having to pay a penalty to the purchaser. Settlement terms of OTC transactions depend on party agreement.

6. SUMMARY 2009 UNAUDITED PRELIMINARY FINANCIAL INFORMATION

The following table sets forth our summary unaudited preliminary financial information for the twelve months ended December 31, 2009

This table should be read in conjunction with our unaudited consolidated financial statements as of and for the three and nine months ended September 30, 2009 and the notes thereto.

Summary Unaudited Preliminary Financial Information

€'000	For the years ended December 31, 2009	2008	%
Profit and Loss			
Gross Sales:			
Winter Sports	150,307	156,359	-3.9%
Racquet Sports	126,188	121,449	3.9%
Diving	46,063	52,359	-12.0%
Licensing	5,463	5,582	-2.1%
Sales Deductions	(8,972)	(9,717)	-7.7%
Net Sales	319,048	326,030	-2.1%
Adjusted Operating Profit	11,963	863	
Adjustments:			
Restructuring	(2,194)	(4,299)	
Sale of trademarks	7,610		
ESOP	(9,011)	5,341	
Reported Operating Profit	8,368	1,905	
Net Income/Loss (inc gain on bond exchange in 2009)	22,326	(9,738)	
Cash Flow			
Net cash (used for) provided by operating activities	29,367	(4,895)	
Purchase of property, plant and equipment	5,564	14,227	
Balance Sheet			
Cash and cash equivalents	36,935	17,643	
Available for sale financial assets	6,573	6,194	
Borrowings	114,420	159,994	
Net Debt	70,912	136,157	
Working Capital	125,964	140,067	

7. CAPITALISATION

The following table sets forth our cash position and consolidated capitalisation as of December 31, 2009 reflecting the effect of the consummation of the Exchange Offer and the issuance of ordinary shares to Head Sports Holdings N.V. and its shareholders in consideration for the WCF Guarantee Undertaking.

This table should be read in conjunction with our unaudited consolidated financial statements as of and for the three and twelve months ended December 31, 2009 and the notes thereto.

		As of December 31, 2009 *(unaudited)* (in thousands)
Cash and cash equivalents	€	36,935
Current borrowings		
Secured	€	16,352
Guaranteed	€	5,128
Unsecured/unguaranteed	€	653
Total current borrowings	€	22,133
Non-current Borrowings:		
10% Senior Secured Notes (Secured Notes)	€	43,738
8.5% Senior Notes due 2014 (Existing Notes)	€	27,705
Other non-current borrowings		
Secured	€	13.011
Unsecured/Unguaranteed	€	7,832
Other non-current borrowings	€	20,843
Total non-current borrowings	€	92,286
Equity:		
Share capital	€	882
Other reserves	€	105,077
Treasury shares	€	(683)
Retained earnings	€	53,286
CTA	€	(10,073)
Total equity	€	148,489
Total capitalization	€	262,908

8. FINANCIAL AND OPERATING INFORMATION

The following table presents selected financial and operating information. This information should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes thereto included in this Offering Circular. Unless otherwise indicated, all amounts are provided in accordance with IFRS as issued by the International Accounting Standards Board (**IASB**). Historical results are not necessarily indicative of the results that may be achieved during any future period.

All International Financial Reporting Standards issued by the IASB, effective at the time of preparing the consolidated financial statements and applied by Head N.V., have been adopted for use in the European Union by the European Commission. The consolidated financial statements of Head N.V. also comply with IFRS as adopted by the European Union.

The selected consolidated financial information as of and for each of the five years ended December 31, 2008, 2007, 2006, 2005 and 2004, has been extracted or derived from our consolidated financial statements and the notes thereto, which have been audited by PricewaterhouseCoopers Accountants N.V.

The date of Head N.V.'s first-time adoption of IFRS was January 1, 2004.

	Year Ended December 31,				
	2008	2007	2006	2005	2004
		(in thousands, except per share data)			
Income Statement Data:					
Total net revenues	€ 326,030	€ 320,992	€ 366,762	€ 359,566	€ 374,996
Operating profit (loss)	€ 1,905	€ (686)	€ 19,978	€ 15,652	€ 11,181
Gain on sale of property (1)	€ --	€ --	€ --	€ 5,876	€ 4,665
Restructuring costs (2)	€ (4,299)	€ (2,033)	€ --	€ (5,073)	€ (1,895)
Income tax income (expense) (3)	€ 59	€ (232)	€ (4,499)	(348)	(22,858)
Profit (loss) for the year	€ (9,738)	€ (11,154)	€ 4,415	€ 6,728	€ (31,066)
Earnings per share - basic (4)					
Profit (loss) for the year	€ (0.26)	€ (0.31)	€ 0.12	€ 0.19	€ (0.86)
Earnings per share - diluted (4)					
Profit (loss) for the year	€ (0.26)	€ (0.31)	€ 0.12	€ 0.18	€ (0.86)
Weighted average shares outstanding (4)					
basic	37,109	36,479	36,220	36,220	36,189
diluted	37,109	36,479	36,968	36,953	36,189
Balance Sheet Data:					
Cash (5)	€ 17,643	€ 30,264	€ 43,628	€ 49,460	€ 47,728
Total assets	€ 378,407	€ 389,322	€ 422,560	€ 432,340	€ 430,355
Total debt	€ 159,994	€ 154,763	€ 158,016	€ 161,716	€ 178,187
Share capital	€ 398	€ 398	€ 7,964	€ 7,964	€ 7,964
Number of shares issued	39,821	39,821	39,821	39,821	39,821
Capital repayment per share (6)	€ --	€ 0.19	€ 0.25	--	--
Total equity	€ 126,034	€ 133,017	€ 155,888	€ 166,459	€ 153,346
Other Financial Data:					
Cash provided by (used in) operating activities	€ (4,895)	€ (2,724)	€ 23,122	€ 30,159	€ 1,903
Cash used in investing activities	€ (9,199)	€ (674)	€ (16,172)	€ (9,985)	€ (20,323)
Cash provided by (used in) financing activities	€ 4,335	€ (8,468)	€ (11,158)	€ (16,516)	€ 28,534

(1) In 2005, the gain on the sale of property resulted from the sale of our property in Estonia. In 2004, we recorded a gain from the sale of our premises in Ireland.

(2) In 2008, €2.1 million of additional depreciation and €1.0 million termination benefits were recorded in relation to the shut-down of the U.S. tennis ball factory. Additional €0.9 million for scrapping and writing-off of fixed asset were recorded due to the transfer of parts of the ski production from the site in Kennelbach, Austria, to České Budejovice, Czech Republic and €0.2 million incurred in relation to the restructuring program for diving products production. In 2007, restructuring costs of €2.0 million mainly consisted of termination costs of €1.6 million relating to the transfer of parts of the ski production and €0.4 million relating to the closure of a production site in Italy. In 2005, restructuring costs consisted of €3.2 million as a result of the outsourcing of the tennis racquet production from Kennelbach and České Budejovice to China, of which €0.8 million related to severance payments for employee terminations, €1.4 million related to impairment of fixed assets and €0.9 million related to production inefficiency. In addition, €0.6 million of restructuring costs related to employee severance costs resulting from the

restructuring of the production of ski bindings and €1.3 million related to personnel costs in connection with the restructuring program in Italy. In 2004, restructuring costs included costs for facility closures in Ireland of €1.3 million and Estonia of €0.4 million.

(3) In 2007, a reduction of the German income tax rate by 9% caused a write-down of deferred tax assets on tax losses carried forward of € 1.4 million. Income tax expense in 2006 increased mainly due to an adjustment of tax loss carry forwards in Austria of €4.3 million. In 2005, we recorded a non-taxable gain of €5.9 million on a sale of property. The increase in income tax expense in 2004 was mainly due to a reduction in the Austrian income tax rate which led to a decrease in deferred tax assets resulting from tax losses carried forward of €20.2 million.

(4) Earnings per share and weighted average shares outstanding on a diluted basis give effect to all outstanding options calculated under the treasury stock method. For the years ended December 31, 2006 and 2005, the number of options that were outstanding but not included in the computation of diluted net loss per share because their effect would have been anti-dilutive was 747,850 and 733,098, respectively.

(5) Cash includes cash and cash equivalents, and in 2008, 2007, 2006, 2005 and 2004 included restricted cash of €0.5 million, €2.5 million, €3.2 million, €4.0 million and €4.7 million, respectively.

(6) See "Item 5.B. – Liquidity and Capital Resources".

The following table sets out unaudited selected consolidated financial information of Head N.V. for the nine month period ended September 30, 2009 with unaudited comparative figures for the nine-month period ended September 30, 2008:

	Period Ended September 30,			
		2009		2008
		(unaudited)		*(unaudited)*
		(in thousands, except per share data)		
Income Statement Data:				
Total net revenues	€	206,665	€	210,963
Other operating income (1)	€	8,182	€	224
Operating profit (loss)	€	2,109	€	(5,279)
Gain on exchange of senior notes	€	40,314	€	--
Income tax income (expense) (2)	€	(11,474)	€	3,939
Profit (loss) for the year	€	24,406	€	(8,480)
Earnings per share - basic				
Profit (loss) for the year	€	0.54	€	(0.23)
Earnings per share - diluted				
Profit (loss) for the year	€	0.54	€	(0.23)
Weighted average shares outstanding				
basic		44,930		37,109
diluted		44,930		37,109
Balance Sheet Data:				
Cash (3)	€	24,996	€	13,011
Total assets	€	356,967	€	379,452
Total debt (4)	€	118,387	€	161,459
Share capital (5)	€	882	€	398
Number of shares issued (5)		88,204		39,821
Total equity	€	149,706	€	125,242
Other Financial Data:				
Cash provided by (used in) operating activities	€	13,008	€	(14,074)
Cash used in investing activities	€	(3,434)	€	(7,184)
Cash provided by (used in) financing activities	€	(454)	€	7,837

(1) In August 2009, the Company realised a gain on a sale of trademarks registered in Korea of €7.6 million.

(2) In 2009, €11.0 million deferred tax expense related to the utilisation of tax losses carried forward in relation to the gain on the exchange of the senior notes.

(3) Cash includes cash and cash equivalents, and in 2009 and 2008, included restricted cash of €0.9 million and €0.5 million, respectively.

(4) In August 2009, €85.7 million senior notes plus 3.6 million accrued interest have been exchanged for €43.7 million senior secured notes and 22.5 million shares.

(5) In connection with the exchange offer the Company newly issued 48,383,353 shares and increased share capital by €0.5 million.

The following are the interest cover and debt equity ratios of Head N.V. for the years ended December 31, 2008 and 2007:

		As of December 31,	
		2008	2007
Interest cover ratio………………………………………………..		0.2	--
Debt/equity ratio…………………………………………………..		2.0	1.9
EBIT………………………………………………………..	€	1,905	-686
Interest expense……………………………………………….		-12,954	-12,592
Interest income………………………………………………..		1,161	2,031
Interest Expense, net………………………………………….	€	-11,793	-10,560
Total liabilities………………………………………………..	€	252,373	256,306
Equity…………………………………………………………	€	126,034	133,017

9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

OVERVIEW

We generate revenues in our principal markets by selling goods directly to retail stores and, to a lesser extent, by selling to distributors. We also receive licensing and royalty income. As many of our goods, especially Winter Sports goods, are shipped during a specific part of the year, we experience highly seasonal revenue streams. In accordance with general industry practice, we receive what we call "pre-season" orders from our Winter Sports division customers from March until June. These pre-season orders typically account for approximately three quarters of our orders in any given year. We typically begin shipping skis, boots and bindings in July and August, with the peak shipping period occurring in October and November. At this time, we begin to receive re-orders from our Winter Sports Division customers, which generally constitute the remaining quarter of yearly orders for our Winter Sports products. This inflow of re-orders may last, depending on weather patterns, into the first quarter of the following year. Racquet Sports and Diving product revenues also experience seasonality, but to a lesser extent than Winter Sports revenues.

Winter Sports

The 2007/2008 winter season had much better snow conditions in most parts of the world compared to the 2006/2007 season. These improved conditions did not, however, result in increased retail sales of winter sports equipment generally by industry participants during the 2007/2008 season. The 2008/2009 winter season started with very good snow conditions in Europe and in some parts of the U.S. but with late snow in Japan. Retailers in Europe report a growing winter sports equipment business mainly driven by accessories (helmets) but also by ski boots. However, ski sales in Europe for the period ending December 31, 2008 have been flat compared to 2007. We believe that the ongoing trend towards rental equipment is responsible for the increased demand for boots compared to skis. The extent to which the current difficult economic conditions will influence pre-season orders cannot be foreseen at the moment. For 2008, SnowSports Industries America reported a decline of 17% on winter sports equipment sales for the period ending December 31, 2008, and Japanese retailers have reported declines of between 10% and 15% for the same period, in each case compared to the prior year. In these markets, we forecast declining pre-season orders for 2009, especially for skis and bindings.

Racquet Sports

We estimate that the market for tennis racquets in 2008 was approximately 9.8 million units, with a value of approximately €280 million at wholesale level. We believe that the global tennis racquet market was stable in unit sales in 2008 but declined by approximately 7% in euro value compared to 2007. Fluctuations of currencies had a major impact in the decline of this market.

We estimate that worldwide sales of tennis balls was approximately €180 million at the wholesale level in 2008, with approximately 24 million dozen tennis balls sold. In 2008, we estimate that the global market for tennis balls was flat in units but declined in value compared to 2007, as a result of declining prices in Europe and currency fluctuations.

Diving

Worldwide diving markets were flat during the first half of 2008 and declined by approximately 10% during the second half of the year. This decline was driven by the overall decline in the economic environment and consumer spending.

Business Rationalisation

As part of our continued strategy to manage costs, in 2008, we transferred certain parts of our ski production from our site in Kennelbach, Austria, to our site in Ceské Budejovice, Czech Republic. In 2007, when this program was first announced, we recognised €1.6 million in related restructuring costs, consisting of €1.0 million in employee severance costs, €0.5 million in deconstruction costs and €0.1 million in engineering costs. In 2008, we recognised an additional €0:9 million in related restructuring costs, most of which consisted of employee severance costs. We believe that this program will enable us to benefit from lower personnel costs in the Czech Republic generally and reduce our fixed costs.

In October 2007, we also approved a restructuring program to outsource the production of some of our diving equipment, transfer a portion of our diving equipment production to our newly-built plant in Bulgaria and close a diving production site in Italy to gain flexibility and reduce fixed costs. Total costs associated with this program were €0.4 million, which consisted entirely of termination costs. As of December 31, 2007, these were fully accrued.

On March 5, 2009, we closed our Phoenix, Arizona tennis and racquetball ball production plant. All our tennis and racquetball products sold globally are now manufactured at our new plant in Shenzhen, China. Our Phoenix facility is still owned by us and is being used as a warehouse.

Joint-Venture

In January 2007, a joint-venture established by us and our Chinese partner began manufacturing tennis balls in China for exclusive sale to us. We and our Chinese partner have a 78% and 22% interest, respectively, in this joint-venture. In accordance with International Accounting Standard (**IAS**) 27 in connection with Standing Interpretations Committee (**SIC**) 12, this joint- venture qualifies as a special purpose entity due to the fact that it was formed to manufacture tennis balls solely on our behalf. As a result, we consolidated this entity and, in accordance with IAS 32, recorded borrowings of €2.6 million ($3.6 million) and €2.0 million ($3.0 million) as of December 31, 2008 and 2007, respectively, for the contribution of our joint-venture partner.

Our joint-venture partner has the right to receive a guaranteed yearly return of 12% on its investment.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Factors Affecting Revenues

As a manufacturer and distributor of branded sporting goods, our revenues are affected by the overall economic trends of our principal geographic market, which is Europe, but also by the United States and Japan, and by related changes in consumer spending on leisure goods. Weather can also affect our revenues. For example, a lack of snow in a particular area in a particular season will typically result in fewer purchases of skiing and snowboarding equipment, and poor weather at a diving location may reduce interest in the sport and related equipment purchases. Other factors that can affect our revenues are consumer preferences for renting versus purchasing equipment or for a particular technical innovation, as well as the general level of interest in the sports for which we produce equipment. In addition, the rate of leisure travel can affect our revenues, as purchases of our equipment are often made in anticipation of or in connection with trips to skiing or diving destinations. For further discussion of the factors affecting demand for our products, see "Risk Factors."

The majority of our revenues are denominated in euro, the functional currency of our European operations. In 2008, approximately 30% was denominated in U.S. dollars. Our revenues are thus affected by movements in the exchange rate of the U.S. dollar and other currencies against the euro. Our revenues are also affected by fluctuations in the value of the currency in which the products are sold relative to the value of the currencies in which production expenses are incurred. For example, appreciation of the euro against the U.S.

dollar may adversely affect the revenues or margins from our products manufactured on a euro-cost basis and sold in the United States if they become less price competitive on a U.S. dollar basis or sell for lower prices on a euro basis; which reduces our margins.

Factors Affecting Expenses

We separate our principal expenses into:

- cost of sales;
- selling and marketing expenses;
- general and administrative expenses; and
- interest expense.

In 2008, cost of sales, selling and marketing expenses, general and administrative expenses and interest expense represented 62%, 29%, 9% and 4%, respectively, of our total net revenues. The major components of cost of sales are raw materials and payroll and energy expenses related to the manufacture of our products. Depreciation of our manufacturing equipment and production sites, as well as research and development expenses associated with the development of our products, are also included in this category.

Since 2005, as a result of the price increases for oil and steel in the world market, we have faced significant cost increases in plastic components (for bindings, ski boots, diving fins), carbon-fibers (for racquets), rubber (for tennis balls) and metal parts (for binding components and ski edges). Prices for plastic components continued to increase in 2008, partly driven by increases in energy prices. However, prices of all of the foregoing have been declining recently.

Selling and marketing expenses are comprised primarily of advertising expenses (including the sponsorship of professional athletes) and payroll expenses related to the selling department. Also included in this category are commission payments to sales teams. We refer to our payroll expenses generally as “fixed selling expenses” and to these commission payments as “variable selling expenses.” General and administration expenses include warehousing expenses and various administrative costs.

Approximately 50% of our capital expenditure in 2008 was made to maintain our facilities and equipment, including our molds and tools. The other 50% of our 2008 capital expenditure related to our new facilities in Bulgaria, the Czech Republic and China. In 2008, 2007 and 2006, we spent €14.2 million, €13.7 million and €15.0 million, respectively, on facilities and equipment maintenance. Historically, these expenditures were financed through our operating cash flow. In 2008, however, due to lower gross profit, the main financing source was our cash. We expect our annual capital expenditures to decrease during the next three years due to our rationalisation programs and outsourced production.

In connection with ordinary share options granted to officers, we recorded non-cash share-based compensation income of €5.3 million and €0.2 million, respectively, in 2008 and 2007, and we recorded €1.8 million of non-cash expense in 2006. As of December 31, 2008, other long-term liabilities with regards to our stock options amounted to €0.5 million. The change in fair value will be recognised as income or expense over the remaining life of the options. Any further stock option grants will result in additional expense being recognised.

Our expenses, as reported in euro, are also affected by movements in the exchange rate of the euro against the currencies of the countries in which we operate. Of our cost of goods sold and other operating expenses, approximately 71 % is recorded in euro whereas approximately 28% is recorded in U.S. dollars. Because a portion of our U.S. dollar revenues are generated from products manufactured on a euro-cost basis, the appreciation of the euro against the U.S. dollar has decreased our revenues when translated into euro and negatively impacted our margins.

RESULTS OF OPERATIONS

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

The following table sets forth each line item of our consolidated statement of operations as a percentage of total net revenues for the periods shown:

	For the Years Ended December 31,				
	2008		2007		Change
	€	%	€	%	€
	(in thousands, except percentages)				
Total net revenues…………………………..	326,030	100.0	320,992	100.0	5,039
Cost of sales…………………….………..	202,899	62.2	196,911	61.3	5,988
Gross profit………………………………….	123,131	37.8	124,080	38.7	(949)
Selling and marketing expense………………	93,167	28.6	94,319	29.4	(1,153)
General and administrative expense………...	29,560	9.1	30,062	9.4	(502)
Restructuring costs…………………………..	4,299	1.3	2,033	0.6	2,266
Share-based compensation income………....	(5,341)	(1.6)	(218)	(0.1)	(5,124)
Other operating income, net…………………	(458)	(0.1)	(1,430)	(0.4)	972
Operating profit (loss)……………………....	1,905	0.6	(686)	(0.2)	2,591
Interest expense……………………………....	(12,954)	(4.0)	(12,592)	(3.9)	(362)
Interest and investment income……………....	1,159	0.4	2,069	0.6	(909)
Foreign exchange gain………………………	92	0.0	287	0.1	(195)
Loss before income taxes……………………	(9,798)	(3.0)	(10,922)	(3.4)	1,124
Income tax benefit (expense)………………..	59	0.0	(232)	(0.1)	292
Loss for the year……………………………..	(9,738)	(3.0)	(11,154)	(3.5)	1,416

Total Net Revenues. For the year ended December 31, 2008, total net revenues increased by €5.0 million, or 1.6%, to €326.0 million from €321.0 million in the comparable 2007 period. The increase of winter sport and diving sales was partly offset by the decreased sales of our racquet sport.

The following table sets forth revenues for each of our product categories for each of the years ended December 31, 2008 and 2007:

	For the Years ended December 31,		
	2008	2007	Change
	€	€	%
	(in thousands, except percentages)		
Product category:			
Winter Sports……………………………………….	156,359	140,533	11.3
Racquet Sports…………………………………...	121,449	129,836	(6.5)
Diving………………………………………………	52,359	51,818	1.0
Licensing………………………………………...	5,582	7,280	(23.3)
Total Revenues……………………………………..	335,748	329,467	1.9
Sales Deductions…………………………………...	(9,717)	(8,475)	14.7
Total Net Revenues………………………………...	326,030	320,992	1.6

Winter Sports increased by €15.8 million, or 11.3%, to €156.4 million from €140.5 million in the comparable 2007 period. This increase was due to higher sales volumes of skis, ski boots and helmets and better mix of all of our winter sports products compared to the 2007 period. We believe that this increase was due primarily to the success of our ski racing sponsorship campaign rather than as a result of better snow conditions in the 2007/2008 winter season compared to the 2006/2007 winter season. The strengthening of yen against the euro also positively affected our sales.

Racquet Sports decreased by €8.4 million, or 6.5%, to €121.4 million from €129.8 million in the comparable 2007 period. This decrease was due to the strengthening of the euro against the U.S. dollar and the British pound as well as unfavorable product mix partially offset by higher sales volumes of balls and sales from our newly-introduced tennis footwear.

