

Directors' Remuneration Report

This report, prepared by the Remuneration Committee ("the Committee") on behalf of the Board, has been drawn up in accordance with the Combined Code on Corporate Governance, Schedules 5 and 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 and the UK Listing Authority Listing Rules.

The report has been approved both by the Remuneration Committee and by the Board, and a resolution to approve the report will be proposed at the Annual General Meeting ("AGM") of the Company on 27 July 2010.

PART A – UNAUDITED INFORMATION

Remuneration Committee

Membership

The Committee comprised the following non-executive Directors during the financial period to 2 April 2010:

Keith Harris (Committee Chairman)
Dennis Millard (Appointed 28 May 2009)
Bill Ronald
Nigel Wilson

Details of non-executive Directors' experience and their other roles are set out in the Directors' biography section on page 61. The Board believes that these Directors have suitable experience to serve on the Remuneration Committee.

Meetings

During the financial period to 2 April 2010 the Committee met on six occasions. The executive Directors are invited to attend the Committee's meetings, when appropriate, but are not present when their own remuneration is discussed. The Company Secretary is the secretary to the Committee.

Role

The Board has delegated to the Remuneration Committee responsibility for reviewing and recommending the pay and benefits and contractual arrangements of the Chairman, executive Directors and the Company Secretary and such other senior managers as the Board may designate and for overseeing the Group's share schemes.

The Remuneration Committee is committed to principles of accountability and transparency to ensure that remuneration arrangements demonstrate a clear link between reward and performance. In its work, the Committee considers fully the principles and provisions of the Combined Code on Corporate Governance and its terms of reference are available on the Group's website halfordscompany.com.

Responsibilities

The Remuneration Committee's core responsibilities include:

- Reviewing and recommending the remuneration policy of executive Directors and senior managers;
- Within this policy agreeing individual remuneration packages for the Chairman, executive Directors and senior executive managers, including the Company Secretary;
- Reviewing and recommending the terms and conditions to be included in service agreements for executive Directors and senior executive managers;
- Reviewing and recommending any employee share-based incentive schemes and any changes to the rules of such schemes;
- Reviewing and recommending appropriate performance conditions and targets for the variable element of remuneration packages for the executive Directors and senior executive managers; and
- Reviewing annual and long-term performance against targets to determine the level of reward that should be delivered to executive Directors and senior executive managers.

During the year the Committee conducted an internal effectiveness review and it was concluded that there were no items of concern that needed to be considered by the Committee. The Committee will continue to review effectiveness of an annual basis.

Advisers

During the year the Hay Group have continued to provide advice to the Committee on matters relating to remuneration, including market comparison data and best practice. Hay Group does not provide any other services to the Group. The Committee also received advice from Deloitte LLP on the design of the share-based long-term incentive plans and other remuneration matters. Deloitte do not provide any other services to the Group. The Committee is satisfied that the advice received by Hay and Deloitte is independent.

During the year the Committee also consulted with the Chief Executive and was supported by the Director of Human Resources and the Company Secretary (who is secretary to the Committee).

Directors' Remuneration Report

Remuneration policy

The remuneration policy of the Committee and of the Board is to provide remuneration packages for executive Directors and other senior managers in the Group which:

- Align management's interests with those of shareholders by incentivising management to deliver the Group's long-term strategy and enhance shareholder value.
- Provide management with the opportunity to earn competitive remuneration through variable based pay.
- Provide upper quartile rewards compared to other general retail companies of a similar size subject to above upper quartile performance being delivered.
- Enable the Group to attract and retain management of the calibre required to run the business and drive exceptional shareholder value creation.

The Board reviews this policy annually and whether remuneration arrangements appropriately reflect this policy. During the year the Committee has worked with Deloitte LLP to review the current remuneration arrangements to ensure that they reflect this policy and our long-term business strategy. The Committee concluded that, while a number of elements of the remuneration arrangements remained appropriate, our current structure was not aligned with the philosophy of delivering upper quartile remuneration to executives if they achieve above upper quartile performance for our shareholders. A review of market practice also indicated that the maximum total compensation opportunity was not fully competitive, particularly at maximum levels, when compared to our key retail comparators.

The Company is at a very important stage in its development and the Company has the opportunity to achieve strong levels of growth and generate significant shareholder value in the future. In this context, the Committee believes that our policy of upper quartile pay for upper quartile performance is therefore appropriate. We are mindful of

shareholder views on ensuring that remuneration arrangements do not incentivise excessive risk taking. However, we believe that our Board decision-making process ensures that there are sufficient safeguards to prevent this.

