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24 July 2009

Market Information Services Section

New Zealand Exchange

Wellington

## SHARE BUYBACK PROGRAMME

Xero Limited ("Xero") announces that it will undertake an on-market buyback of its ordinary shares. The purpose of the share buyback is to acquire an equivalent number of ordinary shares as will be issued pursuant to Xero's employee restricted share plan ("Plan") for the year ended 31 March 2010. The share buyback is intended to eliminate any increase in capital arising under the Plan and any consequential dilutionary effect for existing shareholders.

Share purchases may occur from Thursday 30 July 2009 and the buyback is expected to take not more than three months.

Ordinary shares will be acquired on the New Zealand Stock Market ("NZSX").

Xero may acquire up to 500,000 of its ordinary shares in this buyback.

Yours faithfully

Linda Cox

**Company Secretary**

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