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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 04457314)*

### *Directors:*

D Millard (Chairman)  
J McDonald  
A Findlay  
D Adams  
C Arney  
H Jones

### *Registered Office:*

Icknield Street Drive  
Washford West  
Redditch  
Worcestershire  
B98 0DE

24 June 2015

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

Dear Shareholder

## **2015 ANNUAL GENERAL MEETING**

The 2015 Annual General Meeting of Halfords Group plc (the "**Company**") is to be held at the Hilton Garden Inn, 1 Brunswick Square, Brindley Place, Birmingham B1 2HW on Thursday 30 July 2015 at 11.30 am. The formal Notice convening the meeting is set out on pages 7 to 9 of this document.

This circular provides you with explanatory notes for each of the resolutions in the Notice and explains the action you should take. Resolutions 13, 14 and 17 will be proposed as special resolutions with the remainder being proposed as ordinary resolutions.

### **Explanatory Notes to the Resolutions**

#### **Resolution 1 – Financial Statements**

The Directors are required to present to the meeting the Company's audited financial statements and related Directors' and Auditor's Reports for the period ended 3 April 2015.

#### **Resolution 2 – Approval of Final Dividend**

If resolution 2 is approved by shareholders, the final dividend for the period ended 3 April 2015 recommended by the Directors of 11.0 pence for each ordinary share will be paid on 28 August 2015 to shareholders whose names are on the register of members at the close of business on 7 August 2015.

#### **Resolution 3 – To Approve the Company's Remuneration Report**

The Directors are required to prepare an annual report detailing the remuneration of the Directors and a statement by the Chairman of the Remuneration Committee (together, the "**Annual Report on Remuneration**"). The Company is required to seek shareholders' approval in respect of the contents of the Annual Report on Remuneration on an annual basis (excluding the summary on the Company's Directors' Remuneration Policy (the "**Policy**")) on pages 62 to 70 of the Company's Annual Report, (the full Policy was approved at the 2014 Annual General Meeting). The vote is advisory only and any entitlement of a Director to remuneration is not made conditional on this ordinary resolution being passed.

#### **Resolutions 4 to 9 – Re-election and Election of Directors**

The Directors are committed to measures that promote good corporate governance. In accordance with the UK Corporate Governance Code (the “**Code**”), Jill McDonald will stand for election at this year’s meeting following her appointment effective 11 May 2015 and, if elected, will submit herself for re-election at each subsequent annual general meeting of the Company until further notice. Consequently, resolution 4 will be proposed in order to allow Jill McDonald to retire from office at the 2015 Annual General Meeting and, being eligible, and in accordance with the Company’s Articles of Association and the Code, offer herself for election. In accordance with the Code, each of the other Directors will be submitting themselves for re-election at this year’s meeting, and each subsequent annual general meeting of the Company until further notice. Consequently, resolutions 5 to 9 will be proposed in order to allow each of the Directors to retire from office at the conclusion of the 2015 Annual General Meeting and, being eligible, and in accordance with the Company’s Articles of Association and the Code, offer themselves for re-election.

Biographical details of all of the Directors who are proposed for re-election are set out on page 38 of the Company’s Annual Report and are also available for viewing on the Company’s website [www.halfordscompany.com](http://www.halfordscompany.com). The Board of Directors (the “**Board**”) considers that David Adams, Claudia Arney, and Helen Jones, as independent Non-Executive Directors, continue to be effective members of the Board and each demonstrates a strong commitment to their role. As Chairman, Dennis Millard’s performance during the past year has been reviewed by the Non-Executive Directors led by the Senior Independent Director, David Adams. The Board recommends that each Director be elected or re-elected, as appropriate, at the 2015 Annual General Meeting.

#### **Resolutions 10 and 11 – Reappointment and Remuneration of Auditor**

An auditor must be appointed at each general meeting at which the Company’s accounts are presented to shareholders. KPMG LLP has advised of its willingness to stand for re-appointment as the auditor of the Company until the conclusion of the next such general meeting.