In this context it is intended that an award "multiplier" will be introduced to the Performance Share Plan ("PSP"). This will allow executives to earn an incremental reward if performance is above upper quartile levels. This is explained in more detail in the section relating to the Performance Share Plan on page 75. The Company has discussed these changes with its major shareholders and a resolution to amend the rules of the Company's PSP to incorporate this multiplier will be put before the Company's shareholders at the Annual General Meeting on 27 July 2010.

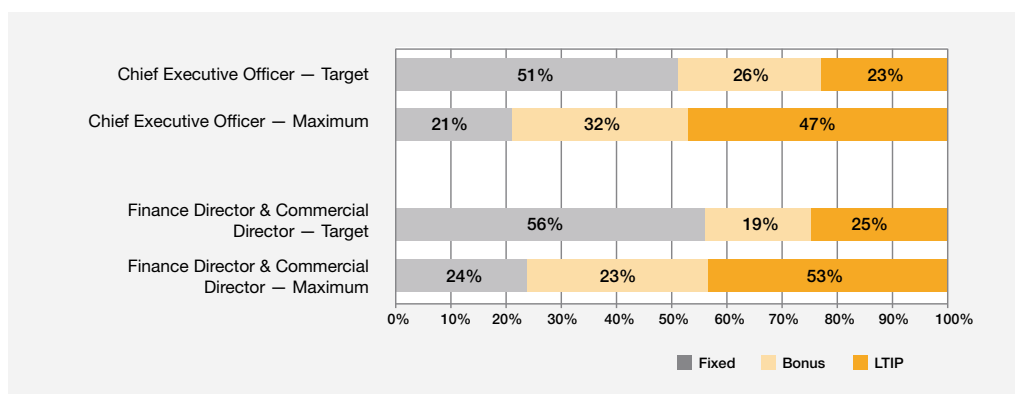
In addition, during the year the Committee has also made changes to the annual bonus arrangement for the CEO and to salary levels for executive Directors. Further details are provided on page 74.

In determining the remuneration arrangements for executive Directors, the Committee is sensitive to the pay and employment conditions elsewhere in the Group, especially when determining base salary increases.

The Committee will continue to monitor and review the remuneration policy and remuneration arrangements to ensure that the structure and associated performance measures remain appropriately aligned with the Company's strategic objectives. The individual salary, bonus and benefit levels of the executive Directors are, and will continue to be, reviewed annually by the Committee.

Balance of fixed vs. variable remuneration

It is the Company's policy that a substantial proportion of the executive Directors' remuneration should be variable and performance related in order to encourage and reward superior business performance and shareholder returns and that remuneration should be linked to both individual and Company performance. The following illustrates the balance between fixed and variable remuneration based on the remuneration policy for 2010:



Summary of remuneration

The Remuneration Committee selects performance measures that are designed to be aligned with the Group's strategic goals and that are transparent to Directors and shareholders. Each element of remuneration is designed to support the achievement of different corporate objectives as outlined in the following table:

Element	Purpose and link to remuneration policy	Maximum award	Changes for 2010	Key features
Base salary	<ul style="list-style-type: none"> Reflects the competitive market salary level for the individual and their roles Takes account of personal performance and contribution to corporate performance 	n/a	<ul style="list-style-type: none"> Increases in salary during the year to reflect positioning against market practice 	<ul style="list-style-type: none"> In cash Based on individual contribution Reviewed annually
Annual Bonus	<ul style="list-style-type: none"> Rewards the achievement of annual earnings targets 	<ul style="list-style-type: none"> 120% of base salary for CEO 100% of base salary for Finance Director and Commercial Director 	<ul style="list-style-type: none"> For 2010/11 increase in bonus from 120% to 150% of base salary for CEO For the CEO, previously all cash, for 2010/11 one-third of bonus deferred into shares for three years 	<ul style="list-style-type: none"> Based on EBT and EPS performance Full bonus in cash for Finance Director and Commercial Director For CEO, two-thirds of bonus in cash and one-third of bonus deferred into shares for three years
Performance Share Plan ("PSP")	<ul style="list-style-type: none"> Aligns with shareholder interests through the delivery of shares Rewards growth in shareholder value and earnings 	<ul style="list-style-type: none"> Maximum core award of 150% of base salary 	<ul style="list-style-type: none"> Performance multiplier of up to maximum of 1.5 x, (i.e. 225% of base salary), introduced for the delivery of exceptional performance The maximum core award for the CEO will be 150% of base salary 	<ul style="list-style-type: none"> 50% TSR and 50% EPS performance
Company Share Option Scheme ("CSOS")	<ul style="list-style-type: none"> Direct link to value creation through share price growth as major objective Aligns with shareholder interests through the delivery of shares 	<ul style="list-style-type: none"> It is currently intended that the executive Directors will not participate in the CSOS 	<ul style="list-style-type: none"> No changes 	<ul style="list-style-type: none"> Based on EPS performance

