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If you have sold or transferred all your shares in Halfords Group plc you should pass this document and the accompanying documents to the purchaser or transferee or to the person through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.



Halfords Group plc

(Incorporated in England and Wales with registered number 4457314)

Directors:

D Millard (Chairman)
D Wild
N Wharton
P McClenaghan
K Harris
W Ronald
N Wilson

Registered Office:

Icknield Street Drive
Redditch
Worcestershire
B98 0DE

24 June 2010

To Shareholders and, for information only, to the holders of options under the Company's share option schemes

Dear Shareholder

2010 ANNUAL GENERAL MEETING

The 2010 Annual General Meeting is to be held at the Alveston Manor Hotel, Clopton Bridge, Stratford-upon-Avon, Warwickshire CV37 7HP on Tuesday 27 July 2010 at 12.30 pm. The formal Notice convening the meeting is set out on pages 9 to 12 of this document.

In addition to the ordinary business set out in items numbered 1 to 12 of the Notice, you will find resolutions numbered 13 to 19, which will be proposed as special business at the meeting. Resolutions 13 to 19 will be proposed in order to:

- renew authorities and powers relating to the Company's share capital given by the shareholders at the Annual General Meeting of the Company held on 29 July 2009;
- authorise the Company to make market purchases of its own shares;
- renew and replace the authority granted to the Company to make political donations previously approved by shareholders in 2009;
- provide that a general meeting of the Company may be called on not less than 14 clear days' notice;
- adopt new Articles of Association in substitution for the existing Articles of Association to take advantage of, and provide consistency with, the Companies Act 2006 (the "**Act**") and the Companies (Shareholders' Rights) Regulations 2009 (the "**Regulations**"), both of which are now fully in force; and

- approve amendments to the Halfords 2005 Performance Share Plan.

This circular provides you with a detailed explanation of resolutions 4 to 10 and resolutions 13 to 19 and explains the action you should take.

Resolutions 4 to 10 - Re-election of Directors

The Directors are committed to measures that promote good corporate governance. Following publication by the Financial Reporting Council of the new UK Corporate Governance Code (the "**Code**"), which replaces the existing Combined Code on Corporate Governance for accounting periods beginning on or after 29 June 2010, each of the Directors will be submitting themselves for re-election at this year's meeting, and each subsequent Annual General Meeting of the Company. This is notwithstanding that the Company is not formally required to comply with the provision of the Code dealing with re-election of directors (which requires all directors to be re-elected on an annual basis) until the Company's Annual General Meeting to be held in 2012.

Consequently, resolutions 4 to 10 will be proposed in order to require all of the Directors to retire from office at the conclusion of the 2010 Annual General Meeting and, being eligible, offer themselves for re-election. Keith Harris, Nigel Wilson and William Ronald are required to offer themselves for re-election in accordance with the Company's current Articles of Association. The other directors are voluntarily offering themselves for re-election from the conclusion of the 2010 Annual General Meeting as a matter of best practice in anticipation of the application of the Code. Biographical details of all of the Directors who are proposed for re-election are set out in the Company's Annual Report and are also available for viewing on the Company's website www.halfordscompany.com.

Resolution 13 - Authority to allot securities

This ordinary resolution seeks to renew the general authority previously given to the Directors at last year's Annual General Meeting to allot securities (such as ordinary shares in the Company), which expires at the conclusion of the forthcoming 2010 Annual General Meeting. Paragraph (a) of resolution 13 would, if passed, give the Directors the authority to allot unissued shares up to a maximum nominal amount of £703,398 representing a maximum number of 70,339,800 ordinary shares of 1 pence each or approximately one third of the Company's issued ordinary share capital as at 18 June 2010 (which is the latest practicable date for which numbers can be confirmed prior to the date of this circular).