The remuneration of the auditor must be fixed by the Company in a general meeting or in such manner as the Company may determine in general meeting. The Company’s usual practice is for shareholders to be asked to resolve at the annual general meeting that the Directors be authorised to determine the level of such remuneration and therefore resolution 11 authorises the Directors to determine the remuneration of the auditor.

#### **Resolution 12 - Authority to Allot Securities**

This ordinary resolution seeks to renew the general authority previously given to the Directors at the 2014 Annual General Meeting to allot securities (such as ordinary shares in the Company), which expires at the conclusion of the forthcoming 2015 Annual General Meeting. Paragraph (a) of resolution 12 would, if passed, give the Directors the authority to allot unissued shares up to a maximum nominal amount of £663,544 representing a maximum number of 66,354,407 ordinary shares of 1 pence each or approximately one third of the Company’s issued ordinary share capital as at 5 June 2015 (which is the latest practicable date for which numbers can be confirmed prior to the date of this circular).

Paragraph (b) of resolution 12 proposes that, consistent with the guidance issued by the Investment Association concerning directors’ powers to allot share capital in the context of a rights issue (the “**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 £1,327,088 representing a maximum number of 132,708,815 ordinary shares of 1 pence each or approximately two thirds of the Company’s issued ordinary share capital as at 5 June 2015 (such amount being reduced by the nominal amount of any securities issued under the authority conferred by paragraph (a) of resolution 12).

The authorities sought in paragraphs (a) and (b) of resolution 12 would expire at the conclusion of the annual general meeting of the Company to be held in 2016, or, if earlier, on 30 September 2016. The Directors have no present intention of exercising this authority, except in relation to the Company’s share incentive schemes. As at 5 June 2015, the Company held no treasury shares in the Company. The Directors intend to seek renewal of this authority at future annual general meetings.

### **Resolution 13 - Disapplication of Statutory Pre-Emption Rights**

This special resolution, if passed, would renew the authority given to the Directors at the 2014 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
- for cash up to a maximum amount of £99,532 representing a maximum number of 9,953,161 ordinary shares or approximately 5 per cent of the issued ordinary share capital of the Company as at 5 June 2015.

The authority sought and the limits set by resolution 13 would also disapply the application of section 561 of the Companies Act 2006 (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 2016, or, if earlier, on 30 September 2016. 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.

The Directors will have due regard to institutional guidelines in relation to any exercise of this power, in particular the requirement for advance consultation and explanation before making any non pre-emptive cash issue pursuant to this resolution which exceeds 7.5% of the Company's issued share capital in any rolling three year period.

### **Resolution 14 – Purchase of Own Shares**

This special resolution, if passed, would authorise the Company to make market purchases of its own ordinary shares. If resolution 14 is approved, the Directors may utilise the authority to continue to make market purchases of the Company's shares through the London Stock Exchange. The maximum number of shares which may be purchased if resolution 14 is approved is 19,906,322 representing approximately 10 per cent of the Company's issued ordinary share capital as at 5 June 2015. The authority would, again, expire at the conclusion of the annual general meeting of the Company to be held in 2016, or, if earlier, on 30 September 2016. 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 confirm that they will exercise the authority granted by the successful passing of this resolution only when, in the light of prevailing market conditions, they consider that such purchases would result in an increase in earnings per share and would be in the best interests of the shareholders generally. The Board is making no recommendation as to whether shareholders should sell their shares in the Company.

The Directors also intend to seek the renewal of this authority at future annual general meetings. As at 5 June 2015, options over a total of 10,060,719 ordinary shares were outstanding and not exercised. That number of ordinary shares represents 5.05 per cent of the Company's issued ordinary share capital as at 5 June 2015. It would represent 6.32 per cent of the issued ordinary share capital if the authority to purchase the Company's own shares granted at the 2014 Annual General Meeting and the authority proposed to be granted under resolution 14 were both exercised in full and assuming no further ordinary shares are issued. As at 5 June 2015, the Company held no treasury shares in the Company and no warrants over ordinary shares in the capital of the Company existed.