Further details are provided about each element of remuneration below.

Directors' Remuneration Report

Base salaries

Basic salary for executive Directors takes into account the individual's experience, roles, responsibilities and performance. This is normally reviewed annually unless responsibilities change. For an executive Director who is experienced and fully effective in his role, basic salary is targeted at the retail market median for comparable roles.

During the year the Committee undertook a benchmarking review and following this review it was agreed to increase executives' salaries to the following level with effect from 1 October 2009.

Role	Salary (with effect from 1 October 2009)
Chief Executive	£507,500 (1.5% increase)
Finance Director	£300,000 (17% increase)
Commercial Director	£285,000 (12% increase)

The Finance Director and the Commercial Director have been on the Board for a number of years and are both very experienced and valued executives. Their contribution, as joint Managing Directors of the business, during the period of recruiting a new CEO (February 2008–August 2008) was exceptional and during this period both executives passed up any salary increases (their last increase in salary was with effect from April 2008). The review of salaries showed, however, that their salaries were substantially lower than those at other retail companies of similar size and complexity. The Committee recognises that in the current economic environment such increases are unusual but given the experience and calibre of the incumbents and the performance of the Company, the Committee considered that this approach was appropriate. This increase brings salaries to approximately the median when compared to other retailers of similar size and complexity. Base salaries will next be reviewed in October 2010.

Annual bonus

Executive Directors may earn up to an additional 100% of their basic salaries (150% of base salary for the CEO) as a performance bonus. 80% of the entitlement is dependent upon Earnings before Tax ("EBT") targets and 20% is dependent upon Earnings per Share targets ("EPS"). The Committee believes that these two measures strike a good balance between providing line of sight for executives and alignment with shareholder value creation. The target entry point for the annual bonus is 97% of target which will elicit zero bonus payment, with a straight-line determination to full payment at 106%. The Committee calibrates targets to ensure that they are very stretching and demanding, with the maximum bonus only being achievable for exceptional performance. Bonuses are not pensionable.

After very careful consideration, the Remuneration Committee concluded that it was appropriate to increase the bonus opportunity for the CEO from 120% of salary to 150% of base salary given the calibre of the incumbent, his performance to date and his overall remuneration package relative to his peers in the retail sector. The increased bonus opportunity will further incentivise the CEO to deliver exceptional short-term performance. The Committee believes that it is consistent with our remuneration policy of delivering median levels of remuneration compared to our retail peers for target performance and delivering upper quartile remuneration for exceptional performance. The Committee, however, is mindful of the importance of striking an appropriate balance between incentivising executives to deliver annual performance and managing risk while creating long-term alignment with shareholders. In light of this, one-third of any bonus earned by the CEO will be delivered in Halfords' shares which will be deferred for a period of three years from the date of the award subject to continued employment and other applicable terms. The maximum cash

opportunity will therefore be decreased from 120% of salary to 100% of salary. The CEO's bonus will continue to be based on the metrics outlined above.

Remuneration for senior managers

As for executive Directors, it is the Company's policy that a substantial proportion of remuneration should be performance related in order to encourage and reward superior business performance and shareholder returns and that remuneration should be linked to both individual and Company performance. Basic salary is targeted at the retail market median for comparable roles and is benchmarked on a regular basis. Bonuses of up to 100% of salary can be earned on the same basis as the executive Directors.

Senior executives immediately below the Board also benefit from participation in the PSP, with other key senior managers participating in the CSOS.