Diving revenues increased by €0.5 million, or 1.0%, to €52.4 million from €51.8 million in the comparable 2007 period. This increase was mainly driven by the introduction of new advanced products but negatively affected by the strengthening of the euro against the U.S. dollar and the British pound and the negative economic conditions.

Licensing decreased by €1.7 million, or 23.3%, to €5.6 million from €7.3 million in the comparable 2007 period due primarily to our decision not to renew our licensing agreement with Sports Authority in the United States, and the impact of exchange rates.

Sales deductions consist of sales incentives, which are earned by our customers subsequent to delivery of our product, including cash discounts for volume rebates and other than cash consideration. Sales deductions increased by €1.2 million, or 14.7%, to €9.7 million from €8.5 million in the comparable 2007 period due to higher sales in the last quarter and promotion sales of close out products during the second quarter 2008.

Cost of Sales. Cost of Sales increased by €6.0 million, or 3.0%, to €202.9 million from €196.9 million in 2007.

- Variable production costs increased by €3.9 million, or 2.4%, to €165.4 million from €161.4 million in 2007 mainly due to increased sales volumes partially offset by lower personnel expenses and the strengthening of the euro against the U.S. dollar.

- Fixed production costs increased by €3.3 million, or 13.1%, to €28.3 million from €25.0 million in 2007 due to additional cost for the tennis ball production facility in China which was partially offset by lower personnel expenses and other costs resulting from various restructuring programs.

- Research and development expenses decreased by €1.2 million, or 11.7%, to €9.2 million from €10.5 million in 2007.

Gross Profit. Gross profit decreased by €0.9 million to €123.1 million from €124.1 million in the comparable 2007 period. Gross margin decreased to 37.8% in 2008 from 38.7% in the comparable 2007 period. This decrease was due to increased raw material and energy prices as well as unfavorable product mix in Racquet Sports.

Selling and Marketing Expense. Selling and marketing expense decreased by €1.2 million, or 1.2%, to €93.2 million from €94.3 million in the comparable 2007 period.

- Advertising expenses increased by €1.1 million, or 3.1%, to €38.4 million from €37.2 million in 2007 due to higher advertising costs for our sponsored professional ski racers, our newly introduced badminton products and tennis footwear.

- Variable selling and marketing expenses decreased by €1.0 million, or 4.8%, to €20.1 million from €21.1 million in 2007 mainly due to lower warranty expenses as well as the strengthening of the euro against the U.S. dollar.

- Fixed selling expenses decreased by €1.3 million, or 3.6%, to €34.7 million from €36.0 million in 2007 as a consequence of the strengthening of the euro against the U.S. dollar.

General and Administrative Expense. General and administrative expense decreased by €0.5 million, or 1.7%, to €29.6 million from €30.1 million in the comparable 2007 period. This decrease was mainly due to currency impact.

Restructuring Costs. In 2008, we recorded €4.3 million of restructuring expenses relating primarily to the transfer of parts of the ski production from our site in Kennelbach, Austria to our site in Budweis, Czech Republic and to the shifting of tennis ball production from our site in Phoenix, in the United States to our site in Shenzhen, China.

Share-Based Compensation (Income) Expense. The liability relating to the Stock Option Plans recorded on our balance sheet is dependant on our share price. For the year ended December 31, 2008, we recorded €5.3 million of non-cash share-based compensation income for our Stock Option Plans as the share price declined over this period, compared to €0.2 million of non-cash share-based compensation income in the comparable 2007 period.

Other Operating Income, net. Other operating income, net decreased by €1.0 million, to €0.5 million from €1.4 million in the comparable 2007 period mainly due to a release of an environmental accrual of €0.3 million for our Estonian premises in 2007 and foreign currency exchange losses in 2008.

Operating Profit/(Loss). As a result of the foregoing, an operating profit of €1.9 million was recorded compared to an operating loss of €0.6 million in 2007.

Interest Expense. For the year ended December 31, 2008, interest expense increased by €0.4 million, or 2.9%, to €13.0 million from €12.6 million in the comparable 2007 period mainly due to an increase in short-term borrowings.

Interest and Investment Income. Interest and investment income decreased by €0.9 million, or 44.0%, to €1.2 million from €2.1 million in the comparable 2007 period. This decrease was due to lower cash and cash equivalents.

Income Tax Benefit (Expense). For the year ended December 31, 2008, the income tax benefit was €0.1 million, an increase of €0.3 million compared to an income tax expense of €0.2 million in the comparable 2007 period. This increase resulted from higher taxable losses before share-based compensation income as this income has no tax effect.

Loss for the Year As a result of the foregoing factors, we reported a loss of €9.7 million in 2008, compared to a loss of €11.2 million in 2007.

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

The following table sets forth each line item of our consolidated statement of operations as a percentage of total net revenues for the periods shown:

	For the Years Ended December 31,				
	2007		2006		Change
	€	%	€	%	€
	(in thousands, except percentages)				
Total net revenues	320,992	100.0	366,762	100.0	(45,770)
Cost of sales	196,911	61.3	222,597	60.7	(25,686)
Gross profit	124,080	38.7	144,165	39.3	(20,084)
Selling and marketing expense	94,319	29.4	92,929	25.3	(1,390)
General and administrative expense	30,062	9.4	30,342	8.3	(280)
Restructuring costs	2,033	0.6	-	-	2,033
Share-based compensation income	(218)	(0.1)	1,818	0.5	(2,036)
Other operating income, net	(1,430)	(0.4)	(902)	(0.2)	528
Operating profit (loss)	(686)	(0.2)	19,978	5.4	(20,664)
Interest expense	(12,952)	(3.9)	(12,376)	(3.4)	(216)
Interest and investment income	2,069	0.6	1,609	0.4	459
Foreign exchange gain (loss)	287	0.1	(297)	(0.1)	584
Profit (loss) before income taxes	(10,922)	(3.4)	(8,914)	2.4	(19,837)
Income tax (expense)	(232)	(0.1)	(4,499)	(1.2)	4,267
Profit (loss) for the year	(11,154)	(3.5)	4,415	1.2	(15,569)

Total Net Revenues. For the year ended December 31, 2007, total net revenues decreased by €45.8 million, or 12.5%, to €321.0 million from €366.8 million in 2006. This decrease was due principally to lower volumes of sales by our Winter Sports division and the strengthening of the euro against the U.S. dollar.

The following table sets forth revenues for each of our product categories for each of the years ended December 31, 2007 and 2006:

	For the Years ended December 31,		
	2007	2006	Change
	€	€	%
	(in thousands, except percentages)		
Product category:			
Winter Sports	140,533	188,070	(25.3)
Racquet Sports	129,836	132,683	(2.1)
Diving	51,818	48,623	6.6
Licensing	7,280	8,078	(9.9)
Total Revenues	329,467	377,454	(12.7)
Sales Deductions	(8,475)	(10,692)	(20.7)
Total Net Revenues	320,992	366,762	(12.5)

Winter Sports revenues decreased by €47.5 million, or 25.3%, to €140.5 million from €188.1 million in 2006. This decrease was due to lower sales volumes of all of our winter sports products as a consequence of bad snow conditions globally in the winter season 2006/07 and as a result of higher inventory levels at the beginning of the winter season 2007/08 at retailers, which lead to lower "pre-season" orders and re-orders.

Racquet Sports revenues decreased by €2.8 million, or 2.1%, to €129.8 million from €132.7 million in 2006. Despite significant increased sales volumes of our tennis racquets in the fourth quarter due to new product introductions and exchange rates, the strengthening of the euro against the U.S. dollar in the reporting period diminished the euro value of U.S. sales and intensified price competition in the European tennis ball market.

Diving revenues increased by €3.2 million, or 6.6%, to €51.8 million from €48.6 million in 2006. This increase was mainly driven by improved availability throughout the distribution chain of our broad variety of diving products and was negatively affected by the strengthening of the euro against the U.S. dollar in the reporting period.

Licensing revenues decreased by €0.8 million, or 9.9%, to €7.2 million from €8.1 million in 2006, principally due to lower revenues recorded for the first quarter of 2007 and a reduction of the minimum fixed licensing fee for one of our licensing agreements.

Sales deductions consist of sales incentives, which are earned by our customers subsequent to delivery of our product, including cash discounts for volume rebates and other than cash consideration. Sales deductions decreased by €2.2 million, or 20.7%, to €8.5 million from €10.7 million in 2006 due to decreased sales.

Cost of Sales. Cost of sales decreased by €25.7 million, or 11.5%, to €196.9 million from €222.6 million in 2006.

- Variable production costs decreased by €20.6 million, or 11.3%, to €161.4 million from €182.0 million in 2006 mainly due to decreased sales volumes, lower personnel expenses and the strengthening of the euro against the U.S. dollar, which more than offset the adverse effects of increases in raw material prices.

- Fixed production costs decreased by €5.5 million, or 18.0%, to €25.0 million from €30.4 million in 2006 due to lower personnel expenses, lower depreciation and a decrease in expenses for third-party services. Start-up costs for the tennis ball production facility in China and lower utilisation of production capacities of the ski, ski boots and bindings production sites negatively impacted fixed production costs.

- Research and development expenses increased by €0.3 million, or 3.2%, to €10.5 million from €10.1 million in 2006.

Gross Profit. Gross profit decreased by €20.1 million to €124.1 million from €144.2 million in 2006, reflecting principally lower sales levels. Gross margin decreased to 38.7% in 2007 from 39.3% in 2006, due principally to a lower utilisation of production capacity for winter sports products.

Selling and Marketing Expense. Selling and marketing expense increased by €1.4 million, or 1.5%, to €94.3 million from €92.9 million in 2006.

- Advertising expenses increased by €3.6 million, or 10.7%, to €37.2 million from €33.6 million in 2006 due to higher advertising costs mainly for our sponsored professional ski racers.

- Variable selling and marketing expenses decreased by €1.6 million, or 7.1%, to €21.1 million from €22.7 million in 2006 mainly due to lower sales commissions and shipment costs as a consequence of decreased sales and the strengthening of the euro against the U.S. dollar.

- Fixed selling expenses decreased by €0.6 million, or 1.6%, to €36.0 million from €36.6 million in 2006 as a consequence of the strengthening of the euro against the U.S. dollar.

General and Administrative Expense. General and administrative expense decreased by €0.3 million, or 0.9%, to €30.1 million from €30.3 million in 2006 mainly due to U.S. dollar- denominated expenses and the strengthening of the euro against the U.S. dollar.

Restructuring Costs. In 2007, we recorded €1.6 million of restructuring expenses related to the transfer of parts of our ski production from our site in Kennelbach, Austria, to our site in Ceské Budejovice, Czech Republic, which was done to reduce fixed costs and €0.4. million in connection with our decision to move production of certain of our diving products to Bulgaria from a production site in Italy. We then closed our production site in Italy and outsourced the production of some of our diving products to gain more operating flexibility and reduce fixed costs.

Share-Based Compensation (Income) Expense. For the year ended December 31, 2007, share-based compensation income for our Stock Option Plans amounted to €0.2 million compared to share-based compensation expense of €1.8 million in 2006. The positive effect was mainly due to the decrease of the share price as of December 31, 2007.

Other Operating Income, net. Other operating income, net increased by €0.5 million to €1.4 million from €0.9 million in 2006. This increase was mainly due to the release of an accrual of €0.3 million for possible environmental expenses related to the property in Estonia which we sold in 2005 and the sales of the Sporasub brand and of a non-consolidated investment. This income was partly offset by lower foreign exchange gains.

Operating Profit (Loss). As a result of the foregoing, an operating loss of €0.7 million was recorded compared to an operating profit of €20.0 million in 2006.

Interest Expense. For the year ended December 31, 2007, interest expense increased by €0.2 million to €12.6 million from €12.4 million in the comparable 2006 period. This increase was mainly due to the expense recorded in our consolidated financial statements in connection with the payment of the return on investment owed to our venture partner.

Interest and Investment Income. Interest and investment income increased by €0.5 million to €2.1 million from €1.6 million in the comparable 2006 period due to higher interest rates.

Income Tax Expense. For the year ended December 31, 2007, income tax expense was €0.2 million, a decrease of €4.3 million compared to the income tax expense of €4.5 million in the comparable 2006 period. The decrease in tax expense reflects lower current income tax expense due to reduced pre-tax results of some of our subsidiaries in a tax paying position. The increase in tax losses, whose deductibility from future taxable profits was probable, was partially offset by a deferred tax expense of €1.4 million as a result of a decrease in the German tax rate and accordingly a decrease in deferred tax assets on tax loss carried forwards.

Profit (Loss) for the Year As a result of the foregoing factors, we reported a loss of €11.2 million, compared to a profit of €4.4 million in 2006.

LIQUIDITY AND CAPITAL RESOURCES

Our liquidity needs arise principally from our debt service requirements, our working capital requirements, and the need to fund capital expenditures for the general maintenance and expansion of our production facilities and for new facilities. Given the nature of winter sports, and to a lesser extent racquet sports, our operating cash flow and working capital needs are highly seasonal. Head N.V's need for cash is greater in the third and fourth quarters when historically our balance of inventory and trade receivables are at its peak.

Historically, Head N.V's primary sources of liquidity have been cash provided from operating activities, proceeds from the issuance of debt and equity securities and borrowings under various short-term, uncommitted secured and unsecured credit facilities made available to Head N.V's subsidiaries that we have historically used in the third and fourth quarters to finance the production of inventory and bridge the receipt of cash until the first quarter of the next year.

In order to meet an anticipated shortfall in available cash in the third quarter of 2008, in October of the same year, we entered into short-term lines of credit under which borrowings of approximately €5.0 million were drawn. These facilities were required to be repaid in full on December 31, 2008. All amounts outstanding under such facilities have been repaid.

On August 13 2009, we entered into a €10.0 million working capital facility agreement with a corporation which is ultimately controlled by the principal shareholder of Head N.V. and his family members. This credit facility was available until December 31, 2009 and helped to overcome the expected seasonal shortfall in available cash for the third and fourth quarters of 2009.

We believe that we are able to manage our working capital requirements accordingly and that consequently we will be able to meet our anticipated requirements for working capital expenditures and scheduled interest payments. In addition, the amount of our scheduled interest payments decreased due to our Senior Notes exchanged for Secured Notes in the Exchange Offer.

Historical Cash Flows

Year-end 2008

For the year ended December 31, 2008, cash used for operating activities increased by €2.2 million to €4.9 million compared to cash used for operating activities of €2.7 million in the comparable 2007 period, which was mainly due to lower gross profit. Our operating cash requirements and purchases of property, plant and equipment (net of proceeds) of €14.0 million were financed by sales of marketable securities and cash on hand.

As of December 31, 2008, we had €160.0 million of total debt (including current portion of €2.4 million), consisting of €111.9 million of Senior Notes, €12.3 million long-term obligations under a sale-leaseback agreement and a mortgage agreement due 2017, €8.6 million other long-term debt obligations comprising secured loans in Italy, Japan and the Czech Republic and a liability against our venture partner of €2.6

million. In addition, we used lines of credit with several banks in Austria, France, Canada and Japan of €24.7 million (excluding current portion of €2.4 million).

As of December 31, 2008, we had €17.2 million cash on hand and €0.5 million restricted cash and €6.2 million available-for-sale financial securities (predominantly money market funds) which are restricted. In addition, we had €2.6 million available in credit lines.

Year-end 2007

For the year ended December 31, 2007, net cash used for operating activities increased by €25.8 million to a net cash outflow of €2.7 million compared to net cash generated by operating activities of €23.1 million in 2006. This decrease was due to lower cash from operations as a consequence of higher losses and a higher level of working capital, resulting mainly from substantially higher inventory levels and a substantially lower level of accounts payable. Our operating cash requirements, purchases of property, plant and equipment (net of proceeds) of €11.6 million and the repayment of capital to shareholders of €7.2 million in connection with the reduction of the nominal value of our shares were financed by sales of marketable securities and cash on hand.

At the Annual General Meeting of the shareholders held on May 30, 2007, Head N.V's shareholders approved the resolution to amend the Articles of Association to decrease the nominal value of the shares from €0.20 to €0.01 and to make a capital repayment of €0.19 per share totaling €7.2 million to our shareholders in September 2007,

As of December 31, 2007, we had €154.8 million of total debt (including current portion of €2.5 million), consisting of €111.6 million of Senior Notes, €12.5 million of long-term obligations under a sale-leaseback agreement and a mortgage agreement due 2017, €9.5 million of other long-term debt comprising of secured loans in Italy, the Czech Republic and Japan and a liability toward our venture partner of €2.0 million in connection with its guaranteed return on its investment. Of this total debt as at December 31, 2007, our short-term debt was €19.1 million and consisted of lines of credit with several banks in Austria and Japan.

As of December 31, 2007, we had €27.8 million cash on hand, mainly in euro, and no available unused credit facilities. In addition, we had €10.2 million in money market funds held in euro which were recognised in our balance sheet as "Available-for-sale financial assets," and €2.5 million of restricted cash comprised of deposits pledged as collateral for outstanding lines of credit.

Loan and Financing Agreements

Long-term Indebtedness

Senior Notes. In January 2004, HTM issued €135.0 million of 8.5% unsecured senior notes due 2014, guaranteed by Head N.V. and certain of its subsidiaries, referred to as the "Senior Notes" in this Prospectus. The Senior Notes are listed on the Luxembourg Stock Exchange. With the proceeds from the sale, all of Head N.V's outstanding 10.75% senior notes due 2006 were redeemed. The total redemption payment was €70.1 million of which €3.5 million represented the redemption premium. In addition, Head N.V. used a portion of the remaining proceeds to repay €25.8 million of other outstanding debt. In June 2004, Head N.V. repurchased the equivalent of €5.5 million of the Senior Notes for €5.0 million and realised a gain of €0.3 million. As a result of this transaction, Head N.V. wrote-off €0.1 million of debt issue costs. In 2005, Head N.V. repurchased the equivalent of €15.7 million of the Senior Notes for €14.3 million and realised a gain of €0.9 million. As a result of this transaction, Head N.V. wrote off an additional €0.1 million of debt issue costs. At December 31, 2008 and 2007, Head N.V. had €111.9 million and €111.6 million, respectively of Senior Notes outstanding.

On April 21, 2009, HTM announced a private exchange offer to exchange its outstanding €135.0 million 8.5 % Senior Notes due 2014. On July 30, 2009, after negotiations with a group of major bondholders, HTM announced improved terms of the Exchange Offer. Under the improved terms, bondholders were offered €510.625 aggregate principal amount of newly issued Secured Notes and 262.372 ordinary shares for each €1,000 principal amount of Senior Notes offered for exchange. The Exchange Offer expired on August 13, 2009, and the consideration was distributed to noteholders on August 19, 2009. As of the expiration date, €85,723,000 in principal amount of existing notes had been validly tendered (75.3% taking into account the cancellation of €21.2 million 8.5% Senior Notes held by a subsidiary) and were accepted for exchange into approximately €43,738,000 in aggregate principal amount of Secured Notes and 22,491,278 ordinary shares in Head N.V. issued to the noteholders. The Secured Notes will mature on August 1, 2012, subject to the Company's right to extend the maturity date to February 1, 2014 upon payment of an extension fee equal to 1% of the aggregate principal amount of the Secured Notes then outstanding.

Also, tendering noteholders forfeited any interest accrued on the Senior Notes from and including February 2, 2009 up to and including August 1, 2009. Accordingly, approximately €3.6 million of interest accrued was forfeited

Liability toward our Venture Partner In July 2005, Head Sport AG (now known as Head Sport GmbH) signed an agreement for the establishment of a company in the British Virgin Islands. The business venture was established to found a Chinese company to manufacture tennis balls for exclusive sale to Head Sport GmbH. Head Sport GmbH and its venture partner have a 83% and 17% interest in the newly-formed company, respectively. In accordance with IAS 27 in connection with SIC 12, this venture qualifies as a special purpose entity due to the fact that the Chinese company was formed to manufacture tennis balls solely on behalf of Head Sport GmbH. As a result, Head N.V. consolidated this entity. In accordance with IAS 32, Head N.V. recorded a liability of €2.6 million ($3.6 million) and €2.0 million ($3.0 million), as of December 31, 2008 and 2007, respectively, for the contribution of our venture partner. Head Sport GmbH's venture partner has the right to receive a guaranteed return of 12% per year on its investment balance starting in the month after the operation began. Operations started in January 2007.

Sale-Leaseback. HTM entered into an agreement on June 28, 2002, whereby it sold land and building to an unrelated bank and leased it back over a 15-year term. The proceeds of this sale were €10.6 million. HTM has the obligation to purchase the property back after 15 years for €8.2 million. HTM may also repurchase the property at its option from the first until the tenth year of the arrangement for the present value of the future lease payments and the remaining residual value. HTM is also required to pay the bank a monthly deposit of €0.01 million, which will be repaid to HTM, plus interest of 6.7%, at the time of repurchase. Because of HTM's continuing involvement, this transaction has been accounted for as a financing such that HTM has recorded €10.6 million of cash and long-term borrowings at the inception date of this agreement. At December 31, 2008 and 2007, the remaining obligation under the financing agreement was €9.8 million and €10.0 million, respectively.

Mortgage Agreement. In 2002, one of Head N.V's subsidiaries entered into a mortgage agreement secured by the Penn Phoenix property with an unrelated financial institution of €4.9 million ($4.8 million) over a 15-year term at an interest rate of 7.33%. At December 31, 2008 and 2007, the outstanding balance of the mortgage was €2.4 million ($3.4 million) and €2.5 million ($3.7 million), respectively, and the carrying value of the property was €1.6 million ($2.3 million) and €1.7 million ($2.5 million) as of December 31, 2008 and 2007, respectively.

Other Long-Term Debt. Other long-term debt comprises secured loans in Italy, Japan and the Czech Republic outstanding with several banks. The weighted average interest rate on other long-term debt was 3.0% and 4.9% as of December 31, 2008 and 2007, respectively. Borrowings mature at various dates through 2017. At December 31, 2008 and 2007, the remaining outstanding long-term debt was €8.6 million and €9.5 million, respectively.

In July 2009, one of our subsidiaries, Head Sports (HuiZhou) Corp., reached an agreement to enter into a loan agreement with Bank of China Co., Ltd. Under the loan, the subsidiary drew RMB 20.0 million (approximately €2.1 million) for financing its working capital requirements. The loan bears interest at a variable rate equal, to the China Central Bank standard three-year term loan rate applicable on the date of the draw-down, plus a 7% margin. The interest rate will be re-set on the anniversary date of the draw-down. The loan is repayable in three installments of RMB 6.0 million in 2010 and RMB 7.0 million in each of 2011 and 2012. The loan is secured by a mortgage.

