

Part II. Directors, Senior Management and Corporate Governance

1. DIRECTORS

The Company's Directors are:

Robert Templeman (46) – Non-executive Chairman. Mr Templeman joined Halfords in March 2003 following the CVC Acquisition. Mr Templeman has over 20 years' retail experience and is currently the chief executive of Debenhams Limited, the department store chain which was acquired in a leveraged buy-out in 2003. Prior to joining Halfords, he held the position of chief executive officer of Homebase Group Limited from March 2001 until its sale to GUS plc in December 2002. He was chief executive of Harveys Furnishings plc from 1990 to 2000 and his other previous directorships have included Lounge House Limited and Queensway plc.

David Hamid (52) – Chief Executive Officer. Mr Hamid joined Halfords in June 2003 from Dixons Group plc where he had been chief operating officer, having held executive appointments at Dixons from 1986 to 2003. From 1998 to 2001 he was group managing director of PC World, having previously been managing director of commercial services, Mastercare Service and Distribution and, prior to this, he was managing director, at Dixons Financial Services. In total he spent 17 years at Dixons and was involved in the development of Freeserve and PC World. Prior to joining Dixons he was marketing director (jewellery division) at Alfred Dunhill.

Nick Carter (37) – Finance Director. Mr Carter joined Halfords in August 2003. From 1999 to August 2003 he held the position of finance director at Birthdays Group Limited. Prior to this he was a space and display controller and head of accounting services at Superdrug Stores plc, having joined from Kingfisher plc where he was corporate auditor. He trained and qualified as a Chartered Accountant at KPMG.

Ian McLeod (45) – Trading Director. Mr McLeod joined Halfords in September 2003. Prior to joining Halfords he was chief executive of Celtic PLC from April 2001 to April 2003. Previously, he gained 20 years' retail experience at Asda and was a director of Asda Stores Limited from February 1997 until May 2001 and sat on the WalMart Germany Executive Board from April 2000 until April 2001.

Richard Pym (54) – Non-executive Director. Mr Pym joined Halfords in May 2004 and has been appointed as the Senior Independent Non-executive Director. He is group chief executive of Alliance & Leicester plc. A Chartered Accountant, Mr Pym has extensive experience in both the financial services and retail industries. His previous roles have been with Thomson McLintock & Co, British Gas plc, BAT Industries plc and The Burton Group plc. Until August 2003, Mr Pym was a non-executive director of Selfridges plc.

Jonathan Feuer (41) – Non-executive Director. Mr Feuer joined Halfords shortly before the CVC Acquisition. Mr Feuer is a partner of CVC Capital Partners and is also a director of Baroness Group Holdings Limited, a parent company of Debenhams Limited, and of CVC Capital Partners Limited. Mr Feuer joined CVC Capital Partners in 1988, having previously worked in the Corporate Finance Department of Baring Brothers & Co Ltd and for Ernst & Whinney where he qualified as a Chartered Accountant.

Bill Ronald (48) – Non-executive Director. Mr Ronald joined Halfords in May 2004. He is chief executive of Uniq plc, the pan-European convenience food group and has held this position since February 2002. His previous career involved 23 years with Mars Incorporated. With Mars, he held various positions in the sales and marketing functions and was managing director of the UK Confectionery Operation and a member of the European Board for almost 4 years prior to leaving in December 2001. He is a fellow and Policy Issues Council member of the Institute of Grocery Distribution.

Nigel Wilson (47) – Non-executive Director. Mr Wilson joined Halfords in May 2004. He is chief financial officer of United Business Media plc and has held this position since August 2001. Mr Wilson joined United Business Media from Viridian Group plc in 2001 where he

had been managing director of Viridian Capital since 2000 and group finance director from 1996 to 2000. Previous positions held by Mr Wilson are group finance director of Waste Management International plc, chief executive (Corporate) of GPA, finance director and managing director of Stanhope Properties and group commercial director of Dixons plc. From 1982 until 1986 Mr Wilson was a management consultant for McKinsey.