Share plans

The Company has adopted three share plans. In May 2004 the Company adopted the Halfords Company Share Option Scheme ("CSOS"), a market value share option plan, and the Halfords Sharesave Scheme and in July 2005 the Company adopted the Performance Share Plan ("PSP"). The PSP is intended to be the main incentive vehicle for executive Directors and senior executives immediately below the Board, with awards generally made on an annual basis. CSOS is used to reward employees below the Board and it is not the current intention to grant awards under the CSOS to executive Directors. The executive Directors are also eligible to participate in the Halfords Sharesave Scheme, an all-employee SAYE scheme.

While committed to the use of equity-based performance-related remuneration as a means of aligning Directors' interests with those of shareholders, the Committee is aware of shareholders' concerns on dilution through the issue of new shares to satisfy such awards. Therefore, when reviewing remuneration arrangements, the Committee takes into account the effects such arrangements may have on dilution. Halfords intends to comply with the ABI guidelines relating to the issue of new shares for equity incentive plans. The current ten years shareholder dilution is 4.32%.

Halfords Company Share Option Scheme

Options are granted at an exercise price not less than market value at the date of grant and may normally only be exercised if performance conditions set at the time of grant have been achieved. These performance conditions require EPS for the financial year last preceding the third anniversary of the grant date to equal or exceed the percentage growth in Retail Price Index ("RPI") plus an additional percentage determined as appropriate at the time of the grant. For the last four annual awards the EPS target has been RPI + 3.5%. The Committee believes that EPS is an appropriate performance target as it incentivises senior executives to drive earnings performance.

As noted above, as the executive Directors primarily participate in the PSP, it is currently intended that no further awards are made to them under the Company Share Option Scheme. In the event that awards are made under the CSOS to executive Directors, the Committee would review the performance measures and would set targets which are suitably stretching.

Halfords Sharesave Scheme

During the year the Committee considered the principles behind the establishment of the SAYE scheme in 2009 and concluded that the current scheme remains appropriate. Options are granted at an exercise price not less than 80% of market value at the date of grant. Options may not normally be exercised until the option holder has completed his or her savings contract (normally three or five years) from the date of commencement of the savings contract. Executive Directors may also join the Halfords Sharesave Scheme. During the year awards were granted under the SAYE to participating eligible employees in the United Kingdom, Ireland and Hong Kong.

Performance Share Plan

Under the PSP, conditional rights to receive shares or nil cost options over shares are awarded to participants. PSP Awards have been made in every year since 2005.

Awards under the PSP vest subject to the achievement of stretching earnings per share ("EPS") and total shareholder return ("TSR") targets. The vesting of 50% of the awards will be determined by the Group's relative TSR performance when measured against a general retailers comparator group chosen from the FTSE 350. The vesting of the other 50% will be determined by the Group's absolute EPS growth performance against RPI. The Committee believes that total shareholder return and earnings per share remain appropriate measures for the PSP as they are strongly aligned with shareholder interests.

Vesting for each measure is assessed independently. Thirty per cent of the awards vests for achieving median TSR performance and EPS growth of RPI plus 4% per annum. One hundred per cent of the award vests for achieving upper quartile TSR and EPS growth of RPI plus 11% per annum. Straight-line vesting applies between these points.

The companies included in the TSR comparator group for awards granted in 2009 are as follows:

- Brown Group ■ Game Group ■ Morrison
- Carpetright ■ Greggs ■ Mothercare
- Carphone Warehouse ■ HMV Group ■ Next
- Debenhams ■ Home Retail Group ■ Sainsbury's
- Dignity ■ Kesa Eletrics ■ Sports Direct
- DSG International ■ Kingfisher ■ Tesco
- Dunelm Group ■ Marks & Spencer ■ WH Smith

The comparator group for awards in previous years was similar to the above group but did not include food retailers.

Prior to 2009 the maximum award policy was 100% of base salary (although the plan rules allowed for awards up to 200% of base salary). In 2009 the Committee reviewed award levels and considered, after consultations with shareholders, that it was appropriate to increase award levels for the Finance Director and the Commercial Director to 150% of base salary. It had previously recommended to the Board that the new Chief Executive Officer should receive an award of 200% of salary in the first and second years of his tenure. This is in line with the plan rules approved by shareholders. On the vesting of any of this award David Wild will be encouraged to retain shares, so enabling him to achieve the shareholding guidelines (see page 76) more quickly.

For 2009 awards onwards, the Committee also recommended the reinvestment of dividends earned on award shares. This is in line with best practice as contained in the ABI guidelines on executive remuneration.