Short-term Indebtedness

Oesterreichische Kontrollbank Aktiengesellschaft (OeKB). In the second quarter of 2001, Head N.V's subsidiaries entered into a new financing agreement providing multiple revolving credit lines with the "Oesterreichische Kontrollbank" ("OeKB") which were renegotiated in 2003 for a total amount of €15.0 million secured by all Austrian trade receivables. As of December 31, 2008, the fair value of trade receivables that serve as collateral for Head N.V's revolving credit lines was €53.1 million (2007: €49.6 million). As of December 31, 2008 and 2007, we had outstanding borrowings under this line of credit of €15.0 million. The weighted average interest rate on this indebtedness was 4.95% as of December 31, 2008 and 4.7% as of December 31, 2007. These loans had been made in the form of credits for specific exports. No more credit facilities are available under the terms of this commitment.

Japanese Bank Loans. As of December 31, 2008 and 2007, HTM Sports Japan KK, our Japanese subsidiary, had short-term uncommitted credit lines with Sumitomo Bank of approximately €5.4 million and €4.1 million, respectively, that are renewed annually. We guarantee the payments to Sumitomo Bank in the amount of the outstanding debt, The weighted average interest rate on these loans was 2.8% as of December 31, 2008 and 3.0% as of December 31, 2007, respectively.

Other Uncommitted Bank Loans. As of December 31, 2008, we had short-term uncommitted credit lines with various banks in France (secured by all French trade receivables), Canada and Austria of approximately €4.2 million. The weighted average interest rate on these loans was 5.1% as of December 31, 2008.

Working Capital Facility. On August 13, 2009, we signed an agreement with a corporation which is ultimately controlled by the principal shareholder of Head N.V., Mr. Johan Eliasch, for an additional short-term working capital line of €10.0 million available until December 31, 2009.

Capital Expenditures

In 2008, 2007 and 2006, we spent €14.2 million, €13.7 million and €15.0 million, respectively, on facilities and equipment maintenance (upkeep, replacement and/or improvement). We expect to spend approximately €7.0 million on investment in property, plant and equipment, including expenditures for maintenance of our facilities and equipment, in 2009. We expect that these expenses will be financed through our operating cash flow. These expenses will be primarily for the design and manufacturing of products that are scheduled to be introduced and for existing products.

Research and Development

We believe that we are an industry leader in the development of innovative and technologically advanced sports equipment. Our research and development groups identify consumer needs and shifts in consumer preferences in order to develop new product ideas and concepts. In addition, we encourage cross-fertilisation of ideas among divisions, which has led to further product innovations. Head N.V. incurred research and development costs amounting to €9.2 million, €10.5 million and €10.1 million for the years ended December 31, 2008, 2007 and 2006, respectively. For patents and licenses, Head N.V. incurred costs amounting to €1.2 million, €1.2 million and €1.4 million for the years ended December 31, 2008, 2007 and 2006, respectively. To ensure quality and precision, the majority of our products are designed on our own computer-aided design and manufacturing, or CAD/CAM, systems. We expect to spend approximately €27.4 million on research and development in the 2009 to 2011 period.

Off-Balance Sheet Arrangements

We have no off-balance sheet entities or off-balance sheet arrangements that are reasonably likely to have a material impact on our financial position and consolidated results of operations.

Contractual Obligations

The following table provides a maturity analysis of our material contractual obligations as of December 31, 2008 after giving pro forma effect to the exchange of the Secured Notes (in thousands):

Contractual Obligations	Less than 1 year	1 - 3 years	3 - 5 years	After 5 years	Total
Long-Term Debt Obligations					
8.50% Senior Notes due 2014.... €	-- €	-- €	-- €	28,102 €	28,102
10.0% Senior Notes due 2012....	--	--	43,738	--	43,738
Mortgage............................	204	455	527	1,252	2,438
Other Long-Term Debt...........	2,033	1,474	582	7,066	11,155
Capital (Finance) Lease Obligations					
Sale-Leaseback.....................	153	337	386	8,972	9,848
Operating Lease Obligations					
Operating Leases..................	4,003	4,601	2,509	1,139	12,252
Sourcing Agreements.............	215	--	--	--	215

In connection with our benefit plans, we are required to meet certain funding requirements, which could require us to make certain cash payments in the future. Head N.V. does not expect to make significant contributions during 2009.

In January 2004, HTM, one of our subsidiaries, sold €135.0 million of Senior Notes. In August 2009, in connection with the Exchange Offer €85,723,000 in principal amount of existing Senior Notes were validly tendered (75.3% taking into account the cancellation of €21.2 million 8.5% senior notes held by a subsidiary) and were accepted for exchange into approximately €43,738,000 in aggregate principal amount of 10% Secured Notes and 22,491,278 shares (the Exchange Offer Shares) newly issued to the noteholders. Also, tendering noteholders forfeited any interest accrued on the existing notes from and including February 2, 2009 up to and including August 1, 2009. Accordingly, approximately €3.6 million of interest accrued was forfeited

The contractual interest payable under our mortgage agreement is 7.33%, under our sale-leaseback agreement is 6.7% and, under our other long-term debt, it varies between 2.77% and 12.0% on our business venture liability (6.0% on average).

Expected interest expense on contractual obligations for the periods indicated are as follows as of December 31, 2008, (in thousands) after giving pro forma effect to the Exchange Offer:

Expected Interest Expense	Less than 1 year	1 - 3 years	3 - 5 years	After 5 years	Total
Long-Term Debt Obligations					
8.50% Senior Notes due 2014.....€	2,996 €	4,777 €	4,777 €	199 €	12,750
10.0% Senior Notes due 2012....	1,822	8,748	2,551	--	13,121
Mortgage............................	172	296	225	188	881
Other Long-Term Debt............	221	328	271	126	946
Capital (Finance) Lease Obligations					
Sale-Leaseback.....................	651	1,269	1,221	1,999	5,140

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated financial statements prepared in accordance with IFRS are dependent upon and sensitive to accounting methods, assumptions and estimates that we use as a basis for the preparation of our consolidated financial statements and reconciliation. We have identified the following critical accounting estimates and related assumptions and uncertainties inherent in our accounting policies that we believe are essential to an understanding of the underlying financial reporting risks, and the effect that these accounting estimates, assumptions and uncertainties have on our consolidated financial statements under IFRS.

Impairment of Trade Receivables

We maintain a provision for impairment of trade receivables for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional provisions may be required. We specifically analyse trade receivables and evaluate historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in our customer payment terms when evaluating the adequacy of the provision for impairment of trade receivables. These estimations are continually reviewed. Recoveries related to changes in reserves did not occur in 2008.

Impairment of Long-Lived Assets

Property, plant and equipment and other intangible assets with a definite useful life are initially stated at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is computed using the straight-line method over their estimated useful lives. We have determined useful lives of property, plant and equipment after consideration of historical results and anticipated results based on our current plans. Our estimated useful lives represent the period the asset remains in service assuming normal routine maintenance. We review the estimated useful lives assigned to property, plant and equipment when our business experience suggests that they do not properly reflect the consumption of the economic benefits embodied in the property, plant or equipment nor result in the appropriate matching of cost against revenue. Factors that lead to such a conclusion may include physical observation of asset usage, examination of realised gains and losses on asset disposals and consideration of market trends such as technological obsolescence or change in market demand.

Goodwill and other intangible assets with an indefinite useful life are carried at cost less accumulated impairment losses and are tested at least annually for impairment. An intangible asset is classified as having an indefinite useful life when the future economic benefit of such asset is not limited to a certain period of time.

When events or changes in circumstances indicate that the carrying amount may not be recoverable, property, plant and equipment and intangible assets are reviewed for impairment. When such assets' carrying amount is greater than the recoverable amount of those assets, an impairment loss is recognised equal to the difference between the fair value of the assets and their carrying value. Factors we consider important, which could trigger an impairment review, include the following:

- significant underperformance relative to historical or projected future results;
- significant changes in the manner of our use of the acquired assets or the strategy for the related business; and
- significant negative industry or economic trends.

The assessment of tangible and intangible long-lived assets for possible impairment requires certain judgments and estimates to be made by us, primarily related to our future cash flows. Our future cash tiows reflect a number of assumptions including sales volume, prices and terminal values of tangible long-lived assets, which are based on the expected life of products and forecasted life cycle.

While we believe that our assumptions are appropriate, such estimates could differ materially from what will actually occur in the future.

Provision for Product Warranties

We provide for the estimated cost of product warranties and product returns at the time revenue is recognised. Our warranty provision is established based on our best estimates of the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. Our product return provisions are based on our historical experiences. While we believe that our warranty and product return provisions are adequate and that the judgment applied is appropriate, such estimated amounts could differ materially from what will actually transpire in the future. We update these estimated charges periodically. The actual product performance and/or profiles may differ, and in those cases we adjust our warranty reserves accordingly. Future warranty expenses may exceed our estimates, which could lead to an increase in our cost of sales. Significant differences from our estimates have not occurred in the past.

Inventory Obsolescence

Our chosen markets are competitive and subject to fluctuations in demand and technological obsolescence. We periodically review our inventory for obsolescence and declines in market value below cost. Estimated obsolescence or unmarketable inventory is written down to the net realisable value based upon assumptions about future demand and market conditions. If actual future demand or market conditions are less favorable than those projected by us, additional inventory write-downs may be required.

Realisation of Tax Loss Carry Forwards

We recognise deferred tax assets in the amount that we believe is probable to be realised. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the amount to be realised, in the event we were to determine that we would not be able to realise all or part of our net deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to income in the period such determination was made. Changes in local income tax rates may also affect deferred tax assets.

As of December 31, 2008, we recognised €73.9 million of deferred tax assets, mainly on Austrian tax loss carry forwards. We believe it is probable that these deferred tax assets will be realised. Austria and some other countries allow an unlimited carryover of net operating losses. The realisation of operating loss carry forwards in a given jurisdiction is ultimately dependent upon our ability to generate future earnings in the respective jurisdictions. There can be no guarantee that we will generate future earnings.

Standards, Amendments and Interpretations Effective in 2008

IAS 39 (Amendment), "Financial instruments: Recognition and measurement" and IFRS 7, "Financial instruments: Disclosures—Reclassification of Financial Assets." The amendment to the standard permits reclassification of some financial instruments out of the fair-value-through- profit-or-loss category and out of the available-for-sale category. In the event of reclassification, additional disclosures are required under IFRS 7. This amendment does not have an impact on Head N.V's financial statements as no such reclassification took place.

IFRIC 11, "IFRS 2—Group and treasury share transactions," provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled, share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on Head N.V's financial statements.

IFRIC 14, "IAS 19—The limit on a defined benefit asset, minimum funding requirements and their interaction," provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have any impact on Head N.V's financial statements, as Head N.y. is not subject to any minimum funding requirements.

Standard and Interpretation Early Adopted by Head N.V.

IFRS 8, "Operating segments" (effective from January 1, 2009). IFRS 8 replaces IAS 14 "Segment Reporting" and aligns segment reporting with the requirements of the U.S. standard SFAS 131, "Disclosures about segments of an enterprise and related information." The new standard requires a "management approach," under which segment information is presented on the same basis as that used for internal reporting purposes. Head N.V. applied IFRS 8 retrospectively, which did not result in a change in reporting segment. The reported segment is consistent with the internal reporting provided to the chief operating decision-maker.

Standards, Amendments and Interpretations to Existing Standards that are not yet Effective and have not been Early Adopted by Head N.V.

The following standards and amendments to existing standards have been published and are mandatory for Head N.V's accounting periods beginning on or after January 1, 2009 or later periods, but Head N.V. has not early adopted them:

- IFRS 2 (Amendment), "Share-based Payment" (effective from January 1, 2009). The amendment to the standard clarifies the terms "vesting conditions" and "cancellations." Head N.V. will apply IFRS 2 (Amendment) from January 1, 2009, but is not expected to have a material impact on Head N.V.'s financial statements.

- IFRS 3 (Revised), "Business Combinations" and IAS 27 (Amendment) "Consolidated and Separate Financial Statements." IFRS 3 is applicable from periods beginning on or after July 1, 2009. The revised standard requires business combinations to be accounted for as acquisitions and gives greater transparency. Head N.V. will apply IFRS 3 (Revised) and IAS 27 (Amendment) prospectively to all business combinations from January 1, 2010.

- IAS 1 (Revised), "Presentation of financial statements" (effective from January 1, 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement. Head N.V. will apply IAS 1 (Revised) from January 1, 2009.

- IAS 23 (Amendment), "Borrowing costs" (effective from January 1, 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Head N.V. will apply IAS 23 (Amendment) prospectively to the capitalisation of borrowing costs on qualifying assets from January 1, 2009.

- IAS 32 (Amendment) "Financial Instruments: Presentation," and IAS 1 (Amendment) "Presentation of financial statements"—"Puttable financial instruments and obligations arising on liquidation" (effective from January 1, 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. Head N.V. will apply the IAS

32 and IAS 1 (Amendment) from January 1, 2009, but is not expected to have any impact on Head N.V's financial statements.

- IAS 39 (Amendment), "Financial instruments: Recognition and measurement." The amendment clarifies how the existing principles underlying hedge accounting should be applied in two particular situations:

  (a) a one-sided risk in a hedged item, and

  (b) inflation in a financial hedged item.

Entities are required to apply the amendment retrospectively for annual periods beginning on or after July 1, 2009. Head N.V. will apply IAS 39 (Amendment) from July 1, 2009 retrospectively but is not expected to have any impact on Head NV's financial statements.

The following amendments are part of the IASB's annual improvement project published in May 2008:

- IFRS 5 (Amendment), "Non-current assets held for sale and discontinued operations" (and consequential amendment to IFRS 1, "First-time adoption") (effective from July 1, 2009). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control, and relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRS. Head N.V. will apply the IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from January 1, 2010.

- IAS 1 (Amendment), "Presentation of financial statements" (effective from January 1, 2009). The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading are examples of current assets and liabilities respectively. Head N.V. will apply the IAS 39 (Amendment) from January 1, 2009. It is not expected to have an impact on Head N.V's financial statements.

- IAS 19 (Amendment), "Employee benefits" (effective from January 1, 2009). The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.

  The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

  The distinction between short-term and long-term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.

- IAS 37, "Provisions, contingent liabilities and contingent assets," requires contingent liabilities to he disclosed, not recognised. IAS 19 has been amended to be consistent. Head N.V. will apply the IAS 19 (Amendment) from January 1, 2009, although we do not foresee having to make any such disclosure.

- IAS 23 (Amendment), "Borrowing costs" (effective from January 1, 2009). The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 "Financial instruments: Recognition and measurement." Head N.V. will apply IAS 23 (Amendment) from January 1, 2009. It is not expected to have an impact on Head N.V's financial statements.

- IAS 28 (Amendment), "Investments in associates" (and consequential amendments to IAS 32, "Financial Instruments: Presentation" and IFRS 7, "Financial instruments: Disclosures") (effective from January 1, 2009). An investment in associate is treated as a single asset for the purposes of impairment testing and any impairment loss is not allocated to specific assets included within the investment, e.g. goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. Head N.V. will apply the IAS 28 (Amendment) to impairment tests related to investment in subsidiaries and any related impairment losses from January 1, 2009.

- IAS 36 (Amendment), "Impairment of assets" (effective from January 1, 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. Head N.V. will apply the IAS 28 (Amendment) and provide the required disclosure where applicable for impairment tests from January 1, 2009.

- IAS 38 (Amendment), "Intangible assets" (effective from January 1, 2009). The amendment clarifies that an entity is required to recognise an expense with respect to advertising and promotional activities when it receives services or, in the case of a supply of goods, when it receives access to those goods. As Head N.V.'s current accounting policy is in line with this amendment, the application does not have an impact on Head N.V's financial statements.

Interpretations to Existing Standards that are not yet Effective and not relevant for Head N.V Operations

The following interpretations and amendments to existing standards have been published and are mandatory for Head N.V's accounting periods beginning on or after January 1, 2009 or later periods but are not relevant for Head N.V's operations:

- IAS 20 (Amendment), "Accounting for government grants and disclosure of government assistance" (effective from January 1, 2009).

- IFRIC 15, "Agreements for construction of real estates" (effective from January 1, 2009).

- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation," effective for annual periods beginning on or after October 1, 2008, provides guidance on accounting for the hedge of a net investment in a foreign operation.

- IFRIC 17 "Distributions of Non-cash Assets to Owners" is applicable from periods beginning on or after July 1, 2009 and shall standardise practice in the accounting treatment of distribution of non-cash assets to owners.

- IFRIC 18 "Transfers of Assets from Customers" (effective from July 1, 2009) provides additional guidance on the accounting for transfers of assets from customers.

- IAS 16 (Amendment), "Property, plant and equipment" (and consequential amendment to IAS 7, "Statement of cash flows") (effective from January 1, 2009).

- IAS 27 (Amendment), "Consolidated and separate financial statements" (effective from January 1, 2009).

- IAS 31 (Amendment), "Interests in joint ventures" (and consequential amendments to IAS 32 and IFRS 7) (effective from January 1, 2009).

- IAS 38 (Amendment), “Intangible assets,” (effective from January 1, 2009). IAS 40 (Amendment), “Investment property” (and consequential amendments to IAS 16) (effective from January 1, 2009). IAS 41 (Amendment), “Agriculture” (effective from January 1, 2009).

- Minor amendments to IAS 20, “Accounting for government grants and disclosure of government assistance,” and IAS 29, “Financial reporting in hyperinflationary economies” IAS 40, “Investment property” and IAS 41, “Agriculture” (not addressed above).

- IFRS 7, “Financial Instruments: Disclosures: Improving disclosures about financial instruments” (effective from January 1, 2009) requires enhanced disclosures about fair value measurements and liquidity risk. The company applies IFRS 7 as of January 1, 2009.

WORKING CAPITAL STATEMENT

Head N.V. is of the opinion that the working capital available for Head N.V. is sufficient for its present requirements for the next 12 months from the date of the publication of this Prospectus.

10. BUSINESS AND INDUSTRY OVERVIEW

OVERVIEW

We are a leading global manufacturer and marketer of branded sporting goods serving the skiing, racquet sports and diving markets. We have created or acquired a portfolio of brands—*Head* (principally alpine skis, ski boots, bindings and snowboard products and tennis, racquetball and squash racquets, tennis balls, tennis footwear and badminton products), *Penn* (tennis balls and racquetball balls), *Tyrolia* (ski bindings) and *Mares* (diving equipment). Our key products have attained leading market positions and are used by many of today's top athletes.

With a broad product offering marketed mainly to middle to high-price points, we supply sporting equipment and accessories to all major distribution channels in the skiing, racquet sports and diving markets, including pro shops, specialty sporting goods stores and mass merchants. Our products are sold through over 31,000 specialty sporting goods stores, chain stores and department stores in over 85 countries and target sports enthusiasts of varying levels of ability and interest ranging from the novice to the professional athlete. Our strongest presence has traditionally been in Europe.

Over the past six decades, we believe we have earned a reputation as a leading developer and manufacturer of innovative, high-quality and technologically-advanced sporting equipment. Our focus continues to be on our core products of skiing, tennis and diving equipment. In order to expand market share and maximise profitability, we have increased our emphasis on marketing and new product development, further leveraging our brands, global distribution network and traditional strength in manufacturing.

OUR PRODUCTS

Winter Sports

Winter Sports products accounted for 46.2% of our total net revenues in 2008.

Head Ski

Our *Head* ski brand is one of the leading ski brands in the world. We sell a broad range of carving skis designed for all levels of skiers, from the novice to the professional racer. Our ski products represented 37.6% of our total Winter Sports net revenues in 2008.

Technology

We believe that we are an industry leader in the development of innovative and technologically-advanced skis. Our skis are differentiated from various other skis by patented technical features and directional stability. In February 2002, we introduced a patented ''ski management'' system—*Head Intelligence* skis. This product line utilises the technology we introduced in 2000 with our *Head Intelligence* line of tennis racquets and incorporates the piezoelectric *Intellifiber* and *Head Chipsystem*. *Head Intelligence* skis transfer the energy created from contact with the surface of the snow through the Intellifibers, which absorb vibrations and adjust the stiffness of the skis based upon speed and snow conditions. This gives the skier more control using less effort. Major ski magazines and trade journals have rated the skis highly. This technology gained added visibility when being used by our sponsored World Cup ski racers at all World Cup events, as well as at the 2002 and 2006 Winter Olympics and the World Championships in 2003, 2005 and 2007. During the Winter Olympics in Turin in 2006, we introduced our high-end Liquidmetal skis. With our latest introduction of Hollow Glasfiber Technology (Aircoat), we have introduced high performing superlight skis in the recreational segment, including models specifically designed for women.

Market Share

We estimate that the global ski market was approximately €307 million at the wholesale level in 2008. We believe, based on our market knowledge and experience, that in 2008 *Head* skis were the number two selling skis in Europe and that we held the number three position worldwide based on units sold. We estimate our market share for skis worldwide was 16% in 2008, approximately twice our estimated market share of 8% for our Head skis in 1996.

Our strategy is to increase our market share through geographic expansion and focused product offerings. We plan to pursue market share growth in the United States and are seeking further opportunities in developing ski markets such as Eastern Europe and, to a lesser extent, South America and China.

Positioning

We were the first ski manufacturer to introduce a fully integrated line of skis, boots and bindings. We believe that this integrated product offering is key to maintaining preferred relationships with trade customers and increasing our global market share. In addition, our integrated product line allows us to achieve synergies in distribution and engage in joint product development among our internal product groups in the development of new carving products and other products.

Manufacturing

We manufacture *Head* skis at our manufacturing plants in Kennelbach, Austria and České Budejovice, Czech Republic, where we use a computerised manufacturing system. As part of our efforts to reduce costs, we have transferred most of our ski manufacturing from our plant in Kennelbach to our plant in České Budejovice. We have been able to greatly improve our labor productivity through factory automation. We use some of our excess capacity to manufacture skis for other branded ski companies.

Bindings

We believe that we are the largest manufacturer of ski bindings. Our bindings business represented 26.1% of our total Winter Sports net revenues in 2008. In 2007, we produced bindings under the *Head* brand for the first time.

Technology

We believe that the *Tyrolia* brand has consistently offered outstanding performance in safety and reliability while introducing technological innovations.

In 2006, we introduced a redesigned junior *Rail Flex* line with improved performance and a women-specific line of light-weight *Rail Flex* models, both of which can be adjusted without tools, based on boot size. We are currently in the process of extending this line to adults.

In 2007, we introduced *Speedrail* based on the existing *Rail Flex* system but with a new length adjustment feature and easier mounting capabilities for the dealer. For our professional racers we developed a complete new racing heel and a new *Free Flex* function called *Free Flex Pro*. The new racing bindings were only used by professional ski racers in 2007, and were launched in the retail market in 2008. They show improved performance, as demonstrated by our successes in the World Cup.

