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MARKET RELEASE

Xero reaches 20,000 customer milestone

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Online accounting software provider Xero (XRO) announced today that it now has more than 20,000 paying small business customers. This compares with more than 17,000 reported at 31 March 2010.

Reaching 20,000 paying customers is an important milestone for Xero, as the Company works towards breakeven.

“In New Zealand we are taking significant market share from the incumbents who are yet to deliver a credible online product, says Xero CEO Rod Drury.

“For many people Xero is the first accounting system they have selected to run their accounts and this demonstrates we are expanding the market for accounting software,” he says.

In the UK and Australia Xero continues to make good progress by replicating the accounting partner channel strategy which is working so well in New Zealand.

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About Xero

Xero is an easy to use SaaS (Software-as-a-Service) accounting system for small business and their advisors. The company has customers in more than 50 countries and sales teams in Australia, the UK and New Zealand. Marketing partnerships with Telstra and ANZ in Australia, BT in the UK and Telecom in New Zealand exposes Xero to more than 3 million small business customers. For more information visit www.xero.com