Amended operation of the Performance Share Plan for 2010

As noted above, during the year the Committee reviewed the structure of the executive remuneration arrangements to ensure that they continued effectively to incentivise and retain key executives in a way which is aligned with our long-term strategy and the creation of shareholder value.

Subject to shareholder approval at the AGM on 27 July 2010, for awards granted in 2010 onwards, the core award for all executive Directors will be 150% of base salary (representing a decrease in the core award level for the CEO which is currently 200% of base salary). In addition, there will be a vesting multiplier of up to 1.5 x which will be applied to the TSR and EPS elements of awards. The multiplier will apply on a straight-line basis for performance between upper quartile and upper decile. The maximum multiplier will only apply if performance is at upper decile levels. The core award for all executives will be 150% of base salary. The maximum possible award that can be earned will therefore be 225% of base salary.

For the EPS element the multiplier will only apply if EPS growth exceeds RPI plus 11% per annum, with the maximum multiplier only being achieved if EPS growth equals RPI plus 16% per annum. These targets are significantly in excess of current targets and the Committee believes that these targets represent an appropriate level of stretch. The targets are set out in the table below:

		TSR Performance Element (50% of award)	EPS Performance Element (50% of award)
Award "Multiplier" (up to 1.5 x initial award)	1.5 x initial award vesting	Upper Decile performance	16% growth p.a. above RPI
	Straight-line vesting	Between Upper Quartile and Upper Decile	Between 11% growth p.a. and 16% growth p.a. above RPI
Core Award (150% of salary)	100% vesting	Upper Quartile performance	11% growth p.a. above RPI
	Straight-line vesting	Between Median and Upper Quartile	Between 4% growth p.a. and 11% growth p.a. above RPI
	30% vesting	Median	4% growth p.a. above RPI
	0% vesting	Below Median	Below 4% growth p.a. above RPI

Directors' Remuneration Report

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 annum, unless the Remuneration Committee determined otherwise.

The Committee recognises that a plan that incentivises higher levels of performance involves a larger degree of inherent risk; however, the Committee believes that the Board decision-making process provides appropriate safeguards to ensure that this structure does not incentivise executives to take an inappropriate level of risk.

The Company has consulted with key shareholders in relation to the changes to remuneration arrangements and were pleased with the level of support received. As noted above, a resolution to change the PSP rules to incorporate the multiplier will be put for shareholder approval at the AGM.

Details of options granted to executive Directors are set out on page 80.

Shareholding

The shareholding guidelines require executive Directors to acquire and retain shares to a value equal to 200% of their basic annual salary. Newly appointed executive Directors will be appointed to retain shares to a value equal to 100% of their basic salary over a five year period following their appointment to the Board. The executive Directors' shareholding at 2 April 2010 is shown on page 76.

Remuneration delivered in respect of performance in 2009/10

Halfords has performed strongly this year. Annual EBT and EPS performance was significantly in excess of targets for the annual performance bonus representing significant delivery of value for shareholders. Given this performance, 100% of the maximum bonus in respect of 2009/10 was paid. The bonus payments made in respect of 2009/10 are set out on page 78.

Performance for PSP awards granted in 2007 was tested in respect of the financial year 2009/10. TSR performance was in the upper decile (Halfords were ranked first) when compared to the comparator group of selected other retail companies and EPS growth over the three-year performance period of 40.8% exceeded RPI plus 11% per annum. This performance represents significant earnings and total return growth for shareholders. The PSP awards granted in 2007 therefore vested in full.

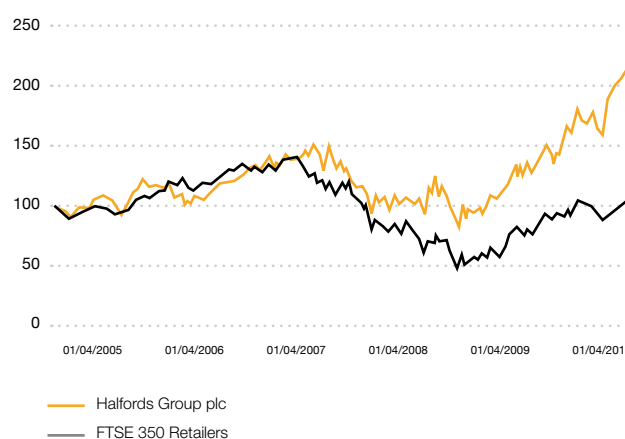
Performance for CSOS awards granted in 2007 to below Board employees was also tested in respect of the financial year 2009/10. The EPS growth target attached to this award were met and the options vested in full. Participants will have a further seven years in which to exercise these options.