In 2008, we introduced a redesigned and improved rental line to assure our leading position in that market segment.

Market Share

We estimate that the market for bindings worldwide was approximately €145 million at the wholesale level in 2008, a substantial decrease compared to 2007, due to the extraordinarily warm winter worldwide during the 2006/2007 season. We estimate that our market share worldwide in production of bindings was approximately 35% in 2008 in terms of number of units sold (including production for other Original Equipment Manufacturers, or OEMs).

We continue to observe a growing demand for integrated bindings systems, specific features for shaped skis as well as new technologies. We intend to respond to these changing demands by developing complete new and innovative solutions of integrated binding-ski systems to enhance the coordination of movement and forces of all products equipped with these systems. These integrated systems also offer convenient mounting technology for our dealers.

Manufacturing

All of our *Head/Tyrolia* bindings are manufactured at our technologically-advanced plant in Schwechat, Austria and assembled under our supervision in the Czech Republic. *Head/Tyrolia* bindings consist of over 100 separate components, many of which are made in-house. Most of the assembling is performed by robotics, with the remainder being assembled by hand.

Ski Boots

We market our ski boots principally under the *Head* brand name. We also supply private label boots marketed to lower price points. Our ski boot business represented 25.8% of our total Winter Sports net revenues in 2008.

Technology

In 2007, we introduced *Raptor*, a new performance oriented line of boots. This line has been designed with two different types of fit and with the direct contribution of our racers, including Bode Miller who was involved in all stages of product development. The *Raptor* boots offer a classic racing style, together with a high level of comfort. In 2007, we also introduced a new technology that allows us to customise the design of our boots. In terms of sales, our new *Edge*+ product line has the potential to reinforce our strong position in the recreational segment. In 2008, we introduced the *i-Type*, an innovative ski boot which features several patented solutions such as the *Flex Walking Sole*, to walk more easily and safely and the *Double Memory Buckles*, which close the forefoot with a simple movement and keep the closing position memorised. The boots also feature the *Auto Ski Walk*, an intelligent mechanism that automatically selects the walking and skiing mode when stepping out of or into the ski binding. A new line of ski boots, *Vector*, was launched in 2008/2009.

Market Share

We estimate that the market for ski boots worldwide was approximately €210 million in 2008. Based on our market knowledge and experience, we believe that *Head* ski boots held a solid number three position worldwide in 2008 based on units sold. We estimate that our volume market share in 2008 was approximately 18%, compared to an estimated 9% market share in 1998, reflecting continuous yearly increases in market share.

Manufacturing

In 2004, we transferred the production of our ski boots from Estonia to our new factory in Litovel, Czech Republic, which allowed us to improve our efficiency and service. We completed the transfer of our production to the Czech Republic in 2006 with the closure of the injection department in Italy. Since 2006, we have produced all of our ski boots in the Czech Republic.

Snowboards

We market our snowboard products under the *Head* brand. These products accounted for 10.5% of our total Winter Sports net revenues in 2008.

Technology

In 2009, we launched the unique *NEXT* binding concept with total auto-open straps. This innovation avoids straps from getting in the way when entering or stepping out of the binding, so far the main problem with strap bindings. In the rental market, we introduced our *Speed Disc* and *TNT Shield* technologies, which facilitate the adjustment of bindings by our dealers and enhance the protection of rental snowboards, respectively.

Market Share

We estimate that the global market for snowboards was approximately 1.0 million units in 2008 and that our market share was approximately 6.5% worldwide.

Manufacturing

We rely on contract manufacturers in Austria for snowboards and contract manufacturers in China for snowboards, snowboard bindings, boots, helmets, body protection and bags.

Wintersports Protection

The Protection category is the fastest growing segment of winter sport.

Technology

Focusing on in-mould technology and lightweight materials, the *Head* helmet line offers some of the lightest helmets on the market. Innovations like *Twist Stop Goggle Retainers* that prevent goggles from slipping, *Radiant Ventilation* for climate control in the helmets, full cover beanie liners for better fit, the first women-specific liners, height adjustable ear pads for individual fitting and integrated visors to prevent cold spots between the helmet and goggles have added to the uniqueness of *Head* helmets. We also offer spine protection equipment.

Manufacturing

We rely on one of the most competitive helmet contract manufacturers and one of the most respected body protection manufacturers in China.

Racquet Sports

Racquet Sports products accounted for 36.4% of our total net revenues in 2008. Under the *Head* brand name, we design, engineer and manufacture a broad offering of tennis racquets, squash racquets, badminton racquets, racquetball racquets and tennis footwear. We also sell tennis accessories under the *Head* brand and tennis balls and racquetball balls under the *Head* and *Penn* brand. In the fall of 2006, we introduced a full range of *Head* badminton products, including racquets, shuttlecocks, footwear, apparel and accessories. In 2007, we successfully entered the market of tennis footwear with a brand new range that first shipped in the spring of 2008.

Head Racquets

We estimate that in 2008 our *Head* racquets were the number two brand worldwide. Revenues from racquets amounted to 65.8% of our total Racquet Sports net revenues in 2008.

Technology

Over a period of ten years, we have gained technological leadership in the tennis market with many new, innovative technologies such as *Titanium*, *Intelligence*, Liquidmetal, *Flexpoint*, *Cross Bow* and *Microgel*. Leading global tennis publications such as ''U.S. Tennis Magazine'' and the German ''Tennis Magazin'' thoroughly test-play *Head* racquets against relevant competitor products and consistently rate new *Head* racquets amongst their top choices.

We also cross-leveraged technologies to create line extensions in *Head* Squash and Racquetball with the *Titanium*, *Intelligence* and *Microgel* models.

Market Share

We estimate that the market for tennis racquets worldwide was approximately 9.8 million racquets at wholesale level corresponding to a revenue of approximately €280 million in 2008. Based on independent market statistics and our own market knowledge and experience, we believe *Head* branded tennis racquets were number two worldwide. We estimate that our market share of overall revenues generated for 2008 was approximately 21% worldwide and that our European market share was 27%.

On a long-term basis, due to our continued investment in research and development, global sales, marketing and distribution networks and increasing our level of market penetration, we seek to continue to grow our global market share for our tennis racquet products, increasing our presence in the U.S. and Japan and capitalizing on opportunities in developing markets such as Asia, South America and Eastern Europe.

In 2008, our racquetball racquet market share increased to 27% in the U.S. racquetball market. We estimate that we were the number two brand in the racquetball racquet market in 2008.

Manufacturing

Production of almost all of our globally sold racquet sports (except balls) products is outsourced to third-party manufacturers in China and other Asian countries. Only a few minor items are produced in Europe.

Penn and Head Tennis Balls

We believe that Penn is one of the world's leading manufacturers and marketers of tennis and racquetball balls. Revenues from our tennis ball division amounted to 34.2% of our total Racquet Sports net revenues in 2008.

In 2006, we launched the *Head* tennis ball brand in all markets outside the Americas to take advantage of *Head's* strength in the market for tennis racquets worldwide. *Penn* balls will continue to be marketed and sold in some of these markets but are mainly sold in the Americas and used to sponsor tournaments in the United States.

Technology

Penn and the tennis ball division have introduced many innovations, including:

- ''play related'' tennis balls for different court surfaces and high altitude play;
- optical yellow tennis balls, which have become industry standard;

- the pull ring can with plastic lid;
- *Smart Optic* felt with 19% more visibility; and
- *Encore* technology for enhanced ball durability.

Market Share

We estimate that the market for tennis balls is approximately €180 million worldwide, with approximately 24 million dozen tennis balls sold in 2008. We believe *Head* and *Penn* were the market leaders in balls sold globally in 2008 with a volume market share of 30%.

The market for racquetball balls is concentrated mainly in the United States, which we estimate accounts for over 90% of the world market. In the United States, we estimate our market share was approximately 65% in 2008. Since the early 1990s, annual racquetball balls sales, including *Penn* racquetball balls sales, have been declining, and we expect the market to remain flat over the next few years.

Manufacturing

In 2006, we completed in cooperation with a business venture partner, a new tennis ball plant in Shenzhen, China, which began producing tennis balls in January 2007. Effective March 5, 2009, the Phoenix production plant closed and subsequently all tennis and racquetball products sold globally are manufactured in the new plant in China.

Head Badminton Products

Head N.V. entered the badminton equipment business in 2007. To support the introduction of our new business, Head formed a partnership with the Danish Badminton Association as the organisation's exclusive equipment supplier. With this partnership, Head has also secured worldwide television exposure through international tournaments in Denmark, including the Denmark Open and Copenhagen Masters. The Denmark Open is the biggest badminton tournament in Europe in prize money and is part of the new International Super Series introduced by the International Badminton Federation in January 2007.

Manufacturing

Manufacturing of all of our badminton products is outsourced to third-party manufacturers in China and other Asian countries.

Diving

Our diving business represented 15.7% of our total net revenues in 2008. *Mares* products cover the upper and middle market segments and include several models of air regulators, buoyancy compensator jackets, diving fins, diving masks, snorkels, exposure suits and diving computers. In addition, we offer a variety of air tanks and valves, diving boots and gloves, underwater flashlights, equipment bags, knives and various other accessories and diving instruments.

As part of a strategic decision to unify our diving products under a single brand name, sales of products under the trademark *Dacor* will be terminated and have already been substantially reduced. Furthermore, the *Sporasub* trademark has been sold.

Technology

Mares has historically been the industry's technological leader and has introduced many ground-breaking diving products ahead of the competition, including plastic fins, underwater guns and high-performance regulators. A large part of *Mares'* sales is dependent on patented technology, including air regulators, diving fins and diving masks and the new *Liquid Skin* technology.

Market Share

We estimate that the market for diving equipment was approximately €460 million in 2008 based on exchange rates at that time. Based on our market knowledge and experience, we believe that in 2008 our *Mares* brand of diving equipment had one of the best market positions in Europe and worldwide at the wholesale level. Our market share worldwide for the *Mares* brand for 2008 is estimated at 14%.

Manufacturing

Our manufacturing setup is split into three major areas:

Higher-value-range products and latest innovations including diving computers, top of the line regulators, fins and our *Liquid Skin* diving masks are produced in our factory in Rapallo, Italy, or by subcontractors in the region.

Medium-range products, including fins, buoyancy control devices, or BCD, entry/mid level regulators and some accessories, are produced in our recently-finalised plant in Bulgaria, achieving lower production costs and higher production flexibility.

Neoprene *Mares Aquazone* snorkeling and swimming products as well as accessories are sourced in the Far East, generally based on designs developed by *Mares* in Italy.

LICENSING

Licensing enables us to expand the *Head* name to additional product categories. Revenues from licensing amounted to 1.7% of our total net revenues in 2008.

Head apparel contributes approximately two-thirds of the total royalty income and is licensed in all important markets worldwide, including Europe, U.S., Japan and China. We also grant rights to the *Head* brand for other product categories such as footwear, luggage, eyewear, watches, equipment, bikes, toiletries and accessories. In addition to *Head*, we license the *Penn* brand name to approximately 10 licensees worldwide, primarily for apparel, footwear and golf products.

Licensing generated revenues of €5.6 million for the *Head* and *Penn* brands in 2008. We intend to explore other licensing opportunities for products suitable to the image of our brands. We believe that China may offer considerable potential for a further increase in licensing revenues.

We believe that substantial licensing opportunity exists by capitalizing on the success of our strong-selling products as well as through improved leveraging of our brand portfolio. We also intend to protect and maintain the premium image of our brands by licensing only high-quality goods within compatible product lines.

SALES AND DISTRIBUTION

Our products are sold in over 85 countries to over 31,000 accounts (specialty sporting goods stores, chain stores and department stores). Our worldwide sales force comprised of approximately 420 persons as of December 31, 2008. In addition, we utilise sales representatives and independent distributors to serve specialised markets and related distribution channels.

The table below shows total net revenues from external customers by geographical region, based on the location of the Company's subsidiaries (in thousands):

	For the Years Ended December 31,		
	2008	2007	2006
		(in thousands)	
Total Net Revenues from External Customers:			
Austria	€137,016	€128,772	€160,897
Italy	34,253	36,374	36,381
Other (Europe)	45,913	48,020	54,064
Asia	24,048	15,567	17,257
North America	84,801	92,259	98,162
Total net revenues	€326,030	€320,992	€366,762

Europe

Sales to customers within Europe accounted for 59.5% of our 2008 sales. We have centralised our European distribution organisations for Winter Sports and Racquet Sports products so that Head International GmbH operates as a single distribution company for several key markets. Since January 1, 2004, Head International GmbH invoices and ships products to our customers in Switzerland, Germany, Italy and Austria. As a result, all of our invoicing to customers in these markets and to third-party distributors worldwide occurs from Head International. The related former European distribution companies now function as sales agencies.

North America

Sales to customers in North America accounted for 26.3% of our 2008 sales. We distribute *Head*, *Tyrolia*, *Penn* and *Mares* products through our subsidiaries Head USA, Inc. and Head Canada Inc. Under Head USA, Inc.'s leadership, Winter Sports, Racquet Sports and Diving have separate sales/marketing organisations and sales forces, but share all administrative and logistical functions. Our goal is to improve distribution to increase penetration in North America and re-establish *Head* in the U.S. winter sports market.

The success of our *Head Titanium*, *Intelligence*, Liquidmetal and *Microgel* racquets, as well as our endorsement by the U.S. Professional Tennis Association, the world's largest association of tennis-teaching professionals, and other sales and marketing efforts have helped to significantly raise Head's profile as a tennis brand in North America.

Asia

Sales to customers in Asia accounted for 9.4% of our 2008 sales. In Japan, our largest market in Asia, our Winter Sports products are distributed by our own subsidiary distribution unit, while our diving products are distributed by third parties. In 2007, we terminated our distribution agreement with a third party and integrated the Racquet Sports distribution into our own subsidiary in Japan. Customers in Hong Kong are served through our newly-founded subsidiary in Hong Kong. For the rest of Asia, our products are sold only to independent importers or distributors on a wholesale basis. Because we believe that we have significant growth potential in Asia, we are developing closer working relationships with all Asian *Head* distributors through the subsidiary in Hong Kong and a newly-established representative office in Shanghai.

Other Markets

Sales to customers in other markets accounted for 4.8% of our 2008 sales. These markets mainly consist of Latin America, Africa and Australia. We believe sales were made in over 50 countries in 2008 in these markets. Sales of our products to these regions are made by independent importers/distributors.

MARKETING

We consider the marketing function to be key to promoting our brand names worldwide. Our marketing strategy is centered around the *Head*, *Tyrolia*, *Penn* and *Mares* brands. We believe that there are significant opportunities to continue to build these brands and that increased coordination between our marketing and product development teams has greatly improved our ability to efficiently develop products consistent with consumer preferences. As a result, we have been able to increase the frequency and efficiency of our product innovations as well as the depth of our product lines in each of our key categories. Consumer research has become an integral part of product development and advertising campaigns. Each of our products is fully supported by a consistent, integrated marketing program, which is designed to be responsive to the demands of our target customers.

We use marketing strategies directed at retailers and the final end-users of our products to increase demand. Our marketing strategy for retailers is aimed at educating them on the technical features of our products. We hold clinics for retailers and sales people to inform them about our various product lines. We provide retailers with videotapes, DVDs and product brochures to further educate and assist the retail sales team.

We currently operate several websites including *www.head.com*, *www.ridehead.com*, *www.tyrolia.com*, *www.pennracquet.com*, and *www.mares.com*, which advertise our products and list our distributors. In recognition of the penetration of the Internet and growth in e-commerce, we have expanded our usage and reliance on the Internet, including:

- an ''Online Management System,'' allowing retailers to place and track orders and review credit status; and
- additional website content to cover sports and related information.

In addition, to create consumer interest, we use product promotions and point of sale advertising with sporting goods chains and through our dealers in each of our product categories. Our main website (*www.head.com*) continues to take a more dominant role in our overall advertising.

- We devote significant marketing resources to our ski business, including training by an in-house winter sports specialist to educate retail salespersons so they can sell *Head* skis more effectively. We also coordinate with retailers to improve displays of *Head* products and provide in-store promotional materials such as consumer catalogs, banners and posters. Head participates in a number of trade fairs each year to launch its new products and advertises its skis in leading specialty ski publications.
- Our snowboarding and protection products are promoted through our sponsorship of top caliber riders, international snowboard camps, special interest media events, snowboarding videos and Internet sites. We also have promotions in ski resorts in Europe in which potential customers can try our snowboarding equipment. Sales to end-users are supported by in-store training and point of sale materials.
- Our Racquet Sports division conducts a variety of marketing programs targeted to a broad range of players, including demonstration programs for consumers and, in coordination with retailers, in-store promotions and dealer incentive programs. We advertise our racquets in specialty tennis magazines and participate in advertising programs with specific sporting goods chains. We also advertise our products online and communicate directly with consumers globally through web-based marketing.
- We operate a strong grassroots program introducing our tennis products to instructors, coaches and other opinion leaders who are in a position to generate interest and influence the decisions of the ultimate customer. For example, through *Head* and *Penn*, we participate in the U.S. ''Tennis Welcome Center'' program, sponsored by the Tennis Industry Association (TIA) and the United States Tennis Association (USTA), which is designed to introduce consumers to tennis through free coaching sessions, equipment and access to courts.

- Our Diving division advertises in a number of specialised publications worldwide and conducts promotions and media campaigns in stores, diving centers and tourist resorts. *Mares* achieves high visibility in major specialty magazines as well as larger mass media due to focused partnerships with diving resorts, aquariums and athletes. Special attention is dedicated to the *Mares* website (*www.mares.com*), which hosts over half a million visitors per year.

To complement our marketing strategies, we cultivate the endorsement and promotion of our products among athletes. These endorsements emphasise technical performance and increase brand awareness.

- In Winter Sports, we maintain a strong program of endorsements by high profile athletes, such as Bode Miller and Lindsey Vonn from the United States, Didier Cuche and Ambrosi Hoffmann from Switzerland, Anja Paerson from Sweden, Sarka Zahrobska from the Czech Republic, Maria Riesch from Germany, Patrick Staudacher from Italy, Hermann Maier, Johann Grugger and Elisabeth Goergl from Austria and Marco Buechel from Liechtenstein. During the 2009 World Championships in Val d'Isère, Didier Cuche and Maria Riesch won Gold Medals, Didier Cuche and Sarka Zahrobska won Silver Medals and Elisabeth Goergl won a Bronze Medal. Didier Cuche won the Giant Slalom World Cup Title, Maria Riesch won the Slalom World Cup Title and Anja Paerson won the Combined World Cup Title in the 2008/2009 season. In the Free Skiing (Park & Pipe) segment, we endorse two of the dominating athletes in the category: Jon Olsson from Sweden and recently recruited Grete Eliassen from the United States/Norway. Both athletes have achieved multiple X-games podium places. In Free Style, Evelyne Leu from Switzerland won the Gold Medal at the 2006 Olympic Games in Turin and the World Cup 2006 using *Head* skis. In Snowboarding, we have received endorsements from U.S. athlete Shayne Pospisil, who recently won the TTR NY Red Bull Ice Scrapers event, the Norwegian athlete Frederik Evenson, who won the Slope Style Alts Japan 2007 and Christophe Schmidt from Germany, who ranked 8th in the halfpipe at the 2006 Olympic Games. We are also endorsed by former champions such as Franz Klammer and Patrick Ortlieb. In addition, we have an endorsement agreement with the Austrian national ski team.
- Our tennis racquet endorsement program is focused and highly selective. *Head* racquets are used by more Top 100 ATP players than any other brand of racquets. Novak Djokovic, Andy Murray, Gilles Simon, Richard Gasquet, Marat Safin, Mikhail Youzhny and Ivan Ljubicic are some of the highest ranked and most well-known *Head* players. We also have a high share of WTA players, including Svetlana Kusnetsova, Amelie Mauresmo, Patty Schnyder and Victoria Azarenka. *Head* and *Penn* are also the official ball of the Association of Tennis Professionals (ATP) and many major tournaments around the world including the Tennis Masters 1000 Series and the Tennis Masters Cup. Furthermore, many smaller tournaments are also sponsored by *Head* and *Penn* to create brand awareness at the grass roots level. *Penn* is the exclusive sponsor/supplier of the U.S. Professional Tennis Association and is the official ball of the USTA League Tennis Program. *Head* is the official partner of Tennis Europe.
- Most free diving world records have been set using *Mares* equipment, including the last record set by Gianluca Genoni in October 2006 in Sharm el Sheikh, Egypt, of 141 meters, variable ballast. In September 2008, Mares athlete Joseba Korejeta won the Spear Fishing world championships in Venezuela.

In August 2007, we entered into an alliance with the global environmental charity, Cool Earth. The partnership will result in a worldwide environmental program. As part of our initiative with Cool Earth, we encourage sports enthusiasts and consumers to increase their own carbon responsibility with Cool Earth. All products we manufacture and sell worldwide under the *Head*, *Penn*, *Tyrolia* and *Mares* brands will feature information about Cool Earth and the global warming issue. We have also launched a ''Don't pray for snow. Do something'' advertising campaign in September 2007 that featured well-known athletes, including ski racer Bode Miller.

RESEARCH AND DEVELOPMENT

We believe that we are an industry leader in the development of innovative and technologically-advanced sports equipment. Our research and development groups identify consumer needs and shifts in consumer preferences in order to develop new product ideas and concepts to satisfy consumer demand. To ensure quality and precision, the majority of our products are designed on our own computer-aided design and manufacturing, or CAD/CAM, systems.

We believe that our high level of expertise is evident in all our product lines. Since Howard Head developed the first metal ski in 1950, we have consistently introduced new materials and processes into the manufacture of skis, including fiberglass, graphite, aluminium and titanium, and created an industry trend when we introduced the first complete line of carving skis. In 2005, we introduced the new ''*Supershape*'' ski, appropriately named because of the pronounced side-cut in the design. We believe that the incorporation of *Intelligence* Technology, to enable the ski to adapt rapidly to different conditions, and Liquidmetal qualities create a highly-competitive product. In 2008, we focused on our range of skis for women with the *Head* One series, which is designed to provide improved edge grip and easy turn initiation for the mid-speed range.

The *Head* ski boots product line has well-established research and development resources and is one of the leading innovators, with a long history in ski boot manufacturing. In 2006, we introduced a new line of boots, named *Dream Thang*, specifically designed for women. The project represents the first 4 buckle boot developed specifically for women's needs in terms of fit and skiing performance. In 2007, we introduced the new Racing project developed with our Racing Team and the *Edge*+ line which features important innovations developed in recent years, such as Double Power Buckles, and an excellent level of comfort and ease of use. In 2008, we introduced *i-Type* line which allows skiers to comfortably walk in their ski boots. With its numerous varieties of different lasts, technical features and constructive solutions, *Head* offers the most complete range of products and specific projects for all target groups.