Paragraph (b) of resolution 13 proposes that, subject to the passing of resolution 18 and consistent with the guidance issued by the Association of British Insurers concerning directors' powers to allot share capital in the context of a rights issue (the "**ABI Guidance**"), a further authority be given to the Directors to allot equity securities in connection with a rights issue to holders of equity securities (which would include ordinary shareholders), up to a maximum nominal amount of £1,406,795 representing a maximum number of 140,679,500 ordinary shares of 1 pence each or approximately two thirds of the Company's issued ordinary share capital as at 18 June 2010 (such amount being reduced by the nominal amount of any securities issued under the authority conferred by paragraph (a) of resolution 13). Where the aggregate actual usage of this authority exceeds the threshold set out in paragraph (a) then, in the circumstances described in the ABI Guidance, all of the Directors will stand for re-election at the following Annual General Meeting to the extent required in compliance with the ABI Guidance (it being noted that, in any event, as explained below each of the Directors will be submitting themselves for re-election at this year's meeting and each subsequent Annual General Meeting).

The authorities sought in paragraphs (a) and (b) of resolution 13 would expire at the conclusion of the Annual General Meeting of the Company to be held in 2011, or, if earlier, on 4 October 2011. The Directors have no present intention of exercising this authority, except in relation to the Company's share incentive schemes. As at 18 June 2010, the Company did not hold any treasury shares in the Company. The Directors intend to seek renewal of this authority at future Annual General Meetings.

Resolution 14 - Disapplication of statutory pre-emption rights

This special resolution, if passed, would renew the authority given to the Directors at last year's Annual General Meeting to allot equity securities (such as ordinary shares) for cash without first offering them to existing shareholders pursuant to statutory pre-emption rights. The authority would be limited to allotments of equity securities:

- to ordinary shareholders in proportion to their existing shareholdings,
- to holders of other equity securities as required by the rights attaching to those securities or as the Directors consider necessary, and to deal with treasury shares, fractional entitlements and legal and practical problems in any territory, for example on a rights issue or similar offering of equity securities; and
- for cash up to a maximum amount of £105,510, representing a maximum number of 10,551,000 ordinary shares or approximately 5 per cent. of the issued ordinary share capital of the Company as at 18 June 2010.

The authority sought and the limits set by resolution 14 would also disapply the application of section 561 of the Act from a sale of treasury shares to the extent specified in that resolution. This power would expire at the conclusion of the Annual General Meeting of the Company to be held in 2011, or, if earlier, on 4 October 2011. Again, the Directors have no present intention of exercising this power but believe it is in the interests of shareholders for the Directors to have this flexibility to allot shares for cash and to sell treasury shares for cash in those limited circumstances. The Directors intend to seek renewal of this authority at future Annual General Meetings.

Resolution 15 – Purchase of own shares

This special resolution, if passed, would authorise the Company to make market purchases of its own ordinary shares. If resolution 15 is approved, the Directors may utilise the authority to make market purchases of the Company's shares through the London Stock Exchange. This should not be taken to imply that ordinary shares will be purchased at any particular price or indeed at all. Purchases of own shares would only be made through the London Stock Exchange.

The maximum number of shares which may be purchased is 21,101,923 representing approximately 10 per cent. of the Company's issued ordinary share capital as at 18 June 2010. The authority would, again, expire at the conclusion of the Annual General Meeting of the Company to be held in 2011, or, if earlier, on 4 October 2011. The minimum price that could be paid for an ordinary share would be 1 pence and the maximum price would be equal to 105 per cent. of the average of the middle market quotation for an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is purchased, in each case excluding expenses. Any ordinary shares purchased pursuant to this authority may either be held as treasury shares or cancelled by the Company, depending on which course of action is considered by the Directors to be in the best interests of the shareholders at the time. If the shares purchased were held as treasury shares, they would carry no voting rights and no entitlement to any dividend for as long as they were held as treasury shares. If the shares purchased were cancelled, then the shares in issue would thereby be reduced.