Performance graph

The following graph shows the TSR performance of the Company since May 2005, against the FTSE 350 General Retailers (which was chosen because it represents a broad equity market index of which the Company is a constituent).

TSR was calculated by reference to the growth in share price, as adjusted for reinvested dividends.

Cumulative TSR Based to 100



Directors' interests in ordinary shares

The beneficial interests of Directors, serving at the end of the financial period, in shares in Halfords Group plc were:

	Fully paid Ordinary Shares of 1p each	
	As at 2 April 2010	As at 3 April 2009
Dennis Millard (Appointed 28 May 2009)	25,000	—
David Wild	100,000	40,000
Nick Wharton	270,100	237,812
Paul McClenaghan	124,744	26,679
Nigel Wilson	41,333	20,396
Keith Harris	3,846	3,846
Bill Ronald	11,538	11,538

Directors' share interests include the interests of their spouses, civil partners and infant children, or stepchildren as required by Section 822 of the Companies Act 2006. There were no changes in the beneficial interests of the Directors in the Company's shares between 2 April 2010 and 10 June 2010.

Pensions

During 2008/9 the Company changed its pension arrangements to prepare for the Government's introduction of Personal Accounts. The Halfords Pension Plan moved from a defined contribution scheme to a contract-based plan, where each member has their own individual pension policy which they monitor independently, each member could also benefit from salary sacrifice arrangements. Both schemes were open to the executive Directors. The CEO and the Commercial Director receive a pension contribution of 15% of base salary per annum. The Finance Director receives a pension contribution of 26.25% of base salary per annum reflecting his legacy contractual entitlements. The Group's contributions during the year are shown in the table on page 78.

Other benefits

Executive Directors are entitled to be provided with a company car or an equivalent allowance, contribution to a personal pension scheme, permanent health insurance, life assurance cover, membership of a private medical insurance scheme and travelling and other expenses.

Other Directorships

The Group is supportive of executive Directors who wish to take on a non-executive Directorship with a publicly quoted company in order to broaden their experience, they are entitled to retain any fees they may receive. On 14 August 2009 Nick Wharton was appointed a non-executive director of Dunelm Group plc, where he is also Chairman of the Audit Committee. He received a fee of £18,000 during the year.

Service agreements

The Company's policy in relation to contractual terms on termination, and any payments made, is that they should be fair to the individual, the Company and shareholders. Failure should not be rewarded and the departing executive's duty to mitigate loss should be fully recognised. The Committee periodically reviews the Group's policy on the duration of Directors' service agreements, and the notice periods and termination provisions contained in those agreements. Whilst the Company is aware that companies are encouraged to consider notice periods of less than 12 months, the Committee believes that the current policy, whereby notice periods contained in executive Directors' service contracts should be limited to 12 months (other than in exceptional circumstances, such as for the purposes of recruitment) is more in line with the Company's overall remuneration policy that is designed to attract and retain high calibre executives.

	Date of Service Agreement	Notice Period
David Wild ⁽¹⁾	19 June 2008	12 months
Nick Wharton	17 May 2004	12 months
Paul McClenaghan	9 May 2005	12 months

⁽¹⁾ David Wild was appointed to the Board on 4 August 2008 and his Service Agreement was effective from that date.

The Company may terminate any of the above service agreements by giving not less than 12 months' notice. In the event of early termination (other than for a reason justifying summary termination in accordance with the terms of the service agreement) the Company may (but is not obliged to) pay to the executive Director, in lieu of notice, a sum equal to the annual value of the executive Director's then salary, benefits, pension contributions and on-target bonus (calculated on a pro rata daily basis) which he would have received during the contractual notice period, the sum of which shall be payable in 12 monthly instalments. In such instances the executive Director shall use their best endeavours to secure an alternative source of remuneration, thus mitigating any loss to the Company, via the provision of his services as expediently as possible in the prevailing circumstances and shall provide the Board with evidence of such endeavours upon their reasonable request. If the Director fails to provide such evidence the Board may cease all further payments of compensation. To the extent that the executive Director receives any sums as a result of alternative employment or provision of services while he is receiving such payments from the Company, the payments shall be reduced by the amount of such sums.

No compensation would be payable if a service contract were to be terminated by notice from an executive Director or for lawful early termination by the Company.