In the area of bindings, we continually introduce new technical features for improved performance, safety and comfort such as the newly-developed *Free Flex* systems, the unique safety ''ABS'' anti-friction toe plates, the new and lighter Diagonal safety feature, new integrative solutions with new mounting processes (*Rail Flex* System), innovative light-weight constructions and changes in styling and appearance in each two- to three-year product cycle. In 2006, we introduced a redesigned junior line with improved performance and light-weight *Rail Flex* models for women. In 2007, we introduced Speedrail as the next step in our *Rail Flex* system development. We also developed a complete *Head* branded product line for the 2007/2008 season. In 2008, we redesigned our rental line and introduced an adult and a junior faceplate focused on the needs of our athletes.

Our expertise in tennis racquet design resulted in the introduction of innovative products. In 2005, we launched *Head Flexpoint*, a unique racquet design that allows the user to obtain better control over the ball without sacrificing power. The year 2006 saw the launch of our technology, *Metallix*, geared towards recreational players. In 2007, we launched a Series of *Microgel* racquets primarily targeted at the advanced player market and endorsed by some of the best players in the world, such as Marat Safin, Andy Murray, Richard Gasquet, Svetlana Kusnetsova and Amelie Mauresmo. In 2008, we launched the *Cross Bow* technology, which aims to improve recreational players' game through specific product features.

Penn has long been a major source of innovation in the tennis ball market, improving tennis balls through, for example, the introduction of ''play related'' tennis balls for different court surfaces and altitudes, optical yellow tennis balls, which have become industry standard and recyclable plastic tennis ball containers with pull ring and plastic lid.

Mares has almost a 60-year history of product innovation and we believe is one of the most advanced research and development centers in the industry. In 2007, we launched the *Liquid Skin* mask, which consists of two different areas of silicone to provide superior comfort. The technology used to produce this skirt is patented and differentiates us strategically not only by its appearance but also as compared to the growing imports of inexpensive masks produced in Asia. *Liquid Skin* mask is the most successful mask to be introduced in the history of *Mares* diving masks. Most recently, *Mares* introduced an ultra light weight regulator featuring a second stage made of carbon.

CUSTOMERS

We sell our products through more than 31,000 specialty sporting goods stores, chain stores and department stores in over 85 countries. Our customers vary depending on where our products are sold. Our largest customers include: Price Costco and The Sports Authority in the United States; Victoria, Alpen and Xebio in Japan; Intersport International, a voluntary buying group which distributes our products predominantly in Europe; Decathlon in France and other European countries.

The payment terms that we offer to customers in our three business areas are consistent with the terms offered by other participants in the market.

Winter Sports

This business area is very seasonal. We start our winter sport sales in July and August, but our customers' sales to retail customers occur primarily in November and December. Payment by our customers is not contingent upon resale of our product by our customers. However, the standard practice in this business area is for customers to pay their vendors only after they begin to sell the vendor's products. Therefore, as a result of this practice, payment terms for this business area typically exceed 90 days, and we receive cash payments between November and February for sales starting in July. In the rental business, we agree to payment terms over one year.

Racquet Sports

Generally, payment terms are between 60 and 90 days. However, in limited cases, such as when we deliver products early or in connection with certain sales campaigns, we may grant terms over 90 days.

Diving

As a result of competition in this business area, and in line with the standard practice of our competitors, we grant payment terms of 120 days to our key customers for shipments to Italy, our major market. In addition, the diving business in Europe is very seasonal with most sales occurring in the spring and summer months. Despite this, we produce and deliver diving equipment and products throughout the entire year so as to improve our production and logistical capabilities.

COMPETITION

The sporting goods industry is highly competitive. We compete primarily on the basis of product features, brand recognition, quality and price. We compete with numerous international and national companies that manufacture and distribute sporting goods and related equipment. We believe that we are generally in a favorable position to face the consolidation of the sports equipment market across all of our product lines.

We compete in individual market segments against various competitors.

- The main competitors to our *Head* ski brand, are Rossignol, Salomon/Atomic and K2/Völkl. Our *Tyrolia* bindings division competes primarily with Salomon, Marker and Atomic. With respect to *Head* ski boots, our main competitors are Salomon and Atomic; Nordica and Technica; and Lange and Rossignol. Dalbello is also a competitive and growing brand in several markets and in the rental segment.
- The principal competitors of the *Head* tennis racquet division are Wilson Sporting Goods Co., Prince Sports Group Inc., and Babolat.

- The principal competitors of *Penn/Head* tennis balls are Wilson Sporting Goods Co. and Dunlop Slazenger International. For racquetball balls, our principal competitor is Ektelon.
- Competitors of the *Mares* diving division include Scubapro/Uwatec, Aqualung, Suunto, Oceanic and Cressi.

Some of our competitors, notably Salomon/Atomic are larger and have greater financial and other resources than we do. We generally compete on a product-by-product basis, and we believe that we generally are preserving or acquiring market share as the sporting goods industry consolidates.

SEASONALITY

As many of our goods, especially Winter Sports goods are shipped during a specific part of the year, we experience highly-seasonal revenue streams. Following industry practice, we begin to receive orders from our customers in the Winter Sports division from March until June, during which time we book approximately three quarters of our orders for the year. We will typically begin shipment of skis, boots and bindings in July and August, with the peak shipping period occurring in October and November. At this time, we begin to receive re-orders from customers, which constitute the remaining quarter of our yearly orders. This re-order inflow may last, depending on the course of weather, into the first quarter of the next year. Racquet Sports and Diving product revenues also experience seasonality, but to a lesser extent than Winter Sports revenues.

MATERIALS

As a result of the price increases for oil and steel in the world market, we have faced significant cost increases in plastic components (bindings, ski boots, diving fins), carbon-fibers (racquets), rubber (tennis balls) and metal parts (binding components and ski edges) until mid-2008. Towards the end of 2008, prices materially declined as a result of a price decrease for commodities and the economic crisis.

PATENTS AND TRADEMARKS

We consider trademark protection to be very important to our business. Our major trademarks are registered in the United States, throughout the European Union and in several other countries. Significant trademarks include *Head*, *Tyrolia*, *Penn*, and *Mares*. We believe that these trademarks are important in identifying our products and the trademarks are often incorporated prominently in product designs. We do not own the trademark Liquidmetal, but rather license the name pursuant to an agreement we have with Liquidmetal Technologies, Inc. This agreement had an initial term of four years commencing January 1, 2003, but was extended to December 31, 2011 under similar terms.

We utilise some proprietary or patented technologies in the formulation or manufacturing of a number of our products, including *Free Flex* technology in the manufacture of our precision bindings, ''*Dimple*'' and ''*Shock Stop*'' technology in the manufacture of our tennis racquets, ''*Autowalk*,'' ''*Flex Walking Sole*'' and ''*Double Power*'' buckles in the manufacture of *Head* ski boots and various other proprietary technologies used in the manufacture of our diving products. We also use patents in connection with our *Head Titanium* tennis racquets and *Head Intelligence* technology, particularly the *Chipsystem* technology. We believe our proprietary information is one of our most important and valuable assets, and generally seek patent protection for our products in countries where significant existing or potential markets for our products exist. We believe we have taken adequate measures to protect our proprietary information in all of our major markets.

We consider our proprietary technology and patent protection to be important to our business. However, we are not dependent on any one patent or set of patents. Some of our recently introduced products like *Titanium*, *Intelligence*, Liquidmetal and *Metallix* tennis racquets, *Mares* HUB system and *Tyrolia* ''Super Light'' bindings have patents that have many years to run.

TREND INFORMATION

The skiing market has been shrinking over the past few years. We and our competitors try to create interest by improving our products with new technical features. It is a general trend (not only in our industry) that people are more interested in improved products. We currently do not see trends as there were in previous years when, for example, there was a trend from alpine skis towards snowboards and when, during the late 1990's, there was a trend towards shaped skis.

ORGANISATIONAL STRUCTURE

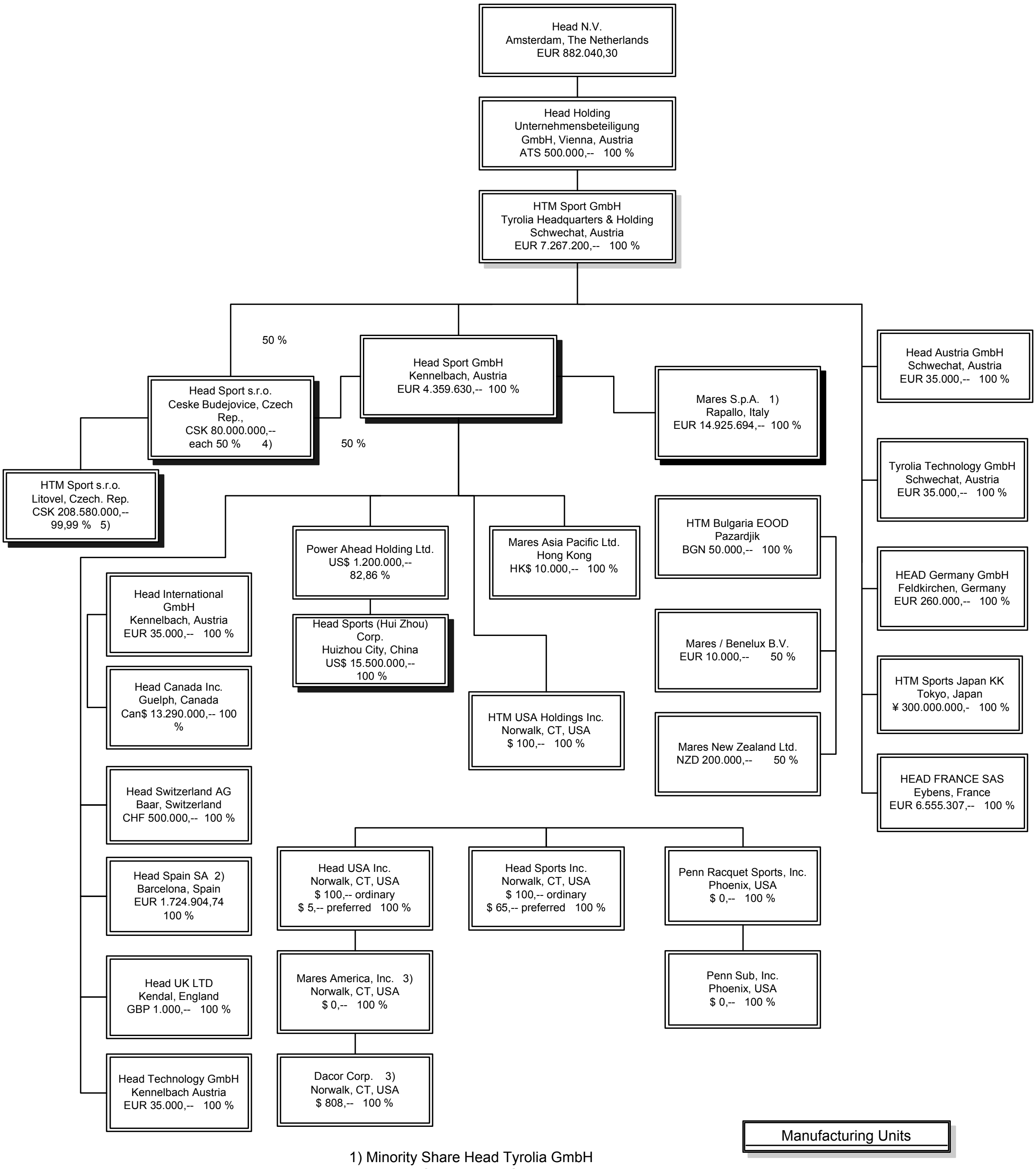
The ECJ Foundation, an entity of which family members of Mr Johan Eliasch, our Chairman and CEO, are the beneficiaries, directly holds 911,422 shares in Head N.V. ECJ Foundation controls an entity called Head Sports Holdings, a Netherlands Antillies company, which in turn directly holds 47,330,640 shares in Head N.V. Overall Mr Johan Eliasch and family members have a beneficial interest in 48,242,062 shares in Head N.V. (54.69%).

Head N.V. was formed as a public company with limited liability in 1998 and holds 100% of the issued and outstanding share capital of Head Holding Unternehmensbeteiligung GmbH, our intermediate holding company incorporated in Austria. Our primary operating subsidiary is HTM Sport GmbH, which in turn owns all of our worldwide operating and distribution subsidiaries and is the issuer of the Senior Notes and the Secured Notes.

The following is a list of Head N.V.'s significant subsidiaries and their country of incorporation:

Subsidiary	Domicile	Proportion of Issued Capital Held
Head Holding Unternehmensbeteiligung GmbH.	Austria	100%
HTM Sport GmbH (former HTM Sport- und Freizeitgeräte AG)	Austria	100%
Head Sport GmbH (former Head Sport AG).	Austria	100%
Head International GmbH	Austria	100%
Head Austria GmbH.	Austria	100%
Head Technology GmbH.	Austria	100%
Tyrolia Technology GmbH.	Austria	100%
Head Canada Inc	Canada	100%
Head Sport s.r.o	Czech Republic	100%
HTM Sport s.r.o	Czech Republic	100%
Head France S.A.S	France	100%
Head Germany GmbH	Germany	100%
Head UK Ltd	Great Britain	100%
Mares Asia Pacific Ltd	Hong Kong	100%
Mares S.p.A.	Italy	100%
HTM Sports Japan KK	Japan	100%
Head Spain S.L	Spain	100%
Head Switzerland AG	Switzerland	100%
HTM USA Holdings Inc	United States	100%
Head USA, Inc.	United States	100%
Penn Racquet Sports, Inc.	United States	100%
Power Ahead Holding Ltd.	British Virgin Islands	82.86%
Head Sports (Hui Zhou) Corp.	China	82.86%
Mares Benelux B.V.	Netherlands	50%
Mares New Zealand Ltd.	New Zealand	50%

A diagram which sets out the structure of the group is set out on the next page.



1) Minority Share Head Tyrolia GmbH
2) Minority Share Mares SpA
3) Non Operating
4) 50 % HTM Sport GmbH,
50 % Head Sport GmbH
5) 0,01 % HTM Sport GmbH

PROPERTY, PLANT AND EQUIPMENT

The following table sets forth information as of December 31, 2008 with respect to the manufacturing, production, warehousing and office facilities used by us in our business:

Location	Description	Owned/ Leased	Area (in square meters)
Kennelbach, Austria.	Ski manufacturing	Leased	9,002
	Administration, marketing, research and development	Leased	5,962
Klaus, Austria.	Warehousing	Leased	8,710
Schwechat, Austria.	Binding manufacturing	Leased	12,709
	Warehousing	Leased	5,510
	Administration, marketing, research and development	Leased	1,472
Neusiedl, Austria.	Warehousing	Leased	2,974
Maser, Italy.	Ski boot research and development	Leased	1,930
Litovel, Czech Republic.	Ski boot products Manufacturing	Owned	7,870
	Warehousing	Owned	8,824
České Budjovice, Czech Republic. . .	Ski manufacturing	Owned	5,790
	Warehousing	Owned	4,199
Rapallo, Italy.	Diving manufacturing	Owned	1,500
	Warehousing	Owned	2,000
	Administration, marketing, research and development	Owned	2,500
Casarza, Italy.	Manufacturing	Owned	3,966
	Warehousing	Owned	3,742
Phoenix Arizona.	Tennis and racquetball administration, warehousing, research and development	Owned	13,009
Shenzhen, China.	Manufacturing, warehousing and administration	Owned	37,952
Pazardzhik, Bulgaria.	Manufacturing and warehouse	Owned	6,500

.

In 2005, we outsourced our tennis racquet production from our sites in Kennelbach, Austria, and České Budejovice, Czech Republic, to a contract manufacturer in China. We closed down our production site for ski bindings in Neusiedl, Austria, which we will instead use for warehousing. Binding assembly is partially outsourced to a partner located in the Czech Republic. We also extended our warehouse facilities in České Budejovice, Czech Republic.

Additionally, we rely on third-party manufacturers in Austria (snowboards), Italy and Bulgaria (diving products), and in Asia, such as in China (accessories and snowboards, bindings, boots, helmets, body protection, badminton) and Thailand (diving products, badminton).

Further to the facilities described above, we own and lease additional facilities in various areas throughout the world. Our leased facilities have remaining terms generally ranging from one to four years.

Substantially all leases contain renewal options pursuant to which we may extend the lease terms in increments of one to four years. We do not anticipate any difficulty in renewing our leases as they expire.

Management considers our facilities to be well maintained and satisfactory for our operations, and believes that our facilities, together with our contract manufacturing relationships, provide sufficient capacity for our current and expected production requirements.

ENVIRONMENTAL MATTERS AND CONSUMER HEALTH AND SAFETY

Our operations are subject to European Union, U.S., Chinese and other national or local laws, regulations and ordinances relating to the operation and removal of underground storage tanks and the storage, handling, generation, treatment, emission, release, discharge and disposal of various materials, substances and wastes and consumer health and safety. The nature of our operations exposes us to the risk of claims with respect to environmental matters and we cannot assure that material costs or liabilities will not be incurred in connection with such claims.

Based on our experience to date, we believe that the future cost of compliance with consumer safety rules and environmental laws, regulations and ordinances, or exposure to liability for environmental claims, will not have a material adverse effect on our business, operations, financial position or liquidity. However, future events, such as changes in existing laws and regulations, or unknown contamination of sites owned or operated by us (including contamination caused by prior owners and operators of such sites) may give rise to additional compliance costs which could have an adverse effect on our operating results and financial condition.

We do not believe that there are any material environmental issues that will impact the utilisation of our tangible fixed assets

LEGAL OR ARBITRATION PROCEEDINGS

General

From time to time, we are party to lawsuits and proceedings in the normal course of our business. We cannot predict the outcome of these lawsuits. Nevertheless, there are no legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) which have had during the 12 months preceding the date of this Prospectus, or which to the best of our knowledge may have, a significant effect on the Issuer's and/or the Group's consolidated financial position or profitability.

Tax Matters

We are currently subject to various tax investigations, which are in various stages of development. The French tax authorities are investigating three areas that we currently estimate may result in a potential charge of €600,000. This amount was accrued for in 2008. Our UK subsidiary, Head UK LTD, has been subject to tax investigations associated with our transfer pricing practices. The UK tax authorities have made an assessment for the years 2003 to 2006 and are now investigating the years 2007 and 2008. We estimate, based on preliminary indications received from tax authorities, that the aggregate amount of tax, penalties and interest in respect of these UK tax issues could be up to £800,000. We accrued this amount in the first quarter of 2009. Authorities in Italy and the U.S. have recently commenced investigations of our tax affairs but it is too early for us to be able to assess the amount of liabilities, if any, that could arise as a result of these investigations.

INVESTMENTS

The Issuer has not planned any principal future investments. Accordingly, no information regarding the anticipated sources of funds needed to fulfill any such investments is provided.

RECENT DEVELOPMENTS

Senior management changes

On May 28, 2009, Mr. Ralf Bernhart resigned from his position as Chief Financial Officer of Head N.V. On May 28, 2009, our general shareholders' meeting appointed Mr. Gunter Hagspiel as member of our Management Board and our Chief Financial Officer, and appointed Mr. Bernhart as Deputy Chairman of our Management Board.

Termination of SEC reporting obligations

The termination of Head N.V.'s registration and reporting obligations under the United States Securities Exchange Act of 1934, as amended, became effective on June 4, 2009.

Appointment of Mr. Richard Hurowitz to our Supervisory Board

We have been informed that our principal shareholder has undertaken to cause entities controlled by him and his family members to propose the appointment of Mr. Richard Hurowitz, a representative of Octavian Advisors L.P., one of the holders of the Senior Notes, as a member of the Supervisory Board at the next general meeting of our shareholders.

Richard Hurowitz is the founder and chief executive officer of Octavian Advisors, LP, a global investment firm which has successfully invested in over forty countries on six continents. The firm is active in several alternative investment strategies including distressed debt, special situations, non-traditional assets, and private transactions, and is a provider of merchant capital worldwide. Octavian currently manages approximately $900 million and is headquartered in New York with affiliate offices in Auckland, Shanghai and Taipei. Mr. Hurowitz has invested extensively in Europe, Asia, North America, Australia, New Zealand, Africa and Latin America. He was previously a partner and Managing Principal of Halcyon Asset Management LLC, a multi-strategy investment fund which had in excess of $3.0 billion under management. Before joining Halcyon in 2000, he was the founder and chairman of Richmond Communications, an electronic publishing company. He received a JD from Columbia University Law School, where he was a Harlan Fiske Stone Scholar and the editor-in-chief of the Columbia/VLA Journal of Law & the Arts. He earned a BA in history from Yale University, graduating in three years at the age of twenty, magna cum laude and with distinction, and was elected to Phi Beta Kappa and Phi Alpha Theta. He is a term member of the Council on Foreign Relations.

Undertaking to guarantee a working capital facility and issuance of ordinary shares to Head Sports Holdings N.V.

On July 30, 2009, Head Sports Holdings N.V. and Mr. Johan Eliasch entered into an agreement with HTM and Head N.V. pursuant to which Mr. Johan Eliasch agreed to personally guarantee the obligations of the lender under a working capital facility of up to €10 million to be entered into by Head N.V. or one of its subsidiaries on commercially reasonable terms with a bank or other financial institution on or prior to the closing of the Exchange Offer, provided that Mr. Eliasch's personal guarantee would not be required if such facility was provided by a bank or other financial institution organised under the laws of the United States of America or any state thereof or the District of Columbia or any member state of the European Union having combined capital and surplus of not less than €250 million as of the date of the WCF Guarantee Undertaking. Pursuant to the WCF Guarantee Undertaking, the Issuer issued the WCF Issue Shares and transferred the WCF Treasury Shares to Head Sports Holdings N.V. and its shareholders on August 19, 2009. See "Principal Shareholders" and "Related Party Transactions."

The working capital facility of up to €10 million was ultimately provided to Head N.V. on August 13, 2009.

2009 Stock Option Plan

At the last Annual General Meeting of shareholders, held on May 28, 2009, the Stock Option Plan 2009 (the **2009 Plan**) was approved. The 2009 Plan calls for the grant of options to the Stichting for members of Management of Head N.V.'s subsidiaries, or such affiliates as the managers may request and provides for issuance of a maximum aggregate number of 5,800,000 options. The options vest on granting. The option price is €0.10 per option and the life of the plan is 10 years from the date the options are granted. Options issued under the 2009 Plan will be administered by the Stichting Head Option Plan.