Keith Harris (51) – Non-executive Director. Mr Harris joined Halfords in May 2004. He is chairman of Seymour Pierce Ltd. and is also a non-executive director of Benfield Group Limited. From 1994 to 1999 he was chief executive of HSBC Investment Bank PLC and from 1990 to 1994 he was chief executive of Apax Partners Corporate Finance Ltd. Prior to that Mr Harris was at Morgan Grenfell in London and New York, where he was president of Morgan Grenfell Inc. and later became managing director and head of International Corporate Finance at Drexel Burnham Lambert.

2. SENIOR MANAGEMENT

In addition to the executive management on the Board of Halfords, the day-to-day management of the Group is conducted by the following senior managers.

Richard Nixon (48) was appointed Property Manager in November 1987 and to the role of Head of Property in 1994. Prior to joining the Group he was a real estate surveyor for McDonalds.

Andrew Neil Smith (42) was appointed Director of Personnel in July 2001. Prior to joining the Group, he was personnel controller at Entertainment UK, formerly the entertainment wholesaling business of Kingfisher plc. Before joining Kingfisher plc in 1999, he was human resources manager for AMP New Zealand, the NZ retail financial services business of AMP.

Andrew James Torrance (38) was appointed Store Operations Director in January 2001, following two years in the operations and strategic projects divisions of the Group. Prior to joining the Group he was director of operational support & supply at Focus Do It All Limited from 1998 to 1999. Prior to that he held a series of operational roles at Do It All and Habitat.

Nicholas Barry Edward Wharton (37) was appointed Business Development and IT Director in August 2002 having initially joined Halfords in February 2002 as Director of Finance. Prior to joining Halfords, he held various finance, strategic and international operational roles within Boots, including the role of director of finance and planning at Boots Opticians from 2001 to 2002. He is a qualified Chartered Accountant.

Steven Whyman (41) was appointed Director of Logistics in October 2003. Prior to joining the Group he was at Exel Logistics from 1994 where he held senior positions in operations, business development and information technology. Previous roles include operations director for an apparel company and supply chain consultant with PricewaterhouseCoopers.

Each of the senior managers referred to above report to the Chief Executive Officer and are accountable for the day-to-day operation of the principal functions within the Group. With the exception of Richard Nixon, together with David Hamid, Nick Carter and Ian McLeod, they constitute the directors of Halfords Limited.

3. CORPORATE GOVERNANCE

The Combined Code recommends that at least half the members of the board of directors (excluding the chairman) of a public limited company incorporated in England and Wales should be independent in character and judgement and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

The Combined Code also recommends that the Board should appoint one of the independent non-executive directors as senior independent non-executive director and Richard Pym has been appointed to fill this role. The senior independent non-executive director should be

available to shareholders if they have concerns which contact through the normal channels of chairman, chief executive or finance director has failed to resolve or for which contact is inappropriate.

Currently, the Board is composed of nine members, consisting of three Executive Directors and six Non-executive Directors, four of whom are independent. Accordingly, no individual or group of individuals dominates the Board's decision taking. Robert Templeman and Jonathan Feuer are deemed by the Board not to be independent under the Combined Code due to Robert Templeman having been an executive chairman of the Company prior to the Global Offer and Jonathan Feuer being an employee of CVC Capital Partners Limited, which provides advice, whether directly or indirectly, to the CVC Shareholders.