The service contracts of executive Directors do not provide for any enhanced payments in the event of a change of control of the Company.

Details of individual Directors' remuneration and share incentives are set out on pages 78 to 80.

Non-executive Directors

The Board as a whole, following a recommendation by the Chief Executive Officer, determines the fees of the non-executive Directors.

None of the non-executive Directors has an employment contract with the Company. However, each has entered into a letter of appointment with the Company confirming their appointment for a period of three years, unless terminated by either party giving the other not less than three months' notice or by the Company on payment of fees in lieu of notice. The appointments are subject to the provisions of the Companies Act 1985 and 2006 and the Company's Articles of Association and in particular the need for periodic re-election. Continuation of an individual non-executive Director's appointment is also contingent on that non-executive Director's satisfactory performance, which will be evaluated annually. No compensation would be payable to a non-executive Director if his engagement were terminated as a result of him retiring by rotation at an Annual General Meeting, not being elected or re-elected at an Annual General Meeting or otherwise ceasing to hold office under the provisions of the Articles of Association of the Company.

In May 2010 fees for the Chairman and non-executive Directors were reviewed and it was agreed that there would be no increases. It is intended to review these fees again in April/May 2011. Halfords' policy in relation to non-executive Director fees is as follows:

Role	Fees
Chairman	£165,000
Senior Independent Director	£60,000
Basic Fee	£45,000
Additional fee for Chairmanship of the Audit and Remuneration Committee	£5,000

There are no provisions for compensation being payable upon early termination of an appointment of a non-executive Director.

The Chairman and the other non-executive Directors are not eligible to participate in the Company's bonus arrangements, share incentive plans or pension arrangements.

Directors' Remuneration Report

Details of non-executive appointment periods appear below:

	Date of appointment	Date of current reappointment	Expiry date	Unexpired term at the date of this report
Dennis Millard	28 May 2009	28 July 2009	27 May 2012	24 months
Nigel Wilson	17 May 2004	23 July 2008	22 July 2011	13 months
Keith Harris	17 May 2004	23 July 2008	22 July 2011	13 months
Bill Ronald	17 May 2004	29 July 2009	28 July 2012	25 months

PART B: AUDITED INFORMATION

The following section provides details of the remuneration, pension and share interests of the Directors for the 52 weeks to 2 April 2010 and has been audited.

Remuneration of executive Directors

Details of the payments made to executive Directors were as follows:

	52 weeks to 2 April 2010				2009
	Salary & Fees £'000	Bonuses £'000	Benefits ⁽²⁾ £'000	Total £'000	Total £'000
David Wild	504	604	26	1,134	799
Nick Wharton ⁽¹⁾	264	278	13	555	384
Paul McClenaghan ⁽¹⁾	257	270	13	540	383
	1,025	1,152	52	2,229	1,566

⁽¹⁾ Nick Wharton and Paul McClenaghan joined the new Halfords Pension Plan and sacrificed some of their salary for like-for-like pension contributions.

⁽²⁾ Benefits include payments made in relation to private health insurance and the provision of a company car.

Pension entitlements

Pension contributions to defined contribution pension schemes made by the Group during the 52 weeks to 2 April 2010 in respect of executive Directors were as follows:

	52 Weeks to 2 April 2010 £'000	53 Weeks to 3 April 2009 £'000
David Wild ⁽¹⁾	75	50
Nick Wharton ⁽²⁾	86	69
Paul McClenaghan ⁽²⁾	53	40
	214	159

⁽¹⁾ Payments made to David Wild are made into a personal fund, the purpose of which is to provide additional retirement benefits.

⁽²⁾ As members of the Halfords Pension Plan 2009 Nick Wharton and Paul McClenaghan have sacrificed some of their salary for like-for-like pension contributions.

Remuneration of non-executive Directors

Details of the payments made to non-executive Directors are shown below:

	52 weeks to 2 April 2010			2009 Total £'000
	Fees £'000	Committee Chairman's Fees £'000	Total £'000	
Dennis Millard ⁽¹⁾	138	—	138	—
Nigel Wilson	60	5	65	65
Keith Harris	45	5	50	50
Bill Ronald	45	—	45	45
Richard Pym ⁽²⁾	—	—	—	65
	288	10	298	225

⁽¹⁾ Appointed 28 May 2009.

⁽²⁾ Resigned 22 August 2008.

Directors' interests in share options

At the beginning of the year and at 2 April 2010, the following Directors had options to subscribe for shares granted under the terms of the Halfords SAYE.