## **Resolution 15 – Renewal of the Halfords Performance Share Plan 2015**

The Company currently operates the Halfords 2005 Performance Share Plan which expires on 13 July 2015 and authority is sought to renew the plan, to be renamed the Halfords Performance Share Plan 2015 (the "**PSP**") for a further period of ten years.

The Company's remuneration committee (the "**Remuneration Committee**") has concluded that the PSP remains effective in aligning executives' interests with those of shareholders, and is a key component of executive directors' pay, as outlined in the Directors Remuneration Policy approved by shareholders at the Annual General Meeting in 2014 (the "**Policy**"). Approval is therefore sought to extend the PSP for a further period of ten years, with certain amendments to align further executives' interests with the long-term interests of shareholders and with developing best practice.

The PSP enables selected employees (including executive Directors), at the discretion of the Remuneration Committee, to be granted awards in respect of ordinary shares in the Company. Awards may be granted in the form of nil cost options or contingent rights to acquire shares, or as restricted shares or interests in shares. Awards are not transferable (except on death) and are not pensionable benefits. Awards will normally lapse on leaving, except to the extent vested, and subject to leavers in specified "good leaver" circumstances being permitted to retain a time pro-rated proportion of their awards. In the case of a corporate event, awards will normally vest early, generally subject to time pro-rating and having regard to the extent to which the performance target is likely to be satisfied. Amendments to certain key terms of the PSP may only be made with shareholder approval where required by the Listing Rules. The provisions governing eligibility, individual or overall limits, the basis for determining a participant's entitlement to, and the terms of, awards, and the adjustments that may be made following a rights issue or any other variation of capital, cannot be altered to the advantage of participants without the prior approval of the Company's shareholders in general meeting. The requirement to obtain the prior approval of shareholders will not, however, apply to any minor amendment made to benefit the administration of the PSP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group.

The PSP will continue to be operated in line with the dilution limits applicable to the Company's employee share plans in general, so that the number of new shares issued or remaining capable of being issued pursuant to awards under the PSP and the Company's other executive and employee share schemes in any period of 10 years, will not exceed 10 per cent of the ordinary share capital of the Company in issue from time to time. The number of new shares issued or remaining capable of being issued pursuant to awards under the PSP and the Company's other executive share incentive plans in any period of 10 years, will not exceed 5 per cent of the ordinary share capital of the Company in issue from time to time.

The maximum number of shares that may be awarded under the PSP to a participant in any 12 month period will be unchanged, so that the market value of such shares on the date of the award will not normally exceed 225 per cent of basic salary. If the Committee considers that exceptional circumstances exist, a higher award may be made, in accordance with the Policy where applicable.

Awards under the PSP will continue to be subject to performance targets aligned with the Company's key long-term, strategic priorities, which the Remuneration Committee considers will be sufficiently stretching and will provide appropriate reward for delivery of the Company's strategy and, where required, are consistent with the Policy.

The key change in the terms of the PSP is the introduction of a new "clawback" provision which extends the provisions for adjustment of unvested awards ("malus") introduced by the Board in 2013. Malus and clawback provisions will apply, such that awards may be amended, reduced, forfeited or subject to repayment, on the occurrence of certain events during the vesting period, and, following vesting, for a further two years. Such events include material misstatement of the accounts, misconduct on the part of a participant and any other calculation error which has resulted in the award vesting or subsisting over more shares than would otherwise have been the case. The Board may also choose to apply a holding period to awards, such that shares are retained by participants for a further period of two years following vesting.

The Company may add to, vary or amend the PSP by way of a separate Schedule, or other plan based on the PSP but operating within the same limits, in order that it may be operated for participants outside the UK in compliance with all requisite local legislative and regulatory requirements as may apply.

A copy of the rules of the PSP will be available for inspection at the offices of Pinsent Masons LLP, Crown Place, London, EC2A 4ES during normal business hours from the date of the Notice of Annual General Meeting until the conclusion of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes before and during the Meeting.