On July 27, 2009, the Board of Management has approved the resolution that options under the 2009 Plan were granted to the Stichting. In the best interest of Head N.V., the Board of Management approved the settlement of these options to be in cash in the amount of share price less option price on the date of exercise. On December 31, 2009, all options have been granted to the CEO. None of the options have been exercised.

In September 2009, the Supervisory Board approved a Stock Option plan. The maximum aggregate number of options issued is 7,047,179. The price is €0.10 and all options will be settled in cash. The options vest on granting and the life of the plan is 10 years from the date the options are granted. On December 31, 2009, all options under this plan have been granted to the CEO. None of the options have been exercised.

RMB 20 million loan agreement

In July 2009, one of our subsidiaries, Head Sports (HuiZhou) Corp., has reached an agreement to enter into a loan agreement with Bank of China Co., Ltd. (the **BoC Loan**). Under the loan, the subsidiary drew RMB 20.0 million (approximately €2.1 million) for financing its working capital requirements. The BoC Loan bears interest at a variable rate equal to the China Central Bank standard three-year term loan rate applicable on the date of the draw-down, plus a 7% margin. The interest rate will be re-set on the anniversary date of the draw-down. The BoC Loan is repayable in three installments of RMB 6.0 million in 2010 and RMB 7.0 million in each of 2011 and 2012. The BoC Loan is secured by a mortgage over land and real property of Head China located in Daya Bay, China.

Sale of trademarks

In August 2009, we have sold certain trademarks registered in Korea and not covering our core products to a third party and realized a gain of €7.6 million.

Announcement of unaudited preliminary results for the twelve months ended December 31, 2009

On February 25, Head N.V. announced its unaudited preliminary results for the twelve months ended December 31, 2009.

As anticipated for the full year 2009, our sales are slightly lower than last year's. The tough economic conditions have continued to impact our results – particularly in diving where we saw a decline of 12% for the year due to this industry's link to travel and the relatively high price points of the products. We do not expect to see a quick recovery in this market.

Winter Sports for the full year decreased by 3.9% - this was driven by a decline in volumes in all our core product categories; Skis 9%, Boots 6%, and Bindings 5% due to the tough trading conditions, especially in North America, offset by some improvement in mix, positive exchange rate movements and some growth in non-core products.

Racquet sports experienced a sales growth of 3.9% for the year. The volumes of racquets declined by over 9% whilst ball volumes increased by nearly 3%. The improvement in the average selling price of both racquets and balls due to positive exchange rate movements and an enhanced mix resulted in the overall growth in sales for the division.

The impact of our recent restructuring programmes have positively influenced the operating profit in 2009 which, on an adjusted level, increased by €11.1m to €12.0m. The adjustments include the now largely completed restructuring programs, the 2009 costs consist of transferring tennis ball production to China and the reorganisation of ski production. Further adjustments have been made for the share-based compensation plans and the one-off sale of trademarks in Korea.

Operating cash flow for the year improved by over €34m due to the successful implementation of working capital reduction plans, our improved net income and lower interest payments. Capital expenditure was also lower due to its cyclical nature and while we anticipate that this will increase over the next years we expect our average capital expenditure to be lower than it has historically been.

It is too early in the year to predict the company's performance in 2010, but the cost base has been brought in line with the current sales levels and the infrastructure is in place to allow the company to grow should the markets start to recover.

The 2009 Annual Report will be released on or around the 27 April 2010 and the Head NV AGM will be held on the 27 May 2010.

11. DIRECTORS AND KEY EXECUTIVE OFFICERS, CORPORATE GOVERNANCE AND EMPLOYEES

Set out below is a summary of certain relevant information concerning the directors, executive officers and employees of the Issuer, along with relevant provisions of the articles of the Issuer (the ***Articles****). This summary does not purport to be complete and should be read in conjunction with the Articles, which are incorporated by reference into this Prospectus and is available on the Issuer's website at* www.head.com*.*

DIRECTORS AND KEY EXECUTIVE OFFICES

Under our articles of association, a Dutch foundation called the Stichting Head Option Plan has the power to nominate all members of the Management Board, appoint one-third of the Supervisory Board and nominate the remaining members of the Supervisory Board. The Board of the Stichting is controlled by Head Sports Holdings N.V. and Johan Eliasch jointly. Head Sports Holdings N.V. is an entity controlled by Johan Eliasch and his family members.

Supervisory Board

Our Management Board is overseen by a Supervisory Board consisting of at least three members, which also oversees the more general course of our business. Up to one-third of the members of the Supervisory Board are appointed by the Stichting. The other members of the Supervisory Board are appointed by our shareholders at a general shareholders' meeting from a list of nominees drawn up by the Stichting. Our shareholders may however decide at a general shareholders' meeting, by a resolution adopted by a two-thirds majority vote, that a given list of nominees drawn up by the Stichting will not be binding. In the event the Stichting makes a non-binding nomination, our shareholders may at a general shareholders' meeting elect persons to the Supervisory Board not nominated by the Stichting by a resolution adopted by the affirmative vote of two-thirds of the votes cast. Any member of the Supervisory Board appointed by the Stichting may be suspended or removed from the Supervisory Board by the Stichting at any time. Members of the Supervisory Board appointed by the general shareholders' meeting may be suspended or removed from the Supervisory Board at any time by a majority vote of our shareholders at a general meeting of shareholders. However, any suspension or removal not proposed by the Stichting may only be decided at a general shareholders' meeting by a resolution adopted by a two-thirds majority vote. The aforementioned rights of the Stichting shall cease as described above. Our Supervisory Board may agree, with the approval of the Management Board, that specific Management Board resolutions be subject to the Supervisory Board's approval. No resolutions are specified in our articles of association that require Supervisory Board approval.

Mr. William Cohen, a former secretary of defense of the United States of America was previously a member of the Supervisory Board but resigned on May 30, 2007 due to personal reasons. Following Mr. Cohen's resignation, our Supervisory Board currently has two members. We have been informed that our principal shareholder has undertaken to cause entities controlled by him and his family members to propose the appointment of Mr. Richard Hurowitz, a representative of Octavian Advisors L.P. as a member of the Supervisory Board at the next general meeting of our shareholders. See "Recent Developments".

Each of the members of the Supervisory Board were appointed in May 2008, for a period of four years.

The names and biographies of the members of our Supervisory Board are set forth below.

Name	Age	Title
Jürgen Hintz.	67	Member of the Supervisory Board and Audit Committee
Victor Klima	62	Member of the Supervisory Board and Audit Committee

Mr. Jürgen Hintz has been a Member of the Supervisory Board of Head N.V. since May 2003. He retired in December 2004 as Group Chief Executive Officer of Novar plc, an international group with core activities in Intelligent Building Systems, Aluminum Extrusion Solutions, and Security Printing Services with an annual turnover of £1.5 billion. Prior to this he was President and Chief Executive of Carnaud/Metalbox until October 1995, Executive Vice-President and member of the main Board of Procter & Gamble Company and non-Executive Director of Inchcape plc and Apple Computers Inc.

Mr. Viktor Klima has been a member of the Supervisory Board of Head N.V. since October 2000. He served as Chancellor of the Republic of Austria from January 1997 until his resignation February 2000. In this capacity, Mr. Klima held the Presidency of the European Union in the second half of 1998. Prior to serving as Chancellor, he served as Minister of Finance 1996-97 and Minister of Public Economy and Transport 1992-96. Prior to his political career, he was a member of the management board of the OMV oil company, responsible for finance, capital markets and acquisitions. Prior to this position, he held various management positions within OMV. Mr. Klima took up a senior management position with Volkswagen in October 2000.

Audit Committee

Currently all members of the Supervisory Board carry out the activities of an audit committee. The role, responsibilities, composition, procedures and authority of the audit committee are set out in the Audit Committee Charter, which is incorporated by reference herein.

In 2008, the audit committee met four times. All meetings were attended by the CEO and the CFO. The audit committee discussed quarterly, half-year and full year results. One meeting was attended by the external auditor. The audit committee discussed with the Company's external auditor 2007 annual results. It also reviewed press releases and related analyst presentations, as well as management's assessment of internal control over financial reporting. The audit plan 2008 was discussed with the external auditor and the audit fee proposal for 2008 approved. The Company's cash position and estimated impacts of the financial crises was discussed.

The Supervisory Board conducts an annual self-evaluation to determine whether it and the Audit Committee are functioning effectively.

Aside from the Audit Committee, Head N.V. does not have any other committees. Considering the small size of the Supervisory Board, all issues are dealt with by the entire board and therefore we do note believe the installation of separate committees for different issues would increase efficiency.

Management Board

As a public limited company organised under the laws of The Netherlands, our business is carried out primarily by a Management Board and by executive officers appointed by our Management Board. Members of the Management Board are appointed by our shareholders at a general shareholders' meeting from a list of nominees drawn up by the Stichting. Our shareholders may however decide at a general shareholders' meeting, by a resolution adopted by a two-thirds majority vote that a given list of nominees drawn up by the Stichting will not be binding. In the event the Stichting makes a non-binding nomination, our shareholders may at a general shareholders' meeting elect persons to the Management Board not nominated by the Stichting by a resolution adopted by the affirmative vote of two-thirds of the votes cast. Any member of the Management Board may be suspended or removed from the Management Board at any time by a majority vote of our shareholders at a general meeting of shareholders. However, any suspension or removal not proposed by the Stichting may only be decided at a general shareholders' meeting by a resolution adopted by a two-thirds majority vote. The Management Board is authorised to represent us, as is the Chairman of the Management Board acting alone. Our articles of association state that our Management Board shall consist of one or more members. The aforementioned rights of the Stichting shall cease as described in "Risk Factors—We are directly controlled by one shareholder whose interests may conflict with yours.". Decisions of the Management Board are adopted by a simple majority of votes cast.

The members of the Management Board are appointed for an indefinite period of time.

Our Management Board currently has four members, whose names and biographies are set forth below.

Name	Age	Title
Johan Eliasch	48	Chairman of the Management Board and Chief Executive Officer
Ralf Bernhart	58	Member of the Management Board and Deputy Chairman of the Management Board (Managing Director of HTM Sport GmbH and Head Sport GmbH)
Günter Hagspiel	46	Member of the Management Board and Chief Financial Officer (Managing Director of HTM Sport GmbH and Head Sport GmbH)
George F. Nicolai	57	Member of the Management Board

Mr. Johan Eliasch has served as Chairman of the Management Board of Head N.V. and Group Chief Executive Officer since September 1995. He is the United Kingdom Prime Minister's Special Representative on Deforestation and Clean Energy. He is Chairman of Equity Partners, Starr Underwriting Agents, London Films, Co-Chairman of Cool Earth, President of Global Strategy Forum, board member of IMG, advisory board member of Brasilinvest, Société du Louvre, Centre for Social Justice, the British Olympic Association, and member of the Mayor of London's International Business Advisory Council. He is patron of the Stockholm University.

Mr. Ralf Bernhart has served as the Chief Financial Officer of Head N.V. since October 2000. He was a member of the HTM Supervisory Board in 1995 prior to becoming a member of the HTM Management Board in 1996. Prior to joining Head N.V., from 1990 to 1995, Mr. Bernhart was a member of the Executive Board of Hafslund Nycomed Pharma AG, Austria, a leading pharmaceutical company. On May 28, 2009, Mr. Bernhart resigned from his position as Chief Financial Officer of Head N.V. On May 28, 2009, our general shareholders' meeting appointed Mr. Bernhart as Deputy Chairman of our Management Board.

Mr. Günter Hagspiel joined Head Sport GmbH in May 1996. After working in Controlling for two years in Austria, he went on an international assignment to the U.S. to become the Controller of Head USA, Inc. In 2001, Mr. Hagspiel was promoted to CFO and COO of the U.S. company. Since August 2005, he has served as Vice President Finance & Controlling in Austria and was appointed Managing Director of Head Sport GmbH. Prior to joining Head, Mr. Hagspiel was working as a Management Consultant at the Management Zentrum St. Gallen (MZSG) and as Manager at IBM in Vienna. On May 29, 2009, our general shareholders' meeting appointed Mr. Hagspiel as a member of the Management Board and the Chief Financial Officer of Head N.V.

Mr. George F. Nicolai was a member of the management team of Intertrust Netherlands B.V. (formerly Fortis Intertrust (Netherlands) BV) from 1989 until 2003, and continues to act as a non-executive director. After finishing his law degree at the University of Utrecht, he joined Pierson Heldring & Pierson (now Fortis Bank) serving in a variety of executive positions, both in the Netherlands and abroad. He currently also serves as a member of the board of directors of several Dutch subsidiaries of international companies such as Rothschilds, Pearson Plc, Hess Corporation, Pirelli and KFC and as chairman-member of several foundations. Since January 29, 2010 Intertrust Netherlands B.V. is no longer part of Fortis Bank but became owned by the Dutch private equity fund Waterland Private Equity Investments. Mr. Nicolai was appointed as a member of the Management Board on August 31, 2000.

Other information relating to the Supervisory Board and the Management Board

In relation to the members of the Supervisory Board and the Management Board, there have been:

- no convictions in relation to fraudulent offences for at least the last five years;
- no bankruptcies, receiverships or liquidations with which such person who was acting in such capacity was associated for at least the last five years; or

- no official public incrimination and/or sanctions of such person by statutory or regulatory authorities(including designated professional bodies).

Furthermore, none of such persons has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer, or from acting in the management or conduct of the affairs of any issuer for at least the last five years.

Potential conflicts of interest

Mr. Johan Eliasch, who acts as a managing director, is not an independent director given that he together with his family members indirectly controls Head N.V. All related party transactions between Head N.V. and Mr. Eliasch and/or entities controlled by him and his family members are set out in the section "Related party transactions" below. Other than for this, there are no potential conflicts of interest between the duties of the members of the Supervisory Board, the members of the Management Board and the executive officers of Head N.V. and their private interests or other duties.

In addition, our Articles of Association states that in the event of a conflict of interest between Head N.V. and a member of the Management Board, Head N.V. shall be represented by such member of the Management Board or of the Supervisory Board as the Management Board and the Supervisory Board jointly designate for this purpose, which shall be an independent/disinterested member.

Compensation

The table below shows the compensation of the Management and Supervisory Board for the year ended December 31, 2008 (in thousands):

	Periodic payments	Termination payments	Accrued for future payments	Shared-based compensation income
		(in thousands)		
Management Board				
Johan Eliasch	€ 601	€ —	€ —	€(2,250)
Ralf Bernhart	601	203	(45)	(157)
George Nicolai	10	€ —	€ —	€ —
	€1,213	€203	€(45)	€(2,408)
Supervisory Board				
Viktor Klima	€ 14	€ —	€ —	€ (66)
Jürgen Hintz	20	—	—	(57)
	€ 34	€ —	€ —	€ (123)

The table below shows the compensation of the Management and Supervisory Board for the year ended December 31, 2009 (in thousands):

	Periodic payments	Termination payments	Accrued for future payments	Shared-based compensation income
		(in thousands)		
Management Board				
Johan Eliasch	€ 545	€ --	€ --	€8,452
Günther Hagspiel.	328	--	76	19
Ralf Bernhart	406	--	--	31
George Nicolai	10	--	--	--
	€1,289	€--	€76	€8,502

Supervisory Board				
Viktor Klima	€ 14	€ --	€ --	€ 6
Jürgen Hintz	22	--	--	6
	€ 36	€ --	€ --	€ 12

None of our Management Board members or Supervisory Board members has service contracts that provide for benefits upon termination of employment.

Under the Head Tyrolia Mares Group Executive Stock Option Plan 1998 described below under ''—Stock Option Plans,'' we have issued options to purchase an aggregate of 1,818,166 depositary receipts representing ordinary shares to some of our Management Board members, key executive officers and Supervisory Board members. For the year ended December 31, 2008, share-based compensation income amounted to €1.0 million. Options vested over a period of four years and were subject to Head N.V. meeting specified earnings performance targets during this period. These options were exercisable beginning on January 1, 2002, but the shares were subject to a lock-up until October 3, 2002. Each option may be exercised for a nominal price.

Under the Head N.V. Executive Stock Option Plan 2001 described below under ''—Stock Option Plans,'' we have issued options to purchase an aggregate of 3,580,054 depositary receipts representing ordinary shares to some of our Management Board members, key executive officers and Supervisory Board members. For the year ended December 31, 2008, share-based compensation income amounted to €2.2 million. The exercise price for all stock options granted under the 2001 Plan was fixed at inception of the Plan.

Under the Head N.V. Executive Stock Option Plan 2005 described below under ''—Stock Option Plans,'' we have issued options to purchase an aggregate of 2,862,346 depositary receipts representing ordinary shares to our Management Board members and some of our key executive officers. For the year ended December 31, 2008, share-based compensation income amounted to €2.1 million. The exercise price for all stock options granted under the 2005 Plan was fixed at inception of the Plan. The vesting period is four years.

The table below shows the details of all vested options under the Executive Option Plans for current and former Management and Supervisory Board members for the year ended December 31, 2009:

	Exercise price at the issuance	Number of non-exercised shares at beginning of the year	Number of written shares	Number of exercised shares	Number of shares	Exercise price	Number of non-exercised shares at the end of the year
Option Plan 2001							
Johan Eliasch	$4.31	1,991,034	—	—	—	$4.31	1,991,034
Günther Hagspiel. . .	$4.31	7,002	—	—	—	$4.31	7,002
Ralf Bernhart	$4.31	200,004	—	—	—	$4.31	200,004
Viktor Klima	$4.31	115,002	—	—	—	$4.31	115,002
Jürgen Hintz	$4.31	85,002	15,000	—	—	$4.31	100,002
Option Plan 2005							
Johan Eliasch	€2.17	1,937,346	—	—	—	€2.17	1,937,346
Günther Hagspiel. . .	€2.17	75,000	—	—	—	€2.17	75,000
Ralf Bernhart	€2.17	75,000	—	—	—	€2.17	75,000
Option Plan 2009							
Johan Eliasch	€0.10	—	12,847,179	—	—	€0.10	12,847,179

BOARD PRACTICES AND CORPORATE GOVERNANCE

As a Dutch company listed on the Vienna Stock Exchange, we must consider different corporate governance systems. On December 9, 2003, a corporate governance code (**Dutch CGC**) was presented which became effective to Dutch-listed companies as of the financial year beginning on or after January 1, 2004. The Dutch CGC specifically states that a company may choose to not comply with certain of its provisions if the deviation is explained to and approved by the general meeting of shareholders. In Austria, a voluntary self-regulatory Code of Corporate Governance was drafted in October 2002, which provides corporations with a framework for the management and control of enterprises. This Code of Corporate Governance recommends Austrian stock listed companies to voluntarily adhere to such Code or parts of it. We are listed on the Vienna Stock Exchange, but as a Dutch company we are not subject to such Code's recommendations. Since we are not listed in the Netherlands, it seemed appropriate to focus on specifically the Austrian rules on corporate governance. Therefore, at our annual general meeting in 2008, we asked our shareholders to approve that we will apply the Austrian rules of corporate governance and not the rules of the Dutch CGC. Our shareholders approved such proposal.

We believe that by complying with the Austrian Code of Corporate Governance, and our current internal Code of Conduct setting out general standards for ethical behavior, we should also meet many of the recommendations of the Dutch CGC. Our Corporate Governance Guidelines, as well as an explanation for those provisions of the Austrian Code of Corporate Governance from which we deviate, will be posted on our website, *www.head.com*, section ''Investor Relations.''

At our Annual General Meeting in May 2005, our shareholders authorised the Management Board to apply for a delisting from the New York Stock Exchange and amend the ''Common Share Agreement'' between us and The Bank of New York Mellon as U.S. transfer agent and registrar instructing them to close the New York Share register to further re-registrations of Austrian Shares or other ordinary shares for exchange into New York Shares. Our shareholders also authorised our de-registration from the SEC, if permitted under applicable rules. The present and future costs of compliance with the requirements of the Sarbanes-Oxley Act have had, and may be expected to continue to have, an impact on our operating results. This situation led the Management Board to analyse and discuss the benefits and issues associated with our current listings, particularly the listing on the NYSE. As a result of this analysis, the Management Board made a proposal to the Supervisory Board to discuss the delisting of our ordinary shares from the NYSE and to amend the

''Common Share Agreement'' between us and the Bank of New York Mellon instructing them to close the New York Share register to further re-registrations of Austrian Shares or other ordinary shares for exchange into New York Shares.

These discussions have led the Supervisory Board and the Management Board to decide on delisting our shares from the NYSE, which became effective as of March 31, 2008. On March 6, 2009, Head filed a form 15F to deregister the company from the SEC.

The termination of Head N.V.'s registration and reporting obligations under the United States Securities Exchange Act of 1934, as amended, became effective on June 4, 2009.

EMPLOYEES

The table below shows the number of employees by main category at December 31, 2008, 2007 and 2006:

	For the Years Ended December 31,		
	2008	2007	2006
Manufacturing	1,553	1,360	1,173
Engineering and Patent	103	115	108
Selling and Advertising	409	418	398
Warehouse	129	137	103
Business Unit Administration	172	186	138
Total	2,366	2,216	1,920

The table below shows the number of employees by geographical location at December 31, 2008 and 2007:

	For the Years Ended December 31	
	2008	2007
Austria	587	619
Italy	208	235
Czech Republic	480	389
Other (Europe)	289	164
USA	184	353
China	579	396
Other	39	60
Total	2,366	2,216

We believe that our employee relations are generally good. In Austria, most of our employees are subject to collective labour agreements covering the metal and wood processing industries. Collective labour agreements have also been entered for some employees in other countries.

STOCK OPTION PLANS

The Stichting Head Option Plans

We have established a Dutch foundation, the Stichting Head Option Plan (the **Stichting**), the Board of which is controlled by Head Sports Holdings N.V. and Johan Eliasch jointly. Head Sports Holdings N.V. is an entity that is controlled by Johan Eliasch and his family members. The Stichting holds certain of our ordinary shares and issues depositary receipts to our employees and other third parties. The Stichting is the shareholder and therefore votes, collects dividends on behalf of the holders of depositary receipts and may also buy and sell shares in its own name and for its own account. Holders of the depositary receipts issued by the Stichting have no voting rights. The Stichting's sole corporate body is its Board; it does not have any members or shareholders. The named Administrator, Trueblue Limited, decides on the composition of the board and has the sole power to appoint any successor administrator.