The Directors also intend to seek the renewal of this authority at future Annual General Meetings. As at 18 June 2010, options over a total of 7,052,114 ordinary shares were outstanding and not exercised. That number of ordinary shares represents 3.34 per cent. of the Company's issued ordinary share capital as at 18 June 2010. It would represent 4.17 per cent. of the issued ordinary share capital if the authority to purchase the Company's own shares granted at last year's Annual General Meeting and the authority proposed to be granted under resolution 15 were both exercised in full and assuming no further ordinary shares are issued. As at 18 June 2010, the Company did not hold any treasury shares in the Company and no warrants over ordinary shares in the capital of the Company existed.

Resolution 16 - Political Donations

This ordinary resolution seeks to renew and replace the authority granted to Halfords Group plc and its subsidiaries by shareholders at the Annual General Meeting in 2009 to make political donations, which expires at the conclusion of the 2010 Annual General Meeting. This resolution concerns Part 14 of the Act, which provides that political donations made by a company to political parties, to other political organisations and to independent election candidates or political expenditure incurred by a company must be authorised in advance by shareholders.

It is not the policy of the Company to make political donations of the type caught by these provisions and the Directors have no intention of changing that policy. However, as a result of the wide definitions in the Act, normal expenditure (such as expenditure on organisations concerned with matters of public policy, law reform and representation of the business community) and business activities (such as communicating with the Government and political parties at local, national and European level) might be construed as political expenditure or as a donation to a political party or other political organisation and fall within the restrictions of the Act.

This resolution does not purport to authorise any particular donation or expenditure but is expressed in general terms as required by the Act and is intended to authorise normal donations and expenditure. If passed, resolution 16 would allow the Company and its subsidiaries to make donations to political parties, other political organisations and independent election candidates and to incur political expenditure (as defined in the Act) up to an aggregate limit of £150,000 during the period up to fifteen months after the passing of resolution 16 whilst avoiding inadvertent infringement of the statute. Any political donation made or political expenditure incurred which is in excess of £200 will be disclosed in the Company's Annual Report and Accounts for the next year, as required by the Act. The authority will not be used to make political donations within the normal meaning of that expression.

Resolution 17 – Notice of meetings other than Annual General Meetings

This special resolution is proposed to allow the Company to continue to call general meetings on 14 clear days' notice pursuant to the Regulations, which implement the Shareholder Rights Directive. The Regulations increase the notice period for general meetings of the Company to 21 clear days, and the Company would like to continue to have the flexibility to call general meetings on 14 clear days' notice where it may be expedient to do so and this resolution seeks such approval. The Directors do not intend to use this authority as a matter of routine, but only when time-sensitive matters are to be discussed and where they consider it to be merited in the interests of shareholders as a whole, and will have regard to other best practice recommendations as regards its use. The approval would be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed in order to renew this power.

The Regulations provide that the Company will need to ensure that it offers the facility for shareholders to vote by electronic means accessible to all shareholders if it is to call meetings on 14 clear days' notice. The Company will need to meet the requirements for electronic voting under the Regulations before it can call a general meeting on 14 days' notice.

Resolution 18 – Adoption of new Articles of Association of the Company

Resolution 18 will be proposed as a special resolution to adopt new Articles of Association (the "**New Articles**"), in substitution for the Company's current Articles of Association (the "**Current Articles**"), to ensure consistency of the Articles of Association with the Act, further to the full implementation of the Act on 1 October 2009 and also to ensure consistency with the Regulations, further to their implementation on 3 August 2009. The New Articles as proposed to be adopted by resolution 18, would take effect from the conclusion of the 2010 Annual General Meeting.