## **Resolution 16 - Political Donations**

This ordinary resolution seeks to renew and replace the authority granted to the Company and its subsidiaries by shareholders at the 2014 Annual General Meeting to make political donations, which expires at the conclusion of the 2015 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 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, which would not normally be considered to result in the making of political donations or political expenditure being incurred. 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, in order to avoid inadvertent infringement of the statute. However, the authority will not be used to make political donations within the normal meaning of that expression. Any political donation made or political expenditure incurred which is in excess of £2,000 will be disclosed in the Company's Annual Report for the next year, as required by the Act.

## **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 Companies (Shareholders' Rights) Regulations 2009 (the "**Regulations**"), which implement the Shareholder Rights Directive. The Regulations increase the notice period for general meetings of the Company to 21 clear days unless shareholders approve a shorter period (which cannot be less than 14 clear days). This approval was given at the 2014 Annual General Meeting and the Company would like to continue to have the flexibility to convene general meetings (other than annual general meetings) on 14 clear days' notice. 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 will 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 Company will need to meet the requirements for electronic voting under the Regulations in order to call a general meeting on 14 days' notice.

## **Action to be Taken**

Shareholders will find enclosed a reply-paid Form of Proxy for use in connection with the 2015 Annual General Meeting. Whether or not you are able to attend the 2015 Annual General Meeting, you are requested to complete the Form of Proxy and return it to Capita Asset Services at PXS 1, 34 Beckenham Road, Beckenham, BR3 4TU as soon as possible and, in any event, so as to arrive no later than 11.30 am on Tuesday 28 July 2015. 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 2015 Annual General Meeting on pages 7 to 9 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 or her own beneficial holding of shares in the Company.

Yours faithfully,

**Dennis Millard**

**Chairman**

24 June 2015

## **Adoption of Financial Reporting Standard (FRS) 101 – Reduced Disclosure Framework**

Following the publication of FRS 100 Application of Financial Reporting Requirements by the Financial Reporting Council, Halfords Group plc, is required to change its accounting framework for its entity financial statements, which is currently UK GAAP, for its financial year commencing 4 April 2015. The Board considers that it is in the best interests of the group for Halfords Group plc to adopt FRS 101 Reduced Disclosure Framework. No disclosures in the current UK GAAP financial statements would be omitted on adoption of FRS 101. A shareholder or shareholders holding in aggregate 5% or more of the total allotted shares in Halfords Group plc may serve objections to the use of the disclosure exemptions on Halfords Group plc, in writing, to its registered office (Icknield Street Drive, Washford West, Redditch, Worcestershire, B98 0DE) not later than 30 September 2015.



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2015 Annual General Meeting of the Company will be held at the Hilton Garden Inn, 1 Brunswick Square, Brindley Place, Birmingham B1 2HW on Thursday 30 July 2015 at 11.30 am to consider the following resolutions, which in the case of resolutions 13, 14 and 17 will be proposed as special resolutions with the remainder being proposed as ordinary resolutions:

1. To receive the audited financial statements for the period ended 3 April 2015 and the Directors' and Auditor's reports thereon.
2. To declare a final dividend for the period ended 3 April 2015 of 11.0 pence for each ordinary share, to be paid on 28 August 2015 to shareholders whose name appears on the Company's register of members at the close of business on 7 August 2015.
3. To approve the annual report on remuneration, for the period ended 3 April 2015 as set out on pages 62 to 70 of the Company's annual report 2015.
4. To elect Jill McDonald as a Director.
5. To re-elect Dennis Millard as a Director.
6. To re-elect David Adams as a Director.
7. To re-elect Claudia Arney as a Director.
8. To re-elect Andrew Findlay as Director.
9. To re-elect Helen Jones as a Director.
10. To re-appoint KPMG LLP as Auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
11. To authorise the Directors to determine the remuneration of the Auditor.

