



Level 1, Old Bank Chambers
98 Customhouse Quay
PO Box 24 537
Wellington
www.xero.com

MARKET RELEASE

Xero doubles customers in three months

31 March 2009

The following are Xero Limited's (XRO) provisional operating metrics for the year ended 31 March 2009.

Customer Highlights

- Xero has exceeded 6000 paying customers, up from 950 customers at 31 March 2008. This figure includes over 2000 customers in the United Kingdom.
- Xero doubled customer numbers in the last three months.
- Xero now has paying customers in 25 countries.
- Xero has trained 292 individual Xero Certified Advisors.
- Xero has been selected as the standard accounting system for organisations such as the Royal New Zealand Coastguard; franchise leaders New Zealand Brands; Surf Life Saving New Zealand; Touch New Zealand and; the Royal New Zealand Plunket Society.
- SmartBusiness Live Ltd, a major provider of accounting and payroll software, has selected Xero to power their next generation accounting services.

Product progress (since 1 October 2008, last Operating Update)

- Xero has continued to release high quality software every month.
- NAB, ANZ and Commonwealth Bank are providing automated bank feeds to Australian Xero customers.
- Global version of Xero was released in December 2008.
- PayPal link has been embedded with Xero invoices for online payments.
- Release of Integrated Fixed Assets and Depreciation features - fulfilling one of the major requests from accountants
- Release of significant features that enable accountants to manage large numbers of their clients.

Company News

- Xero selected to be the sole accounting partner in the New Zealand Institute of Chartered Accountants (NZICA) Catalyst Programme.
- International companies Microsoft, Campaign Monitor and Rackspace completed case studies on Xero.
- International marketing expert Andy Lark, Global Vice-President of enterprise marketing at Dell joined Xero as a US based advisor to help Xero move into the next phase of its global marketing strategy.
- Telecom New Zealand began its Xero promotional campaign.
- Xero staff levels are the same as last year at 55.



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Economic climate

Xero is well positioned for the current global financial situation:

- Almost all businesses require an increased focus on cashflow and Xero helps businesses to have an accurate, timely and up-to-date set of financials.
- In order for banks to roll over credit facilities, many are now demanding monthly management accounts - Xero provides SMEs with cost-effective access to advice, and for financial advisors they have the ability to always see how these businesses are performing.
- Xero is also contributing to job creation. We are seeing new jobs and companies being established to provide services using the Xero platform.
- Xero is earning export revenue from the UK, Australia and global regions following product releases in those countries.

Summary

- Xero has successfully delivered on its initial milestones set out in the IPO Offer Document to complete product development, establish itself in the New Zealand market, and enter Australia and the United Kingdom.
- Xero is beginning to see early adopter accounting practices converting their client base and expects to see continued strong growth through this channel.
- The investment in creating a world class software solution and operating platform has enabled the rapid growth the company is experiencing.
- Xero will provide its full year financial announcement and strategic update to the market in May.

For more information please contact:

Lucy Hempseed

Communications Advisor

lucy.hempseed@xero.com

+64 4 819 4837

+64 27 423 8959