A copy of the proposed New Articles (marked to show the differences between the Current Articles and the New Articles) is available for inspection at the Company's registered office, Icknield Street Drive, Washford West, Redditch, Worcestershire, B98 0DE during usual business hours on each business day from the date of this Notice until the conclusion of the 2010 Annual General Meeting and at the place of the 2010 Annual General Meeting from fifteen minutes prior to its commencement until its conclusion. The New Articles will also be available for inspection at the offices of Clifford Chance LLP at 10 Upper Bank Street, London E14 5JJ during usual business hours on each business day from the date of this Notice until the conclusion of the 2010 Annual General Meeting.

The principal changes to the Current Articles to be introduced in the New Articles are summarised below. Other changes, which are of a minor, technical or clarificatory nature and also some minor changes which merely reflect changes brought in by the Act have not been noted below.

1 The Company's objects

The provisions regulating the operations of the Company that, prior to 1 October 2009, were contained in the Company's Memorandum of Association are now deemed to be contained in the Current Articles pursuant to the Act. The Company is able to remove those provisions by special resolution (as is provided for in resolution 18). Those provisions include, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. The objects clause is drafted to give a wide scope. The Act significantly reduces the constitutional significance of a company's memorandum of association, and provides that a memorandum will record only the names of the subscribers and the number of shares each subscriber has agreed to take in the company.

The Act also states that unless a company's articles provide otherwise, a company's objects are unrestricted, which abolishes the need for companies to have an objects clause. For this reason, the Company is proposing to remove its objects clause, together with all other provisions of its Memorandum of Association which, by virtue of the Act, are to be treated as forming part of the Company's Articles of Association. Paragraph (a) of resolution 18 confirms the removal of these provisions from the Company's Articles of Association. As the effect of this resolution would be to remove the statement currently in the Company's Memorandum of Association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

2 Authorised share capital and unissued shares

The Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority (such as that provided under resolution 13) continues to be required under the Act, save in respect of employee share schemes.

3 Redeemable shares

Under the Companies Act 1985 (the "**1985 Act**"), if a company wished to issue redeemable shares, it had to include in its articles of association the terms and manner of redemption. The Act enables directors to determine such matters instead, provided they are authorised to do so by the articles. The New Articles contain such provision to enable the Directors to determine the terms, conditions and manner of redemption of any redeemable shares to be issued.

4 Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital

Under the 1985 Act, a company was required to have specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its

share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Act, a company is only required to obtain shareholder authority to do any of these things and it will no longer be necessary for its articles to contain enabling provisions. Accordingly, the relevant enabling provisions have been removed in the New Articles.

5 Suspension of Registration of Share Transfers

The Current Articles permit the Directors to suspend the registration of transfers in certain circumstances. Under the Act share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

6 Annual retirement of directors

The Current Articles contain provisions pursuant to which at least one third of the Directors must retire by rotation at every annual general meeting. The Directors are committed to measures that promote good governance, and the New Articles adopt the approach taken in the new Code (see further above) that all directors should be re-elected on an annual basis rather than by re-election every three years. Consequently, the New Articles contain provisions which will require all of the Directors to retire from office at every annual general meeting and, if eligible, will have the ability to offer themselves for re-election.

7 Vacation of office by Directors

The Current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Innovation and Skills by requiring that the office of a director is vacated if a registered medical practitioner gives a written opinion to the Company stating the director has become physically or mentally incapable of acting as a director and may remain so for more than three months.

8 Notice of general meetings

The Regulations amend the Act to require a company to give 21 clear days' notice of general meetings unless the company offers members an electronic voting facility and a special resolution reducing the period to not less than 14 days has been passed. Annual general meetings must be held on 21 clear days' notice. The New Articles remove provisions in the Current Articles dealing with notice of general meetings on the basis that this is dealt with in the Act and is consistent with the Regulations.

9 Voting Record Date

Under the Act, as amended by the Regulations, the Company must determine the right of members to vote at a general meeting by reference to the register not more than 48 hours before the commencement of the meeting but can choose not to take into account days which are not working days. The New Articles exclude non-working days from the calculation of the period of the relevant voting record date.