### Authority to allot shares

12. 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 £663,544; and
  - b) allot equity securities (as defined in section 560(1) of the Act) up to an aggregate nominal amount of £1,327,088 (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 12) 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 30 September 2016) 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.

## **Renewal of the power to disapply pre-emption rights**

13. That, in substitution for all existing powers and subject to the passing of resolution 12, the Directors be generally empowered pursuant to section 570 of the Companies Act 2006 (the “**Act**”) to allot equity securities (as defined in section 560(1) of the Act) for cash pursuant to the authority granted by resolution 12 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 12, 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 of ordinary shares; 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 12 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 13) up to a nominal amount of £99,532 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 30 September 2016) 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.

## **Authority to purchase own shares**

14. That the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006 (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 19,906,322 (representing approximately 10 per cent 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 30 September 2016), 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.



## **Renewal of the Company Performance Share Plan**

15. That the Directors be and are hereby authorised to renew the Halfords 2005 Performance Share Plan (to be renamed the Halfords Performance Share Plan 2015) (the "**PSP**"), a copy of the draft amended rules of which has been produced to the meeting and a summary of the main changes to which is set out in the Explanatory Notes on page 4 of the Notice of Annual General Meeting dated 24 June 2015, and to do all such acts and things as may be necessary or expedient for the purposes of extending the PSP, as updated, for a further period of ten years.

## **Authority to make political donations**

16. 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 Companies Act 2006 (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 30 September 2016), 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.

## **Authority to call meetings on 14 days' notice**

17. 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 after this resolution is passed.

Registered Office:  
Icknield Street Drive  
Washford West  
Redditch  
Worcestershire  
B98 0DE

By Order of the Board  
Justin Richards  
Company Secretary

24 June 2015

## 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 11.30 am on Tuesday 28 July 2015. Completing and returning a Form of Proxy to the Registrar, or the transmission of a CREST Proxy Instruction (as defined below), 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.
2. As an alternative to returning your Form of Proxy in hard copy you can complete your Form of Proxy online by logging onto [www.capitashareportal.com](http://www.capitashareportal.com) by 11.30 am on Tuesday 28 July 2015. To vote online you will need to enter your surname, investor code (as shown on your hard copy Form of Proxy) and your postcode.
3. Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as member votes are to be counted according to the number of shares held. As soon as practicable following the Annual General Meeting, the results of the voting at the meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a Regulatory Information Service and also placed on the Company's website <http://www.halfordscompany.com>.
4. 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 Companies Act 2006 (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.
5. 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.
6. 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 Tuesday 28 July 2015 (or in the case of adjournment as at 48 hours before the time appointed for holding of the meeting) 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 Tuesday 28 July 2015 will be disregarded in determining the rights of any person to attend or vote at the meeting.
7. Copies of the service contracts and letters of appointment of the Directors and the current Articles of Association 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 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.
8. 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 Thursday 30 July 2015 at 11.30 am and any adjournment(s) thereof by utilising the procedures described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). 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.

9. 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 (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). 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.
10. 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.
11. 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.
12. 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 circumstances 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.
13. 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 interests of the Company or the good order of the Annual General Meeting; (ii) to do so would unduly interfere with the preparation for the meeting or involve the disclosure of confidential information; or (iii) the answer has already been given on a website in the form of an answer to a question.
14. As at 5 June 2015, being the last practicable date prior to the printing of this circular, the Company’s issued share capital consisted of 199,063,222 ordinary shares of 1 pence each, with each ordinary share carrying one vote. The Company holds no Treasury shares that hold no voting rights, therefore, the total voting rights in the Company as at 5 June 2015 was 199,063,222.
15. A copy of this Notice and other information required by section 311A of the Act can be found at [www.halfordscompany.com](http://www.halfordscompany.com).
16. You may not use any electronic address provided in this Notice to communicate with the Company for any purposes other than those expressly stated. Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any e-mail or attachments and recommends that recipients subject all messages to virus checking procedures prior to use.