Options are granted by means of an agreement between the participant, the Stichting and us. Upon the exercise of an option, the option price is paid to us, and we issue the shares or transfer to the Stichting listed shares that we have purchased, which issues the same number of depositary receipts to the participant. Holders of depositary receipts are entitled to proceeds of the sales of their shares upon request to the Stichting. However, a lockup on such shares was in effect for two years following the initial public offering on October 3, 2000.

As of December 31, 2008, the Stichting had rights to acquire 7,258,726 ordinary shares at the exercise price, to enable the Stichting to issue depositary receipts representing ordinary shares upon the exercise of options. In 2008, 2,143,978 options were exercised and the Stichting held 527,104 shares, as of December 31, 2008.

1998 Stock Option Plan

In November 1998, our Management Board approved the Head Tyrolia Mares Group Executive Stock Option Plan. The 1998 Plan calls for the grant of options to officers and key employees to purchase for a nominal fee depositary receipts representing ordinary shares of Head N.V. The 1998 Plan provides for the issuance of a maximum aggregate number of options equal to 10% of the then outstanding shares of Head N.V., on a fully-diluted basis, subject to adjustments upon the occurrence of a stock split or dividend or in the event of a merger, reorganisation or other similar event.

Upon exercise of the options, option holders receive depositary receipts rather than shares in Head N.V. Depositary receipts issued under the 1998 Plan will be administered by the Stichting. Holders of depositary receipts may, upon request, receive from the Stichting the proceeds from the sale of their shares.

Options granted under the Plan vest over a four-year period, each year being a ''performance period,'' and may each be exercised at a nominal price within a period of 10 years from the date of grant. With respect to each ''performance period,'' the options vest depending on the participant's performance, expressed as the ''overall performance percentage'' (as defined in the 1998 Plan). For purposes of determining such overall performance percentage, the administrator of the 1998 Plan has determined, for each participant and for each performance period, performance targets which comprise a minimum target, a maximum target and a relative target weight. Johan Eliasch, our Chairman and Chief Executive Officer received options representing 838,622 shares under this grant. The exercise period for options which vest prior to January 1, 2002, began on January 1, 2002. The exercise period for options which vest after January 1, 2002, began at the date of vesting.

Under the 1998 Plan, options to purchase 2,278,394 depositary receipts have been granted. No further options will be granted by Head N.V. to the Stichting, under the 1998 Plan.

2000 Stock Option Plan

In August 2000, our Management Board adopted the Head N.V. Executive Stock Option Plan 2000, but that plan has not been implemented.

2001 Stock Option Plan

In September 2001, we adopted the Head N.V. Executive Stock Option Plan 2001 (the **2001 Plan**). The 2001 Plan provides for grants of stock options to officers and employees of Head N.V. and its subsidiaries to purchase for $4.31 depositary receipts representing ordinary shares of Head N.V. On September 28, 2001, a total of 3,982,070 options were granted under the terms of the 2001 Plan. Upon exercise of the options, option holders receive depositary receipts rather than our shares. Depositary receipts issued under the 2001

Plan will be administered by the Stichting. Holders of depositary receipts may, upon request, receive from the Stichting the proceeds from the sale of their shares.

The exercise price for all stock options granted under the Plan was fixed at inception of the 2001 Plan. The vesting period varies from 0 to 6 years. All options that have been vested shall become immediately exercisable. As of December 31, 2006, Johan Eliasch, our Chairman and Chief Executive Officer, received 1,991,034 options under this grant, of which 1,426,470 options vested immediately. Options have a maximum term of 10 years. As of December 31, 2008, no other shares were available for grant under the 2001 Plan.

2005 Stock Option Plan

In May 2005, at the annual general meeting, the shareholders approved the Head N.V. Executive Stock Option Plan 2005 (the **2005 Plan**). The 2005 Plan provides for grants of stock options to officers and key employees of Head N.V. and its subsidiaries to purchase for €2.168 depositary receipts representing ordinary shares of Head N.V. As of December 31, 2007, a total of 3,669,346 options were granted under the terms of the 2005 Plan. Johan Eliasch, our Chairman and Chief Executive Officer, received 1,937,346 options under this grant. Upon exercise of the options, option holders receive depositary receipts rather than our shares. Depositary receipts issued under the 2005 Plan will be administered by the Stichting. Holders of depositary receipts may, upon request, receive from the Stichting the proceeds from the sale of their shares.

The exercise price for all stock options granted under the 2005 Plan was fixed at inception of the 2005 Plan. Options generally vest over a period of four years. We assume that 95.6% of all options granted will become fully vested. Options have a maximum term of 10 years. As of December 31, 2008, 205,345 shares were available for grant under the 2005 Plan.

2009 Stock Option Plan

At the last Annual General Meeting of shareholders, held on May 28, 2009, the 2009 Plan was approved. The 2009 Plan calls for the grant of options to the Stichting for members of Management of Head N.V.'s subsidiaries, or such affiliates as the managers may request and provides for issuance of a maximum aggregate number of 5,800,000 options. The options vest on granting. The option price is €0.10 per option and the life of the plan is 10 years from the date the options are granted. Options issued under the 2009 Plan will be administered by the Stichting Head Option Plan.

On July 27, 2009, the Board of Management has approved the resolution that options under the 2009 Plan were granted to the Stichting. In the best interest of Head N.V., the Board of Management approved the settlement of these options to be in cash in the amount of share price less option price on the date of exercise. On December 31, 2009, all options have been granted to the CEO. None of the options have been exercised.

In September 2009, the Supervisory Board approved a Stock Option plan. The maximum aggregate number of options issued is 7,047,179. The price is €0.10 and all options will be settled in cash. The options vest on granting and the life of the plan is 10 years from the date the options are granted. On December 31, 2009, all options under this plan have been granted. None of the options have been exercised.

12. PRINCIPAL SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

PRINCIPAL SHAREHOLDERS

The ECJ Foundation, an entity of which family members of Mr Johan Eliasch, our Chairman and CEO, are the beneficiaries, directly holds 911,422 shares in Head N.V. ECJ Foundation controls an entity called Head Sports Holdings, a Netherlands Antillies company, which in turn directly holds 47,330,640 shares in Head N.V. Overall Mr Johan Eliasch and family members have a beneficial interest in 48,242,062 shares in Head N.V. (54.69%).

As of September 30, 2009, no other person is known to us to hold 5% or more of our issued ordinary shares.

The key executive officers (other than Mr. Johan Eliasch) and members of the Supervisory Board hold collectively less than 1% of the issued ordinary shares.

No major shareholder has different voting rights from those set out in "Description of Share Capital" below.

RELATED PARTY TRANSACTIONS

We receive administrative services from a corporation which is ultimately owned by the principal shareholder of Head N.V. Administrative expenses amounted to €4.6 million for each of the years ended December 31, 2009, 2008, 2007 and 2006. In the amended Indenture governing the Secured Notes, we have agreed to limit such expenses to €4.6 million per year as long as the Secured Notes are outstanding.

In 2001, we concluded several agreements with Mr. Johan Eliasch and an entity controlled by him with respect to the management activities carried out by Mr. Johan Eliasch for the benefit of our group. In accordance with these agreements, Mr. Eliasch received an annual compensation of €545,000 for each of the years ended December 31, 2009, 2008, 2007 and 2006. See "Management—Head N.V.—Compensation".

In 2007, we established a joint venture distribution company in The Netherlands in which we hold 50%. This investment of €0.01 million was accounted for using the equity method and is recognised in "Other non-current assets." Mares S.p.A. granted a loan of €0.6 million to the newly founded company. The annual interest rate amounts to 5%. The loan is redeemable at December 31, 2012.

In 2008, we signed a joint venture agreement to set up a distribution company in New Zealand in which we hold 50%. This investment of € 0.01 million was accounted for using the equity method and is recognised in "Other non-current assets." Mares S.p.A. granted a shareholder loan of €0.1 million to the newly founded company. The annual interest rate amounts to 5%. Half of the loan was redeemable at December 31, 2009, with the second half of the loan being redeemable at December 31, 2010. The first half of the loan has not been repaid. In case the shareholder loan cannot be paid back it will be converted into equity. Mares S.p.A. is currently evaluating the next steps.

One of Head N.V.'s subsidiaries leased its office building from its general manager. Rental expenses amounted to €0.04 million for each of the years ended December 31, 2008, 2007 and 2006.

On July 30, 2009, Head Sports Holdings N.V. and Mr. Johan Eliasch entered into an agreement with HTM and Head N.V. pursuant to which Mr. Johan Eliasch agreed to personally guarantee the obligations of the lender under a working capital facility of up to €10 million to be entered into by Head N.V. or one of its subsidiaries on commercially reasonable terms with a bank or other financial institution on or prior to the closing of the Exchange Offer, provided that Mr. Eliasch's personal guarantee would not be required if such facility was provided by a bank or other financial institution organised under the laws of the United States of America or any state thereof or the District of Columbia or any member state of the European Union having combined capital and surplus of not less than €250 million as of the date of the WCF Guarantee Undertaking. In consideration for Mr. Eliasch providing the WCF Guarantee Undertaking, the Issuer issued the WCF Issue Shares and transferred the WCF Treasury Shares to Head Sports Holdings N.V. and its shareholders on August 19, 2009.

On August 13, we signed an agreement with a corporation, which is ultimately controlled by the principal shareholder of Head N.V. and his family members for a short-term working capital line of € 10.0 million available until December 31, 2009, at an interest rate of 8.5% per year and 1% on the daily average unused portion. As of September 30, 2009 we used €2.0 million of this line and paid €0.2 million of commitment fee and interest expense. As of December 31, 2009 the outstanding amount was redeemed.

13. DESCRIPTION OF SHARE CAPITAL

The description set forth below is a summary of material information relating to the Issuer's share capital and Articles, together with relevant provisions of Dutch law. This summary does not purport to be complete and is qualified in its entirety by reference to the full text of the Articles.

GENERAL

Head N.V. was incorporated under the laws of The Netherlands on August 24, 1998 as a public company with limited liability (*naamloze vennootschap*), or N.V. Our commercial name is 'Head'. Our statutory seat is in Rotterdam, The Netherlands. We are registered under number 24286737 at the Commercial Register in Amsterdam, The Netherlands. Our executive offices are located at Rokin 55, 1012 KK Amsterdam, The Netherlands and our telephone number is +31 20 625 1291.

HISTORY AND DEVELOPMENT

We are a leading global manufacturer and marketer of branded sporting goods serving the skiing, racquet sports and diving markets. Our Head ski division traces its origins to 1950 when it was founded by Howard Head, the inventor of the metal ski. In 1970 and 1971, AMF Incorporated acquired the predecessors of our Head ski, Tyrolia bindings and Mares diving divisions, which collectively became known as AMF's Sport Product Group. In 1989, HTM Sports Holding B.V., a company formed by Freeman Spogli & Co. and a group of Japanese investors, acquired the companies that comprised the Sports Product Group in addition to the predecessor of our ski boot activities. In 1993, this company was sold to Austria Tabak, the then Austrian government-owned tobacco monopoly, which held the company through what today is known as HTM Sport Gmbh, or "HTM". Following its purchase by Austria Tabak, HTM began experiencing financial diffficulties. In January 1996, our intermediate holding company subsidiary, Head Holding Unternehmensbeteiligung GmbH, or "Head Holding", acquired HTM from Austria Tabak pursuant to a Share Purchase Agreement dated September 20, 1995.

Over the last six decades, we have become one of the world's most widely recognised developers and manufacturers of innovative, high-quality and technologically advanced sporting equipment. Our focus continues to be on our core products of skiing, tennis and diving equipment. In order to expand market share and maximise profitability, we have increased our emphasis on marketing and new product development, leveraging further our brands, global distribution network and expertise in manufacturing. We have added complementary product lines and premier brands through acquisitions, including the diving products company Dacor in 1998 and the tennis ball manufacturer Penn in 1999. In October 1999, we acquired the *Blax* and *Generics* snowboard businesses and we now market their products under the *Head* brand.

SHARE CAPITAL

Our authorised share capital is €1,991,033.84, consisting of 99,551,692 ordinary shares and 99,551,692 preference shares having a nominal value of €0.01 each. Our ordinary shares and preference shares have both been created under the Dutch Civil Code. The total nominal value of our issued share capital is €882,040.30 and consists of 88,204,030 ordinary shares of nominal value of €0.01 each. No preference shares have been issued to date. We do not have any issued shares that are not fully paid up.

On May 28, 2009 the Management Board was granted the authority to repurchase ordinary shares representing up to 50% of our issued share capital during a period of 18 months (until November 28, 2010).

Our ordinary shares were first listed on the Vienna Stock Exchange on September 28, 2000 in connection with our initial public offering.

The chart below shows the high and low market prices of our ordinary shares on the Vienna Stock Exchange for the financial periods indicated:

	High	Low
	(euro)	
Years Ended		
December 2004	3.20	1.82
December 2005	3.50	2.02
December 2006	3.95	2.41
December 2007	3.33	2.42
December 2008	2.45	0.33
December 2009	0.85	0.29
Quarters Ended		
March 2006	3.55	2.73
June 2006	3.95	2.74
September 2006	3.05	2.43
December 2006	2.98	2.41
March 2007	3.19	2.63
June 2007	3.33	2.75
September 2007	3.15	2.50
December 2007	2.76	2.42
March 2008	2.45	1.39
June 2008	1.53	1.25
September 2008	1.37	0.93
December 2008	1.09	0.33
March 2009	0.50	0.30
June 2009	0.46	0.29
September 2009	3.57	0.30
December 2009	0.85	0.59
Months Ended		
May 2009	0.46	0.33
June 2009	0.35	0.29
July 2009	0.33	0.30
August 2009	0.46	0.03
September 2009	0.57	0.38
October 2009	0.85	0.59
November 2009	0.71	0.59
December 2009	0.67	0.62

As of April 15, 2010, the closing market price was €0.51 per ordinary share on the Vienna Stock Exchange.

CHANGES IN ISSUED SHARE CAPITAL

In connection with the exchange offer of the 8.5% Senior Notes Head N.V. newly issued 22,491,278 shares to its bond holders and 25,892,075 WCF Issue Shares to Head Sports Holdings N.V., an entity controlled by Mr. Eliasch and his family members.

The following table shows a reconciliation of the number of issued shares outstanding at the beginning and the end of the year 2009:

	Number of Shares
Balance at January 1, 2009	37,109,432
Capital increase resulting from the exchange of senior notes	22,491,278
Capital increase on undertaking of guarantee for working capital facility	25,892,075
Transfer of treasury shares	2,451,223
Balance at December 31, 2009	87,944,008
Held by the Stichting	260,022
	88,204,030

MARKET

Ordinary shares are available on the Vienna Stock Exchange in bearer form only and represented by a global share certificate, which we have deposited with the OeKB, as custodian. The ordinary shares in bearer form can only be transferred in book-entry form.

The Vienna Stock Exchange is operated by a stock corporation, the Wiener Börse AG, based on a license issued by the Austrian Federal Ministry of Finance. Members of the Exchange include banks and investment firms. The supervising authorities are the FMA and the Austrian Federal Ministry of Finance. The latter supervises the legality of the Vienna Stock Exchange's resolutions and of its organisation primarily by way of an authorised exchange commissioner appointed by the Ministry. The FMA monitors the prevention of insider trading, fairness in trading and market-related aspects.

CORPORATE PURPOSE

Article 3 of our articles of association provides that we may perform all acts and do all things (as long as these are not prohibited by law), such as operate all kinds of businesses, hold, participate in, manage and finance other enterprises and companies, borrow money and provide security therefore and provide security for the debts of others and do all that is connected with the foregoing or may be conducive thereto including owning, leasing or obtaining licenses for real and intellectual properties, all which is to be interpreted in the widest sense. The Company's file number is 24286737 at the Commerce Chamber of Amsterdam (*Kamer van Koophandel*).

SHARES

Form.

All our ordinary shares may be either in registered or bearer form.

Our ordinary shares in bearer form are represented by a global bearer share certificate, which we deposited with OeKB as custodian. The Shares, which were issued pursuant to the Exchange Offer and which are the subject of this Prospectus, are also represented by a global bearer share certificate, which is deposited with OeKB as custodian.. Other than the two global share certificates, no separate share certificates representing our ordinary shares in bearer form will be issued.

The Exchange Offer Shares will be cleared through Euroclear and Clearstream, Luxembourg.

Secondary market sales of book-entry interests in the Exchange Offer Shares held through Euroclear and Clearstream to purchases of book-entry interests in ordinary shares held through Euroclear and Clearstream will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream and will be settled using the procedures applicable to conventional eurobonds.

All persons with shares in a collective custody account (*Sammelverwahrdepot*) of a financial institution that is a Euroclear or Clearstream participant will be treated as holders of the Exchange Offer Shares.

Holders of registered shares are entered in our shareholders' register. At the request of a shareholder a share certificate (consisting of a "mantel" main part only) may be issued for registered shares. At such request, we will, without a fee, issue a non-negotiable extract from the shareholders' register in the name of the holder unless a certificate has been issued for such holder's registered share. A deed of transfer together with our acknowledgement in writing (or service on us of this deed) is required to transfer registered shares.

Voting Rights.

Each ordinary share represents the right to participate and to cast one vote at a general meeting.

Dividends.

Each ordinary share is entitled to the same amount of dividend if one is declared.

Liquidation Rights.

Upon liquidation, each holder of ordinary shares shall be entitled to the balance remaining after satisfaction of all our debts in proportion to the total number of ordinary shares held by each of them, and, to the extent that preference shares have been issued, after an amount equal to any previously declared but unpaid dividend and the paid-up nominal amount of such preference shares has been distributed to the holders of preference shares. Any dissolution or liquidation is subject to applicable provisions of Dutch law.

Preemptive Rights.

Unless restricted or limited and except for issues of ordinary shares in return for non-cash consideration and ordinary shares issued to our employees or employees of any of our group companies, holders of ordinary shares generally will have preemptive rights to subscribe for their pro-rata amount of all new share issuances. However, pursuant to the articles of association, all authorised but unissued ordinary shares may be issued by the Management Board and the preemptive rights associated with all currently authorised capital may be limited or excluded by the Management Board. This authority has been extended by resolution of the shareholders and will end on May 28, 2014, unless further extended by an amendment of the articles of association or by a resolution of the shareholders for a period of not more than five years in each instance. When extending the authority of our Management Board to issue ordinary shares and to limit or exclude preemptive rights, the general meeting of shareholders shall determine the number of ordinary shares which may be issued or affected as well as the date when this authorisation shall expire.

PREFERENCE SHARES

Preference shares may be issued as a preventive measure against unfriendly takeover bids. The minimum amount required to be paid on the preference shares upon issuance is 25% of the nominal amount issued. In the event of a hostile takeover bid, preference shares may be issued to a legal entity charged with caring for our interests and preventing influences that may threaten our continuity, independence or identity. Holders of preference shares do not share in our reserves and such shares are not listed. The preference shares will be registered shares and share certificates will not be issued. Preference shares can be issued in the same way as ordinary shares, but carry no preemptive rights. Preference shares and ordinary shares have equal voting rights at a general meeting of shareholders. Holders of preference shares will be paid a cumulative annual dividend calculated on the basis of the deposit interest rate of the European Central Bank to the paid up part of their nominal value. To the extent there are distributable profits, the preferential dividend shall be paid first. An allocation of profits to the reserves or the payment of a dividend to holders of ordinary shares may only be effected from the remaining distributable profits.

Authorised but unissued preference shares may be issued by the Management Board, which is also authorised to grant rights to subscribe for such preference shares. Unless extended by the amendment of our articles of association or by resolution of the shareholders for a period of five years in each instance, these authorisations will end on May 28, 2014, five years after the date of the last Annual General Meeting of Head N.V. when the authority of the Management Board was extended by resolution of the shareholders.

ACQUISITION OF OUR OWN SHARES

We may acquire our own shares subject to the provisions of Dutch law. Provided they are fully paid up, we may acquire our own shares or depositary receipts in respect thereof, provided either no valuable consideration is given or provided that:

(a) the distribution part of the net assets is at least equal to the purchase price; and

(b) the nominal value of the shares or the depositary receipts in respect thereof which we and our subsidiaries acquire, hold, or hold in pledge does not exceed half of our issued share capital.

Shares held by us in our own capital as treasury stock may not be voted or counted for quorum purposes at shareholders' meetings.

OBLIGATIONS TO DISCLOSE HOLDINGS

Pursuant to the Dutch Act on Financial Supervision (*Wet op het financeel toezicht*), which act contains provisions in respect of disclosure of holdings in listed companies and which applies during the period we are listed on the Vienna Stock Exchange, the members of the Management Board and Supervisory Board that hold our shares must disclose the number of shares and options and the number of voting rights to the AFM. Furthermore, they are required to immediately report to the AFM any changes in the number of shares and options. Also, during the period we are listed on the Vienna Stock Exchange, anyone acquiring or transferring our shares, that causes the holder's percentage of our issued capital or voting control to fall into one of the following ranges or changes from one range to another must notify the AFM.

The ranges are:

- 0 to 5% (only in the event of a decrease from above 5% to below 5%),
- 5 to 10%,
- 10 to 15%,
- 15 to 20%,
- 20 to 25%,
- 25 to 30%,
- 30 to 40%,
- 40 to 50%,
- 50 to 60%,
- 60 to 75%,
- 75 to 95%, and
- 95% or more.

The AFM discloses information to the public by publication in a newspaper distributed throughout The Netherlands. If disclosure is required, failure to disclose one's shareholding is an offense that may result in civil sanctions, including suspension of voting rights and criminal and administrative sanctions, including the imposition of fines.

PUBLIC OFFER RULES

In accordance with Directive 2004/25/EC of the European Parliament and of the Council of the European Union (the **Takeover Directive**) each Member State should ensure the protection of minority shareholders by obliging the person that acquires control of a company to make an offer to all the holders of that company's voting securities for all their holdings at an equitable price.

The directive applies to all companies governed by the laws of a Member State of which all or some voting securities are admitted to trading on a regulated market in one or more Member States. The laws of the Member State in which a company has its registered office will determine the percentage of voting rights that is regarded as conferring control over that company.

Under the laws of the Netherlands, the above percentage has been determined to be 30%. Pursuant to Article 5:70 of the Dutch Act on Financial Supervision (*Wet op het financeel toezicht*), a party – whether acting alone or in concert with others – that acquires 30% or more of the voting rights of a company whose shares are admitted to trading on a regulated market has to make an offer for the remaining shares of that company. This obligation does not apply to shareholders with existing controlling interests of more than 30% of the voting rights at the effective date of the new public offer rules.

Considering that Head Sports Holdings N.V. and its affiliates, directly and indirectly, controlled more than 30% of the voting rights at the effective date of the new public offer rules, the mandatory offer requirements do not apply to them.