10 Voting by proxies on a show of hands

The Regulations have amended the Act so that each proxy appointed by a member of a company has one vote on a show of hands unless the proxy is appointed by more than one member, in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to

vote against the resolution. The Current Articles have been amended to reflect these changes.

11 **Distinction between ordinary and special business**

Section 311 of the Act, as amended by the Regulations, requires a company to state the general nature of all business to be dealt with at a general meeting in the relevant notice of meeting and there is no ability for a traded company to dispense with listing ordinary business in that notice of meeting. Therefore the Directors believe it is not beneficial to make a distinction between ordinary and special business in the Company's Articles of Association and the existing provision has not been included in the New Articles.

12 **Chairman's casting vote**

Traded companies are no longer permitted to allow the chairman to exercise a casting vote at general meetings where there is an equality of votes on a resolution. The New Articles reflect this.

13 **Use of Seals**

Under the 1985 Act, a company was required to have authority in its articles to have an official seal for use abroad. Under the Act, such authority is no longer required. Accordingly, the relevant authorisation has been removed in the New Articles.

14 **General**

Generally, the opportunity has been taken to update references, cross-references and language in the New Articles to reflect current best practice and the provisions of the Act, including those implemented or amended by the Regulations. Provisions in the Current Articles which replicate provisions contained in or amended by the Act are removed in the New Articles.

Resolution 19 – Amendment to the Halfords 2005 Performance Share Plan

This ordinary resolution, if passed, would increase the aggregate market value of shares under award that can be granted to an individual in any year under the Company's 2005 Performance Share Plan ("**PSP**"). Currently, other than in circumstances which are considered by the Company's Remuneration Committee (the "**Committee**") to be exceptional, the limit is 200 per cent. of base salary. This resolution seeks to increase the limit to 225 per cent. of base salary for new awards

During the year, the Committee undertook a review of the Company's executive remuneration arrangements and concluded that certain amendments were required to ensure that the arrangements fully reflect the Company's policy of providing upper quartile reward for the delivery of upper quartile performance. In particular, it was concluded that, while the core maximum PSP award will remain at 150 per cent. of base salary, to ensure that remuneration is better aligned with the Company's long-term business and remuneration strategies, it is proposed that a vesting multiplier of up to 1.5 times be introduced for new awards.

It is proposed that awards granted in 2010 will be subject to shareholder return and earnings performance conditions as is the case for existing awards. 50 per cent. of an award will be subject to total shareholder return ("**TSR**") performance measured against FTSE 350 retail companies and 50 per cent. of an award will be subject to earnings per share ("**EPS**") performance. Currently the core award vests in full if upper quartile TSR performance is achieved and EPS growth is at least 11 per cent. per annum above the Retail Price Index ("**RPI**"). The multiplier will only apply if performance is above this level, with the maximum multiplier only applying if performance is at upper decile TSR levels and if EPS growth is at least 16 per cent. per annum above RPI. There will be straight-line

vesting between these points. The maximum possible award will therefore be 225 per cent. of base salary.

TSR and EPS performance will continue to be assessed on an independent basis. However, to ensure that the PSP continues to support sustainable performance, the multiplier for one measure will only be applied if performance is at least at the threshold level for the other measure. For example, if TSR was above upper quartile, the TSR multiplier would generally only apply if EPS growth exceeded RPI plus 4 per cent per annum, unless the Committee determined otherwise.

The Committee believes that the introduction of the multiplier is consistent with the Company's remuneration strategy of providing competitive reward in a way which supports long-term sustainable outperformance for its shareholders. The Board has discussed these changes with key shareholders and is pleased with the level of support received.

Further details of the Company's remuneration policy and arrangements are set out in the Directors Remuneration Report section of the Company's Annual Report.

In addition, minor amendments are proposed to be made to the PSP to comply with age discrimination legislation. The amendments remove the restriction on granting awards to eligible employees within 6 months of the date on which they are bound to retire and amends the definition of retirement so that it is not linked to any particular age.