	Options as at 3 April 2009	Granted in the period	Exercised in the period	Lapsed in the period	Options as at 2 April 2010	Exercise Price £	Exercisable from	Exercisable to
Nick Wharton								
2008 SAYE	4,878	—	—	—	4,878	1.93	1 Oct 2011	1 April 2012
Total	4,878	—	—	—	4,878			
Paul McClenaghan								
2008 SAYE	4,878	—	—	—	4,878	1.93	1 Oct 2011	1 April 2012
Total	4,878	—	—	—	4,878			

The SAYE scheme is open to all full-time Directors and employees with eligible employment service. Options may be exercised under the scheme at the exercise price outlined above normally for a period of six months following the conclusion of the three-year saving contract.

At the beginning of the year and at 2 April 2010, no Directors had options to subscribe for shares granted under the terms of the Halfords CSOS. The executive Directors have since 2005 participated in the PSP and it is currently intended that no further awards will be made to them under the CSOS.

Directors' Remuneration Report

Performance Share Plan

The following table shows the executive Directors' interests in shares awarded under the Performance Share Plan.

These figures represent the maximum potential award.

	Award date	Mid-market price of awards on date £	Awards held 3 April 2009	Awarded during the period	Lapsed during the period	Dividend Reinvestment ⁽²⁾	Exercised during the period	Awards held 2 April 2010	Performance period 3 years to
David Wild	7 August 2008	2.96	337,643	—	—	—	—	337,643	1 April 2011
	3 August 2009	3.46	—	289,159	—	4,500	—	293,659	1 April 2012
Nick Wharton	11 July 2006	3.01	50,000	—	6,173	—	43,827 ⁽¹⁾	—	1 April 2009
	12 July 2007	4.02	54,726	—	—	—	54,726 ⁽⁴⁾	—	1 April 2010
	7 August 2008	2.96	86,099	—	—	—	—	86,099	1 April 2011
	3 August 2009	3.46	—	110,603	—	1,721	—	112,324	1 April 2012
Paul McClenaghan	11 July 2006	3.01	60,465	—	7,467	—	52,998 ⁽¹⁾	—	1 April 2009
	12 July 2007	4.02	109,452 ⁽³⁾	—	—	—	109,452 ⁽⁴⁾	—	1 April 2010
	7 August 2008	2.96	86,099	—	—	—	—	86,099	1 April 2011
	3 August 2009	3.46	—	110,603	—	1,721	—	112,324	1 April 2012

⁽¹⁾ After measurement of the performance conditions of the awards made in July 2006, 87.65% of the award vested in July 2009.

⁽²⁾ Following the recommendation of the Committee to reinvest dividends earned on shares awarded in 2009, dividends of 6p per share were reinvested in shares at a cost of £3.86 per share.

⁽³⁾ Paul McClenaghan was appointed to the Board of Halfords Group plc on 31 March 2007. In order to more closely align him with shareholders and with the equity participation of other current Board members, the Remuneration Committee decided to make a one-off award of 200% of base annual salary under the PSP. On the vesting of any of this award Paul McClenaghan will be encouraged to retain shares, so enabling him to achieve the shareholding guidelines, outlined on page 76, more quickly.

⁽⁴⁾ The performance conditions of the awards made in July 2007, for which the performance period was the three financial years ended 2 April 2010 were measured in April 2010 and 100% of the award vested.

Gains made by Directors

The table below shows gains made by individual Directors from the exercise of share options during the financial period ended 2 April 2010. The gains are calculated as at the exercise date, although the shares may not have been retained.

	2010 £000	2009 £000
2005 PSP		
Nick Wharton	—	51
Paul McClenaghan	—	61
2006 PSP		
Nick Wharton	146	—
Paul McClenaghan	177	—
2007 PSP		
Nick Wharton	260	—
Paul McClenaghan	520	—
Total gains on share options	1,103	112

The Register of Interests, which is open to inspection, contains full details of Directors' shareholdings and options. No options have expired unexercised during the financial year to 2 April 2010 and there were no changes in the options held by the Directors between 3 April 2009 and 10 June 2010.

On 2 April 2010 the market price of ordinary shares of Halfords Group plc was 482.40p and the range during the financial year was 294.75p to 483.90p. For details of the grant dates of options see Note 22 on page 126.

Keith Harris

Chairman of the Remuneration Committee
10 June 2010