



Minutes of the 2009 Annual Meeting of Shareholders of Xero Limited (the "Company")

Date: 23 July 2009

Time: 4.00pm

Venue: New Zealand Academy of Fine Arts, 1 Queens Wharf, Wellington

Apologies: Mr Guy Haddleton, Mr Sam Morgan, Mr Craig Winkler

Preliminary:

The Chairman:

- Welcomed shareholders to the meeting and declared the meeting open;
- Introduced the Directors, Chief Executive and Company Secretary. ;
- Announced the apologies of Directors Mr Guy Haddleton, Mr Sam Morgan and Mr Winkler who were all overseas;
- Noted that the notice of meeting had been duly given to shareholders and to all other persons entitled to the notice of meeting;
- Noted that the Company's constitution prescribes a quorum requirement of three shareholders and that a quorum was present;
- Announced that proxies had been appointed in respect of approximately 3 million shares and that as Chairman he would vote all undirected proxies in favour of the resolutions. The Chairman also noted that voting would take place by way of show of hands;

- Noted that the financial statements for the 12 month period to 31 March 2009 together with the Auditors' Report were set out in the Company's Annual Report which was mailed to shareholders on 19 June 2009.

The Chairman addressed the meeting [a full copy available on the Xero website]. A short address from Mr Hamish Edwards followed and then the Chief Executive gave his address.

The Chairman moved to address each of the resolutions in the order set out in the notice of meeting and said that a vote by way of show of hands on each resolution would be conducted following the presentation on each resolution.

Resolution 1: That the directors are authorised to fix the Auditors' remuneration

The resolution that the directors be authorised to fix the auditors resolution was put to the meeting. The vote by way of show of hands was carried in favour of the resolution.

Resolution 2: That Graham Shaw be re-elected as a director of the Company.

The resolution that Mr Shaw be re-elected as a director was put to the meeting. There were no questions.

The vote by way of show of hands was carried in favour of the resolution.

Resolution 3: That Mr Guy Haddleton be re-elected as a director of the Company.

The resolution that Mr Haddleton be re-elected as a director was put to the meeting. There were no questions.

The vote by way of show of hands was carried in favour of the resolution.

Resolution 4: That Mr Craig Winkler be elected as a director of the Company.

The resolution that Mr Winkler be re-elected as a director was put to the meeting. There were no questions.

The vote by way of show of hands was carried in favour of the resolution.

The Chairman invited questions from the floor.

Mr Dowse asked how long it would be before additional UK banks would be able to provide bank feeds to UK customers of Xero. Mr Edwards noted that they are working on getting further bank feeds and hoped that these would be available soon.

A shareholder then asked for clarification on the breakeven point for Xero. Mr Norman noted that the breakeven point was calculated on current cost levels, and noted that it was anticipated that the Company would achieve this in Q4 of [the year ended 31 March] 2011. Mr Drury added further comments to Mr Norman's response. He noted that with the Company's additional cash reserves that they have a great deal of flexibility about how the business is run strategically and decisions about the business are being made for the medium to long term.

The Chairman then thanked shareholders for attending the meeting and for their support of the Company.

The meeting closed at approximately 4.45pm.

Confirmed as a correct record

A handwritten signature in black ink, appearing to read "Phil Norman". The signature is written in a cursive, flowing style.

Mr Phil Norman – Chairman

Dated: 17 September 2009