SQUEEZE-OUT RULES

Pursuant to Section 2:92a of the Dutch Civil Code, a shareholder who for his own account contributes at least 95% of the issued capital may institute proceedings against the other shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares must give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to him, it must also publish the same in a newspaper with a national circulation.

In addition, after a public offer, a holder of at least 95% of the outstanding shares and voting rights has the right to require the minority shareholders to sell their shares to it. Any such request to require the minority shareholders to sell their shares must be filed with the Enterprise Chamber within three months after the end of the acceptance period of the public offer. Conversely, in such a case, each minority shareholder has the right to require the holder of at least 95% of the outstanding shares and voting rights to purchase its shares. The minority shareholders must file such claim with the Enterprise Chamber within three months after the end of the acceptance period of the public offer.

SHAREHOLDERS' MEETINGS

We are required to hold a general shareholders' meeting annually. Shareholders' meetings will also be called if convened by our Supervisory Board or Management Board. Unless otherwise required by law or our articles of association, decisions of our general meeting of shareholders may be adopted by a majority of the votes cast. However, resolutions regarding extraordinary transactions, including amendment of our articles of association, legal merger, or split-up on dissolution of our company can only be adopted upon a proposal of the Management Board, after approval of the Supervisory Board, and requires a special majority as described herein.

Notice of shareholders' meetings is given on our website (www.head.com) and by advertisement in a Dutch national newspaper and an Austrian national newspaper. The notice includes the requirements for admission to the meeting. Such notice is to be given not later than the fifteenth day prior to the day of the meeting and is to state the subjects to be considered or that documents containing the subjects to be considered may be inspected at our offices.

Shareholders meetings will be held in The Hague, Amsterdam, Rotterdam or Haarlemmermeer (Schiphol Airport) and chaired by the Chairman of our Supervisory Board. A holder of registered shares or his attorney wishing to attend a general meeting of shareholders should notify the Management Board in writing of his intention. Such notice must be received by the Management Board not later than on the date mentioned in the notice of the meeting.

For holders of bearer shares, attendance and exercise of voting rights are subject to certain conditions. In particular, only those shareholders who register in time and deposit their bearer shares until the end of the general meeting with the depositary bank nominated by us or any other credit institution specified in the notice of the general meeting are entitled to attend and cast votes in a general meeting. Bearer shares are equally deemed to have been properly deposited if with the consent of the depositary bank, they are deposited in safe custody until the end of the general meeting. Our articles of association provide that shareholders must be allowed to file such acknowledgement of deposit at least 15 days after convening the general meeting, not counting the day of publication. The acknowledgement of deposit must be deposited at the earliest five days before the day of the general meeting.

ADOPTION OF ANNUAL ACCOUNTS

Within four months following the end of each fiscal year, our Management Board must prepare annual accounts accompanied by an annual report and submit these to the AFM. Within this period, the annual accounts and annual report must then be submitted to the Supervisory Board, which will present a report on it to the general meeting of shareholders. Our annual accounts and the annual report will be available to our shareholders within the period referred to in this paragraph. Our annual accounts must be adopted by our general meeting of shareholders.

DIVIDENDS

Dividend Policy

Under Dutch law, we may only pay dividends on our shares if we maintain minimum paid-up share capital and the reserves required by Dutch law or by our amended articles of association. If dividends on our shares are paid in cash, we expect to pay these dividends in euros.

We have not paid any dividends since our dividend for the fiscal year ended December 31, 2003. While we currently intend to retain future earnings to finance operations, we will evaluate our dividend policy annually in light of results. Pursuant to our articles of association, the Management Board may decide which part of the free distributable profits shall be reserved. It should be noted that if preference shares are issued (which is presently not the case) this authority shall be applicable to the remainder of the profit after the preferred dividend to the holders of preference shares have been paid. Because our articles of association require that the part of the profit which is not reserved by the Management Board must be distributed to the holders of shares, the Management Board effectively decides which part of the profit (after possible satisfaction of the preferred dividend of holders of preference shares) shall be distributed to the holders of ordinary shares.

We may not pay dividends if the dividend payment would reduce our shareholders' equity below the sum of our paid-up capital and any reserves required by Dutch law or by our articles of association. Pursuant to our articles of association, the preference shares have preferential dividend rights. Our Management Board shall determine how much of any remaining profit shall be allocated to our reserves before dividends are paid on the ordinary shares. Our general meeting of shareholders may resolve, upon a proposal of our Management Board, that some or all of any dividends declared on ordinary shares will be paid in ordinary shares or securities in any other entity's share capital rather than in cash. Our Management Board may, subject to various statutory provisions, distribute one or more interim dividends. A claim for the payment of a dividend (including an interim dividend) lapses five years after the first calendar day following the day on which shareholders were first permitted to make a claim for payment of the dividend. Any such dividend will revert to us.

Cash dividends payable to holders of ordinary shares will be paid to UniCredit Bank Austria AG in euros for disbursement to holders. Any dividend payments would be subject to Netherlands statutory withholding taxes.

There are no fixed dates on which an entitlement to any dividend arises. There are no additional restrictions or procedures in respect of holders or ordinary shares who are non-residents of Austria. However, see further the paragraph titled "Non-Residents" in the "Austrian Tax" section below.

CAPITAL REDUCTION AND CHANGES IN CAPITAL

Upon the proposal of our Management Board, our general meeting of shareholders may resolve to reduce our issued share capital by canceling shares or reducing the nominal value of our shares, subject to statutory provisions and the provisions of our articles of association.

Changes in our authorised capital can only be effected through an amendment of our articles of association. A resolution by the general meeting to amend the articles of association with respect to article 4 (Authorised capital. Classes of shares) can only be adopted on the proposal of Management Board and after approval of the Supervisory Board and shall require an affirmative vote of an absolute majority of the votes cast. This majority is more significant than required under the Dutch Civil Code.

DELAY, DEFERRAL OR PREVENTION OF CHANGE IN CONTROL

A change in control of Head N.V. could be delayed, deferred or prevented by the Management Board. Since the articles of association of Head N.V. provide that a resolution of the general meeting to appoint, suspend or dismiss a member of the Management Board without Stichting Head Option Plan having proposed such an appointment or such a suspension or dismissal, can only be adopted by the affirmative vote of at least two thirds of the votes cast, the influence of the general meeting to force a change in control of Head N.V. is therewith limited.

Also, the articles of association of Head N.V. provide that restricted shares in the capital of Head N.V. (non-listed type I shares) may only be transferred with the prior approval of the Supervisory Board or if the shareholder concerned is obliged by law to transfer his restricted non-listed shares to a former holder of restricted non-listed shares. There are currently no non-listed type I shares in issue.

AMENDMENT OF THE ARTICLES OF ASSOCIATION; DISSOLUTION; LEGAL MERGER; SPLIT-UP

A resolution of our general meeting of shareholders to amend our articles of association, or enter into a legal merger or split-up of our company can only be adopted upon a proposal of our Management Board, after approval of the Supervisory Board, and requires the affirmative vote of two-thirds of the votes cast, except that a change of the authorised capital requires an absolute majority. A resolution to dissolve our company can only be adopted upon a proposal of our Management Board, after approval of the Supervisory Board, and requires the affirmative vote of three quarters of the votes cast.

14. TAXATION

AUSTRIAN TAX

Austrian Residents

Taxation of dividends for Austrian resident individuals

Dividends received by an Austrian resident individual from the Shares are subject to Austrian withholding or income tax pursuant to the Austrian income tax act. If the dividends are paid out by an Austrian paying agent (which is an Austrian bank including the Austrian branch of a foreign bank which pays out the dividends to the shareholder) the Austrian paying agent must deduct 25% withholding tax. The Austrian paying agent may credit an actually paid Dutch withholding tax against the Austrian withholding tax up to an amount of 15%. The Austrian withholding tax is a final tax, which means that the withholding tax fully covers all personal income tax on such dividend income (Endbesteuerung). Alternatively, the individual shareholder may include the gross dividends (together with his other income subject to final taxation) in his regular annual tax assessment. In this case the dividends are taxed at half the average tax rate payable on the shareholder's total income and the Austrian withholding tax will be credited against the shareholder's personal income tax liability or, if higher, repaid.

If no Austrian withholding tax is deducted from the dividends (because there is no Austrian paying agent) the shareholder has to declare the (gross) dividend income in his annual income tax return. A special flat income tax rate of 25% or, upon application by the shareholder, half the average tax rate payable on the shareholder's total income applies. Expenses, including interest expenses, relating to the dividends are in neither case deductible. The Austrian Ministry of Finance may exclude dividends from the 25% flat income tax rate or the half of the average income tax rate if the income of the company paying the dividend is not subject to a corporate income tax comparable to the Austrian corporate income tax.

Pursuant to the double tax treaty between Austria and the Netherlands, Dutch withholding tax may be credited against the Austrian tax payable on such dividends up to a rate of 15%.

Taxation of dividends for Austrian resident corporate entities

Dividends received by Austrian resident corporate entities from the Shares are exempt from Austrian corporate income tax (i.e. withholding tax). This exemption applies to shares in companies resident in the European Union if the company paying the dividends is subject to corporate income or similar tax in its country of residence and is not subject to a general tax exemption or a tax rate which is more than ten percent lower than the 25% Austrian corporate income tax rate. Any Austrian withholding deducted by an Austrian bank from the dividends should be credited against the corporate income tax liability of the shareholder or refunded.

Taxation of capital gains for Austrian resident individuals

For Austrian resident private investors, capital gains on the disposal of Shares are subject to personal income tax if the disposal of the shares takes place within one year after acquisition (speculative transaction) or, if the transaction is not speculative but the shareholder has held at any time within the five years preceding the disposal directly or indirectly at least 1% of the capital of Head N.V. In the latter case, an income tax rate amounting to half the average personal income tax rate payable on the shareholder's total income is applicable.

Capital gains recognized on the disposal of Shares which are business assets are taxable irrespective of the date of the disposal or the percentage of the shareholding. For individuals such capital gains are taxed at regular progressive personal income tax rates if the disposal takes place within one year after acquisition and at half of the average personal income tax rate payable on the shareholder's total income thereafter.

Taxation of capital gains for Austrian resident corporate entities

Capital gains derived by Austrian resident corporate entities from Shares are subject to Austrian corporate income tax at the general rate of 25%. An exemption would apply for the sale of Shares by an Austrian resident corporation which holds at least ten percent of the shares in Head N.V. for an uninterrupted period of at least one year (international participation exemption). There is, inter alia, a special tax regime for Austrian private foundations (Privatstiftung).

Non-Residents

Dividends and capital gain derived by non-residents from the Shares are not taxable in Austria unless the Shares are attributable to an Austrian permanent establishment.

Non-resident shareholders may avoid the application of Austrian withholding tax on dividends from Shares (which can only be triggered if they receive dividends from the Shares through an Austrian bank) if they evidence their non resident-status vis-à-vis the bank by disclosing their identity and address. If any Austrian withholding tax is deducted, the tax withheld shall be credited or refunded to the non-resident shareholder upon his application, which has to be filed with the competent Austrian tax authority within five calendar years following the date of the imposition of the withholding tax.

CERTAIN DUTCH TAX CONSEQUENCES FOR HOLDERS OF SHARES

The following summary outlines certain principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of Shares, but does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in Shares.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Listing Prospectus, and it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

(i) Holders of Shares holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Shares of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds (i) an interest of 5% or more of the total issued capital of the Issuer or of 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;

(ii) investment institutions (*fiscale beleggingsinstellingen*); and

(iii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax.

(iv) Corporate holders of Shares qualifying for the participation exemption (*deelnemingsvrijstelling*). Generally speaking, a shareholding is considered to qualify as a participation for the participation exemption if it represents an interest of 5% or more of the nominal paid-up share capital.

Dividend Tax

Withholding requirement

The Issuer is required to withhold 15% Netherlands dividend tax in respect of dividends paid on the Shares. Under the Dutch Dividend Tax Act of 1965 (*Wet op de dividendbelasting 1965*), dividends are defined as the proceeds from shares, which include:

(i) proceeds in cash or in kind including direct or indirect distributions of profit;

(ii) liquidation proceeds, proceeds on redemption of the Shares and, as a rule, the consideration for the repurchase of the Shares by the Issuer in excess of its average paid-in capital recognised for Netherlands dividend tax purposes, unless a particular statutory exemption applies;

(iii) the par value of Shares issued to a holder of the Shares or an increase of the par value of the Shares, except when the (increase in the) par value of the Shares is funded out of the Issuer's paid-in capital as recognised for Netherlands dividend tax purposes; and

(iv) partial repayments of paid-in capital for tax purposes, if and to the extent there are qualifying profits (*zuivere winst*), unless the general meeting of the shareholders of the Issuer has resolved in advance to make such repayment and provided that the nominal value of the Shares concerned has been reduced by an equal amount by way of an amendment of the articles of association and the paid-in capital is recognised as capital for Netherlands dividend tax purposes.

Residents of the Netherlands

If a holder is a resident of the Netherlands, Netherlands dividend tax which is withheld with respect to proceeds from the Shares will generally be creditable for Netherlands corporate income tax or Netherlands income tax purposes if the holder is the beneficial owner (as described below) thereof.

Non-residents of the Netherlands

If a holder is a resident of a country other than the Netherlands and if a treaty for the avoidance of double taxation with respect to taxes on income is in effect between the Netherlands and that country, and such holder is the beneficial owner (as described below) of the proceeds from the Shares and a resident for the purposes of such treaty, such holder may, depending on the terms of that particular treaty, qualify for full or partial relief at source or for a refund in whole or in part of the Netherlands dividend tax.

A refund of the Netherlands dividend tax is available to entities resident in another EU member state, provided these entities are not subject to corporate income tax there and would not be subject to Dutch corporate income tax, if these entities would be tax resident in the Netherlands.

Beneficial Owner

A recipient of proceeds from the Shares will not be entitled to any exemption, reduction, refund or credit of Dutch dividend tax if such recipient is not considered to be the beneficial owner of such proceeds. The recipient will not be considered the beneficial owner of these proceeds, if, in connection with such proceeds, the recipient has paid a consideration as part of a series of transactions in respect of which it is likely:

(a) that the proceeds have in whole or in part accumulated, directly or indirectly, to a person or legal entity that would:

- (i) as opposed to the recipient paying the consideration, not be entitled to an exemption from dividend tax; or
- (ii) in comparison to the recipient paying the consideration, to a lesser extent be entitled to a lower rate or refund of dividend tax; and

(b) that such person or legal entity has, directly or indirectly, retained or acquired an interest in shares, profit-sharing certificates or loans, comparable to the interest it had in similar instruments prior to the series of transactions being initiated.

Reduction of Netherlands Withholding Tax upon Redistribution of Foreign Dividends

Provided certain conditions are met, the Issuer may apply a reduction of the withholding tax imposed on certain qualifying dividends distributed by the Issuer, if the Issuer has itself received dividends from certain qualifying non-Netherlands subsidiaries, which dividends were subject to withholding tax upon distribution to the Issuer. The reduction of the Netherlands withholding tax imposed on these dividends that are distributed by the Issuer, is equal to the lesser of:

(i) 3% of the amount of the dividends distributed by the Issuer that are subject to withholding tax; and

(ii) 3% of the gross amount of the dividends received during a certain period from the qualifying non-Netherlands subsidiaries.

The reduction is applied to the Netherlands dividend tax that the Issuer must pay over to the Dutch tax authorities and not to the amount of the Dutch dividend tax that the Issuer must withhold.

Corporate and Individual Income Tax

Residents of the Netherlands

If a holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Shares are attributable, income derived from the Shares and gains realised upon the redemption or disposal of the Shares are generally taxable in the Netherlands (at up to a maximum rate of 25.5%).

If an individual holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including an individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Shares and gains realised upon the redemption or disposal of the Shares are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands income tax act 2001 (*Wet inkomstenbelasting 2001*) if:

(i) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Shares are attributable or the holder has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Shares are attributable; or

(ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Shares that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Shares, taxable income with regard to the Shares will be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. At present, this deemed return on income from savings and investments has been fixed at a rate of 4% of the average of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold. The average of the individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Shares less the fair market value of certain qualifying liabilities on 1 January and 31 December, divided by two. The fair market value of the Shares will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments will be taxed at a rate of 30%.

Non-residents of the Netherlands

If a holder is not a resident nor is deemed to be a resident of the Netherlands for Netherlands tax purposes (or has not opted to be taxed as a resident of the Netherlands), such holder is not taxable in respect of income derived from the Shares and gains realised upon the redemption or disposal of the Shares, unless:

(i) the holder is not an individual and such holder (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or a permanent representative the Shares are attributable, or (2) is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands (other than by way of securities) and to which enterprise the Shares are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25.5%.

(ii) the holder is an individual and such holder (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Shares are attributable, or (2) realises income or gains with respect to the Shares that qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands with respect to the Shares which exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands (other than by way of securities) and to which enterprise the Shares are attributable.

Income derived from the Shares as specified under (1) and (2) by an individual is subject to individual income tax at up to a maximum rate of 52%. Income derived from a share in the profits as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under "Residents of the Netherlands"). The fair market value of the share in the profits of the enterprise (which includes the Shares) will be part of the individual's Netherlands yield basis.

Gift and Inheritance Tax

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of the Shares by way of gift by, or on the death of, a holder of the Shares, unless:

(i) the holder of the Shares is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or

(ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions; or

(iii) such Shares are attributable to an enterprise or part thereof which is carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands.

Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Shares or in respect of a cash payment made under the Shares, or in respect of a transfer of Shares.

Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Shares.

15. ADDITIONAL INFORMATION

Corporate resolutions

The Listing was authorised by resolution of the Management Board adopted on November 4, 2009.

Material adverse change

There has been no significant change in the Group's financial or trading position, and no material adverse change in our financial position or prospects, since December 31, 2009.

Responsibility

The Issuer accepts responsibility for the information contained in this Prospectus. Having taken all reasonable care to ensure that such is the case, the Issuer further declares that the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Availability of documents

Copies of the documents set out below will be available free of charge at our registered office and at the offices of the Listing Agent, during normal business hours from the date of this Prospectus for a period of 12 months. These documents can also be found on our website *www.head.com*.

(a) Our most recent Articles of Association (*statuten*).

(b) Our unaudited quarterly report and press release relating to our financial results for the three and nine months ended September 30, 2009, dated November 12, 2009.

(c) Our press release relating to our unaudited financial results for the twelve months ended December 31, 2009, dated February 25, 2010.

(d) Our press release relating to the improved terms of the exchange offer made by HTM to exchange ordinary shares in the Issuer and new 10% Senior Secured Notes due 2012 issued by HTM, dated July 30, 2009.

(e) Our annual report for the financial year ended December 31, 2008, and our Dutch statutory annual reports for the financial years ended December 31, 2007 and December 31, 2006, which contain our audited consolidated financial statements, including the notes thereto, and the related auditors' reports.

(f) Our Audit Committee Charter.

This Prospectus and any supplement to this Prospectus (if any) may also be obtained at no cost from the date of this Prospectus or the date of the relevant supplement (if any) by sending a request in writing or by fax or email to us or the Listing Agent, at the following addresses:

Head N.V.
Rokin 55, 1012 KK Amsterdam, The Netherlands
Telephone: +31 20 625-1295
Facsimile: +31 20 521 4822
E-Mail: headinvestors@aol.com

Euro Invest Bank AG
Grüngasse 16/6, A-1050 Vienna, Austria

Telephone: +43 1 879 3957-0
Facsimile: +43 1 879 3040
E-Mail: office@euroinvestbank.at

Address information of Euroclear, Clearstream and OeKB

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg and the address of OeKB is Am Hof 4, A-1011 Vienna.

No incorporation of our website

The contents of our website (*www.head.com*) do not form part of, and are not incorporated by reference in, this Prospectus.

Independent auditors

Our consolidated financial statements as of and for the financial years ended December 31, 2008, December 31, 2007 and December 31, 2006, have been audited by our independent external auditors, PricewaterhouseCoopers Accountants N.V. The business address of PricewaterhouseCoopers Accountants N.V. is Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, The Netherlands. The individual auditors of PricewaterhouseCoopers Accountants N.V. are members of The Royal Dutch Institute of Chartered Accountants (*Koninklijk Nederlands Instituut van Registeraccountants*).

16. DEFINITIONS

For convenience, certain defined terms used throughout this Prospectus are set out below:

AFM	Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*)
Articles	The articles of association of Head N.V., dated June 12, 2009
CET	Central European Time
Clearstream, Luxembourg	Clearstream Banking, *société anonyme*
Euroclear	Euroclear Bank S.A./N.V.
Exchange Offer	The exchange offer made by HTM to the holders of its then outstanding Senior Notes for them to receive €510.625 aggregate principal amount of the Secured Notes and 262.372 ordinary shares in Head N.V., for each €1,000 principal amount of Senior Notes exchanged
Exchange Offer Shares	22,491,278 ordinary shares in Head N.V., issued to holders of the Senior Notes pursuant to the Exchange Offer
FMA	The Austrian Financial Market Authority (*Finanzmarktaufsicht*)
FSA	The Financial Supervision Act (*Wet op het financieel toezicht*)
HTM	HTM Sport GmbH (formerly HTM Sport- und Freizeitgeräte AG), the Issuer's primary operating subsidiary
Listing Agent	Euro Invest Bank AG
Management Board	The management board of directors of Head N.V.
Member State	Any member state of the European Economic Area
OeKB	Oesterreichische Kontrollbank Aktiengesellschaft
Prospectus	This prospectus dated April 19, 2010
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of the European Union
Secured Notes	10% Senior Secured Notes due 2012 issued by HTM
Senior Notes	€135,000,000 8$^1/_2$% Senior Notes due 2014 issued by HTM
Shares	48,383,353 ordinary shares in the share capital of Head N.V., comprising the Exchange Offer Shares and the WCF Issue Shares
Stichting	Stichting Head Option Plan

Supervisory Board	The supervisory board of directors of Head N.V.
WCF Guarantee Undertaking	The agreement between Mr. Johan Eliasch, HTM and Head N.V. dated July 30, 2009 pursuant to which Mr. Johan Eliasch agreed to personally guarantee the obligations of the lender under a working capital facility of up to €10 million to be entered into by Head N.V. or one of its subsidiaries on commercially reasonable terms with a bank or other financial institution in return for 28,343,298 ordinary shares in Head N.V.
WCF Issue Shares	25,892,075 ordinary shares in the share capital of Head N.V., issued to Head Sports Holdings N.V. and its shareholders on August 12, 2009
WCF Treasury Shares	2,451,223 ordinary shares in the share capital of Head N.V., transferred by Head N.V. to Head Sports Holdings N.V. and its shareholders on August 12, 2009

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