A copy of the rules of the PSP, marked to show the amendments to be made if resolution 19 is passed, is available for inspection at the Company's registered office, Icknield Street Drive, Washford West, Redditch, Worcestershire, B98 0DE during usual business hours on each business day from the date of this Notice until the conclusion of the 2010 Annual General Meeting and at the place of the 2010 Annual General Meeting from fifteen minutes prior to its commencement until its conclusion. The amended rules will also be available for inspection at the offices of Clifford Chance LLP at 10 Upper Bank Street, London E14 5JJ during usual business hours on each business day from the date of this Notice until the conclusion of the 2010 Annual General Meeting.

Action to be taken

Shareholders will find enclosed a reply-paid Form of Proxy for use in connection with the 2010 Annual General Meeting. Whether or not you are able to attend the 2010 Annual General Meeting, you are requested to complete the Form of Proxy and return it to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to arrive no later than 12.30 pm on Sunday 25 July 2010. The completion and return of a Form of Proxy will not preclude you from attending the meeting and voting in person, if you wish to do so.

Recommendation

The Directors consider that each of the resolutions set out in the Notice of the 2010 Annual General Meeting on pages 10 to 13 inclusive of this document are in the best interests of the Company and the shareholders as a whole and the Directors recommend that you vote in favour of them, as each of the Directors intends to do in respect of his own beneficial holding of shares in the Company.

Yours faithfully

Dennis Millard
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2010 Annual General Meeting of Halfords Group plc (the "**Company**") will be held at the Alveston Manor Hotel, Clopton Bridge, Stratford-upon-Avon, Warwickshire CV37 7HP on Tuesday 27 July 2010 at 12.30 pm for the following purposes:

Ordinary business

- 1 To receive the audited financial statements for the period ended 2 April 2010 and the Directors' and Auditor's reports thereon.
- 2 To declare a final dividend for the period ended 2 April 2010 of 14 pence for each ordinary share, to be paid on 6 August 2010 to shareholders whose name appears on the Company's register of members at the close of business on 2 July 2010.
- 3 To approve the Directors' Remuneration Report for the period ended 2 April 2010.
- 4 To re-elect Dennis Millard as a Director.
- 5 To re-elect David Wild as a Director.
- 6 To re-elect Paul McClenaghan as a Director.
- 7 To re-elect Nick Wharton as a Director.
- 8 To re-elect Keith Harris as a Director.
- 9 To re-elect Nigel Wilson as a Director.
- 10 To re-elect William Ronald as a Director.
- 11 To re-appoint KPMG Audit Plc as Auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
- 12 To authorise the Directors to determine the remuneration of the Auditor.

Special business

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary or special resolutions, as indicated below:

- 13 As an ordinary resolution:

That, in substitution for all existing authorities, the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "**Act**") to exercise all the powers of the Company to:

- (a) allot shares (as defined in section 540 of the Act) in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £703,398; and
- (b) subject to the passing of resolution 18, allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £1,406,795 (such amount to be reduced by the aggregate nominal amount of shares allotted or rights to subscribe for or to convert any security into shares in the Company granted under paragraph (a) of this resolution 13) in connection with an offer by way of a rights issue:

- (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- (ii) to holders of other equity securities (as defined in section 560(1) of the Act) as required by the rights attaching to those securities or, subject to such rights, as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply (unless previously renewed, revoked or varied) until the end of the Company's next annual general meeting after this resolution is passed (or, if earlier, until the close of business on 4 October 2011) but, in each case, so that the Company may make offers and enter into agreements before the authority expires which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority expires and the Directors may allot shares or grant such rights under any such offer or agreement as if the authority had not expired.