The Company and the CVC Shareholders have entered into a Relationship Agreement pursuant to which the CVC Shareholders have agreed that for so long as they remain a controlling shareholder as defined in Listing Rule 3.13, they will not cast their votes at shareholder meetings so as to prevent the Company from being capable of carrying on its business independently for the purposes of Listing Rule 3.12 and the CVC Shareholders have agreed that all transactions and relationships between them and the Company will be at arm's length and on a normal commercial basis. In return, the Company has agreed, amongst other things, to grant the CVC Shareholders the right to appoint a director for so long as they hold 15 per cent. or more of the Ordinary Shares of the Company, to be represented on certain board committees (or to be able to consult with such committees) and to be provided with committee papers and certain tax related information. The CVC Shareholders have exercised the right to appoint Jonathan Feuer as a director but have not requested that he sits on any board committees at present. Further details of the Relationship Agreement are given in paragraph 19 of Part VII (Additional Information).

Accordingly, on Admission the Company will comply with the requirement of the Combined Code that at least half of the board (excluding the chairman) should comprise independent non-executive directors. The Board intends to comply fully with the requirements of the Combined Code and will report to shareholders on compliance with the Combined Code in accordance with the Listing Rules.

The Board has established Nomination, Remuneration and Audit Committees, with formally delegated duties and responsibilities, and written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

Nomination Committee

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition of the Board. The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience on the Board, the size, structure and composition of the Board, retirements and appointments of additional and replacement directors and will make appropriate recommendations to the Board on such matters.

The Combined Code provides that a majority of the members of the Nomination Committee should be independent non-executive directors.

The Company's Nomination Committee is comprised of four members, three of whom are independent Non-executive Directors (namely Keith Harris, William Ronald and Richard Pym) and one Executive Director (namely David Hamid). The Chairman of the Nomination Committee is Richard Pym. The Company therefore considers that it complies with the Combined Code recommendations regarding the composition of the Nomination Committee.

Remuneration Committee

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy

on executive remuneration, determining the individual remuneration and benefits package of each of the executive directors and recommending and monitoring the remuneration of senior management below Board level. The Combined Code provides that the Remuneration Committee should comprise of at least three members, all of whom are independent non-executive directors.

The membership of the Company's Remuneration Committee comprises three members, all of whom are independent Non-executive Directors, (namely Richard Pym, Keith Harris and Nigel Wilson). The Chairman of the Remuneration Committee is Keith Harris. The Company therefore considers that it complies with the Combined Code recommendations regarding the composition of the Remuneration Committee.

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing the Company's annual financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Company's internal audit activities, internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half yearly reports remains with the Board.

The Combined Code recommends that the audit committee should comprise at least three members, who should all be independent non-executive directors, and that at least one member should have recent and relevant financial experience.

The membership of the Company's Audit Committee comprises three members, all of whom are independent Non-executive Directors, (namely Richard Pym, William Ronald and Nigel Wilson). Nigel Wilson is considered by the Board to have recent and relevant financial experience and is Chairman of the Audit Committee. The Company therefore considers that it complies with the Combined Code recommendations regarding the composition of the Audit Committee.

Independence from Controlling Shareholder

Following Admission the CVC Shareholders will be, collectively, the beneficial owners of 104,939,925 Ordinary Shares (which will reduce to 91,198,433 if the maximum number of Over-allotment Shares is acquired pursuant to the Over-allotment Option), representing approximately 46.0 per cent. of the issued share capital of the Company (40.0 per cent. if the maximum number of Over-allotment Shares is acquired pursuant to the Over-allotment Option). As such, the CVC Shareholders constitute, together, a controlling shareholder of the Company for the purposes of the Listing Rules.

As required by the Listing Rules and as a result of the arrangements in the Relationship Agreement described in paragraph 19 of Part VII (Additional Information), the Company is satisfied that from Admission it will be capable at all times of carrying out its business independently of the CVC Shareholders (or any of their associates) and that all transactions and relationships between the Company and any of the CVC Shareholders (or any of their associates) are, and will be, at arm's length and on a normal commercial basis.

Compensation

In respect of the 2004 financial year, Halfords paid or accrued compensation (including salary, bonus, benefits and pension) of £4,338,013 million to the directors and senior management employed during that period. This includes compensation in all capacities with respect to Halfords and its subsidiaries.