

17 July 2013

Ross Jenkins
Chief Financial Officer
Xero Limited
3 Market Lane
Wellington 6142

By email: ross.jenkins@xero.com

Dear Ross,

Price Enquiry

We write with respect to the continuous disclosure Listing Rules.

Listing Rule 10.1.1 ("**the rule**") is set out in the Schedule attached to this letter. In summary, this rule requires issuers to immediately disclose any Material Information to NZX Limited ("NZX"). The rule provides limited exceptions to this obligation. Material Information does not need to be disclosed where a reasonable person would not expect the information to be disclosed *and* where the information is confidential and its confidentiality is maintained *and* where one of five safe harbours applies.

During the period 9 July 2013 to 17 July 2013, the price of Xero Limited Ordinary Shares ("**XRO**") has decreased from market open price of \$18.86 to \$14.50, being the market price at 10.35am at the date of this letter. This represents a decrease in the price of XRO of \$4.36 or 23.11%.

Given this decrease in the price of XRO, please advise NZX whether Xero Limited continues to comply with Listing Rule 10.1.1.

Could you please provide NZX with an answer to the above question (email: announce@nzx.com) before **2.00 pm Wednesday 17 July 2013**.

Please note that Xero Limited's response to this letter will be published in full to the market.

Yours faithfully,



Fraser Wyeth
Market Surveillance
NZX Market Services

SCHEDULE

10.1.1 Continuous Disclosure of Material Information: Without limiting any other Rule, every Issuer shall:

- (a) once it becomes aware of any Material Information concerning it, immediately release that Material Information to NZX, provided that this Rule shall not apply when:
 - (i) a reasonable person would not expect the information to be disclosed; and
 - (ii) the information is confidential and its confidentiality is maintained; and
 - (iii) one or more of the following applies:
 - (A) the release of information would be a breach of law; or
 - (B) the information concerns an incomplete proposal or negotiation; or
 - (C) the information comprises matters of supposition or is insufficiently definite to warrant disclosure; or
 - (D) the information is generated for the internal management purposes of the Issuer; or
 - (E) the information is a trade secret.

In this Rule 10.1.1, an Issuer is aware of information if a Director or an executive officer of the Issuer (and in the case of a Managed Fund, a Director or executive officer of the Manager) has come into possession of the information in the course of the performance of his or her duties as a Director or executive officer.