14 As a special resolution:

That, in substitution for all existing powers and subject to the passing of resolution 13, the Directors be generally empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority granted by resolution 13 and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, in each case free of the restriction in section 561 of the Act, such power to be limited:

- (a) to the allotment of equity securities in connection with an offer of equity securities (but in the case of an allotment pursuant to the authority granted by paragraph (b) of resolution 13, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue only):
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities (as defined in section 560(1) of the Act), as required by the rights attaching to those securities or, subject to such rights, as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (b) to the allotment of equity securities pursuant to the authority granted by paragraph (a) of resolution 13 and/or an allotment which constitutes an allotment of equity securities by virtue of section 560(3) of the Act (in each case otherwise than in the circumstances set out in paragraph (a) of this resolution 14) up to a nominal amount of £105,510 calculated, in the case of equity securities which contain or comprise rights to subscribe for, or to convert securities into, ordinary shares (as defined in section 560(1) of the Act) by reference to the aggregate nominal amount of relevant shares which may be allotted pursuant to such right,

such power to apply (unless previously renewed, revoked or varied) until the end of the Company's next annual general meeting after this resolution is passed (or, if earlier, until the close of business on 4 October 2011) but so that the Company may make offers and enter into agreements before the power expires which would, or might, require equity securities to be allotted after the power expires and the Directors may allot equity securities under any such offer or agreement as if the power had not expired.

15 As a special resolution:

That the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of its own ordinary shares of 1 pence each on such terms and in such manner as the Directors may, from time to time, determine, provided that:

- (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 21,101,923 (representing less than 10% of the issued ordinary share capital);
- (b) the minimum price which may be paid for an ordinary share is 1 pence (excluding expenses);
- (c) the maximum price which may be paid for an ordinary share is an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made (excluding expenses); and
- (d) the authority hereby conferred shall expire at the end of the Company's next annual general meeting after this resolution is passed (or, if earlier, at the close of business on 4 October 2011), but a contract of purchase may be made before such expiry which will or may be executed wholly or partly thereafter and a purchase of shares may be made in pursuance of any such contract.

16 As an ordinary resolution:

That the Company and all companies that are its subsidiaries at any time during the period for which this resolution has effect, for the purposes of section 366 of the Act be authorised to:

- (a) make political donations to political parties or independent election candidates (as such terms are defined in sections 363 and 364 of the Act), not exceeding £50,000 in aggregate;
- (b) make political donations to political organisations other than political parties (as such terms are defined in sections 363 and 364 of the Act), not exceeding £50,000 in aggregate; and
- (c) incur political expenditure (as such term is defined in section 365 of the Act), not exceeding £50,000 in aggregate,

during the period beginning with the date of the passing of this resolution and ending at the end of the Company's next annual general meeting after this resolution is passed (or, if earlier, at the close of business on 4 October 2011), provided that the maximum amounts referred to in (a), (b) and (c) above may comprise sums in different currencies, which shall be converted at such rate as the Board may in its absolute discretion determine to be appropriate.

17 As a special resolution:

That a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days' notice, provided that this authority expires at the conclusion of the next annual general meeting of the Company held after the date of the passing of this resolution.

18 As a special resolution:

That with effect from the conclusion of the 2010 Annual General Meeting:

- (a) the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Act, are to be treated as provisions of the Company's Articles of Association; and
- (b) the form of the Articles of Association produced to the meeting and initialled by the Chairman for the purposes of identification be and is hereby adopted as the new Articles of Association of the Company in substitution for, and for the exclusion of, the existing Articles of Association of the Company.

19 As an ordinary resolution:

That the proposed amendments to the rules of the Halfords 2005 Performance Share Plan which are summarised in the circular addressed to Shareholders and dated 24 June 2010 and shown in the marked version of the rules produced to the meeting and initialled by the Chairman for the purposes of identification be approved and the Board be authorised to do all acts and things which it considers necessary to carry the amendments into effect.

