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Annual Meeting



World's Most Innovative Growth Company 2014



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XERO LIMITED - ANNUAL MEETING WEDNESDAY 23 JULY 2014

Chairman's Welcome

Good afternoon and welcome to Xero's Annual Meeting for 2014. For those of you who don't know me, my name is Chris Liddell and I'm pleased to be speaking as Chairman of the Board for my first Xero Annual Meeting.

To begin, I would like to introduce our Board to you.

Closest to me is Rod Drury, Xero's Chief Executive and Co-founder. Next to Rod, in order, are Xero's non-executive Directors: Graham Shaw, Bill Veghte, Lee Hatton, Craig Elliott, and Craig Winkler. On the end we have Matt Vaughan, Xero's General Counsel and Company Secretary.

Unfortunately, Sam Morgan isn't able to be with us today. Sam sends his apologies.

Before we start with the business of the meeting, I'd be grateful if you could please make sure your phone is switched off or on silent. There will be opportunities for shareholders to ask specific questions as we address each resolution in the formal part of the meeting, and there will be general opportunities for shareholders to ask questions following Rod's presentation.

I'd like to start by telling you a bit about myself, my background, and the reasons why I'm excited about the future for Xero. After that, we'll move to the formal business of the meeting, followed by a presentation by Rod. This will be followed by shareholder questions, after which we will invite you to join us for refreshments where we will all be available to answer any further queries you may have.

As our business continues to develop, a logical step for Xero would see us list on a US exchange. While this will be dependent on internal and external conditions at the time, this would be a significant milestone in becoming a truly global company. We should all be proud that Xero, as a New Zealand company, is playing on the international stage at this level.

Formal Business

[Refer to slides for resolutions]



Chris Liddell

BOARD CHAIRMAN

Resolutions

RESOLUTION 1

That the Board is authorised to fix the remuneration of the auditor.

Proxies:

FOR	AGAINST	DISCRETIONARY
34,969,951 (99.565%)	37,784 (0.11%)	114,778 (0.325%)



RESOLUTION 2

That Chris Liddell, appointed by the Board as an additional Director on 12 February 2014, be elected as a Director of Xero Limited.



Proxies:

FOR	AGAINST	DISCRETIONARY
35,007,027 (99.63%)	14,185 (0.04%)	115,256 (0.33%)



RESOLUTION 3

That Bill Veghte, appointed by the Board as an additional Director on 12 February 2014, be elected as a Director of Xero Limited.



Proxies:

FOR	AGAINST	DISCRETIONARY
35,009,664 (99.64%)	11,248 (0.03%)	115,256 (0.33%)



RESOLUTION 4

That Lee Hatton, appointed by the Board as an additional Director on 10 April 2014, be elected as a Director of Xero Limited.



Proxies:

FOR	AGAINST	DISCRETIONARY
35,008,505 (99.63%)	12,407 (0.04%)	116,296 (0.33%)



RESOLUTION 5

That Graham Shaw, retiring from office as a Director of Xero Limited by rotation, be re-elected as a Director of Xero Limited.



Proxies:

FOR	AGAINST	DISCRETIONARY
34,888,535 (99.30%)	129,934 (0.37%)	115,698 (0.33%)



RESOLUTION 6

That Sam Morgan, retiring from office as a Director of Xero Limited by rotation, be re-elected as a Director of Xero Limited.



Proxies:

FOR	AGAINST	DISCRETIONARY
34,859,386 (99.21%)	160,211 (0.46%)	115,698 (0.33%)



RESOLUTION 7(a)

That the maximum aggregate annual remuneration able to be paid to the Non-Executive Directors be increased by NZ\$350,000 from NZ\$500,000 to NZ\$850,000, with immediate effect.

Proxies (Votes excluded – Directors and their associated persons):

FOR	AGAINST	DISCRETIONARY
29,544,223 (98.88%)	283,016 (0.95%)	51,371 (0.17%)



RESOLUTION 7(b)

That any remuneration payable to Non-Executive Directors may be payable either in part or in whole by way of an issue of Equity Securities (as defined in the NZX Listing Rules) as detailed in the Explanatory Notes to the Notice of Meeting.

Proxies (Votes excluded – Directors and their associated persons):

FOR	AGAINST	DISCRETIONARY
29,837,439 (99.65%)	54,700 (0.18%)	51,371 (0.17%)



RESOLUTION 8

That the grant of 13,481 and 10,785 options to subscribe for ordinary shares in Xero Limited on 12 February 2014 to Chris Liddell and Bill Veghte, respectively, as remuneration for their roles as Directors of Xero Limited (equating to an annual value of NZ\$220,000 and NZ\$176,000 respectively), on the terms set out in the Explanatory Notes to the Notice of Meeting, be approved and ratified, and that the issue of ordinary shares in Xero Limited to Chris Liddell and Bill Veghte upon any exercise of those options, be approved.

Proxies (Votes excluded – Directors and their associated persons):

FOR	AGAINST	DISCRETIONARY
26,223,162 (87.63%)	3,650,626 (12.20%)	51,371 (0.17%)



RESOLUTION 9

That the grant of options to subscribe for ordinary shares in Xero Limited to Chris Liddell and Bill Veghte, as remuneration for their roles as Directors of Xero Limited (equating to an annual value of NZ\$220,000 and NZ\$176,000 respectively), in or around February 2015, on the terms set out in the Explanatory Notes to the Notice of Meeting, be approved, and that the issue of ordinary shares in Xero Limited to Chris Liddell and Bill Veghte upon any exercise of those options, be approved.

Proxies (Votes excluded – Directors and their associated persons):

FOR	AGAINST	DISCRETIONARY
26,233,603 (87.665%)	3,639,971 (12.165%)	51,371 (0.17%)



RESOLUTION 10

That the issue of ordinary shares in Xero Limited to Lee Hatton in lieu of cash, as remuneration for her role as Director of Xero Limited to a value of NZ\$70,000 per annum on the terms set out in the Explanatory Notes to the Notice of Meeting, be approved.

Proxies (Votes excluded – Directors and their associated persons):

FOR	AGAINST	DISCRETIONARY
29,853,322 (99.76%)	20,628 (0.07%)	51,371 (0.17%)





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