Registered Office:

Icknield Street Drive
Redditch
Worcestershire
B98 0DE

By Order of the Board

Alex Henderson
Company Secretary

24 June 2010

Important notes for Shareholders

1. You may appoint one or more persons of your choice to act as your proxy. A proxy may attend the meeting and exercise all or any of your rights to speak and vote at the meeting for you. You may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. A proxy need not be a member of the Company. A Form of Proxy is enclosed and you may use that Form of Proxy to nominate your proxy. To be valid, Forms of Proxy must reach the Company's Registrar no later than 12.30 pm on Sunday 25 July 2010. Completing and returning a Form of Proxy to the Registrar will not preclude you from attending, speaking and voting at the meeting in person. If you do this and there is a poll vote, we will ignore your proxy votes.

If you are not a member of the Company, but have been nominated by a member of the Company (a "relevant member") to enjoy information rights in accordance with section 146 of the Act, you do not have a right yourself to appoint any proxies. You may, however, have a right under an agreement with the relevant member to be appointed or to have somebody else appointed as a proxy for the meeting. If you do not have such a right, or have such a right and do not wish to exercise it, you may have a right under an agreement with the relevant member to give instructions as to the exercise of voting rights.

2. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of the same powers as the corporation could exercise if it were an individual member, provided they do not do so in relation to the same shares.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered on the Company's relevant register of members at 6.00 pm on Sunday 25 July 2010 shall be entitled to attend or vote at this Annual General Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the relevant register after 6.00 pm on Sunday 25 July 2010 will be disregarded in determining the rights of any person to attend or vote at the meeting.

4. Biographical details of all of the executive and non-executive directors, each of whom are retiring and being proposed for re-election at the meeting, are set out on page 60 to 61 of the Company's Annual Report and Accounts that accompanies this Notice. The Board considers that Keith Harris, Nigel Wilson and William Ronald, as non-executive directors, continue to be effective members of the Board and each demonstrates a strong commitment to his role. As Chairman, Dennis Millard's performance during the past year has been reviewed by the non-executive directors led by the senior non-executive director and the Board recommends his re-election as a director.

6. Copies of the service contracts and letters of appointment of the Directors and the current Memorandum and Articles of Association, the new Articles of Association as proposed to be adopted (marked to show the differences between the current Articles and the new Articles), and the rules of the Halfords 2005 Performance Share Plan (marked to show the proposed amendments) will be available for inspection at the registered office of the Company during normal business hours on each business day from the date of this document until the date of the Annual General Meeting and, together with the register of Directors' interests, will be available for inspection at the place of the Annual General Meeting from 15 minutes prior to its commencement until its conclusion. The new Articles as proposed to be adopted and the revised Halfords 2005 Performance Share Plan rules will also be available for inspection at the offices of Clifford Chance LLP at 10 Upper Bank Street, London, E14 5JJ during usual business hours on each business day from the date of this Notice until the conclusion of the Annual General Meeting.

The Directors have the benefit of qualifying third party indemnity provisions pursuant to the Company's Articles of Association, which are and will be available for inspection as described above.

7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on Tuesday 27 July 2010 at 12.30 pm and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this Notice. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to

ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

8. Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with section 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on a website under section 527 of the Act.

9. Shareholders have the right to ask questions relating to the business of the Annual General Meeting and the Company has an obligation to answer such questions unless they fall within any of the statutory exceptions. No answer will therefore be required to be given if: (i) it is undesirable in the interest of the Company or the good order of the Annual General Meeting, if to do so would unduly interfere with the preparation for the meeting or involve the disclosure of confidential information; or (ii) if the answer has already been given on a website in the form of an answer to a question.

10. As at 18 June 2010, being the last practicable date prior to the printing of this circular, the Company's issued share capital consisted of 211,019,232 ordinary shares of 1 pence each, with each ordinary share carrying one vote. Therefore, the total voting rights in the Company as at 18 June 2010 was 211,019,232.

11. A copy of this Notice and other information required by section 311A of the Act can be found at www.halfordscompany.com.