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MARKET RELEASE

Xero Appoints New Chairman

WELLINGTON, Thursday 19 January, 2017 - Xero Limited (NZX: XRO; ASX: XRO) announces the forthcoming appointment of Graham Smith as Independent Chairman of the Board of Xero Limited. This follows the impending resignation of Chris Liddell as Director and Chairman. He has notified the company of the need to step down due to his new role as Assistant to the President-Elect of the United States.

Based in the U.S., Smith has already served as a Xero Director for two years and Chairs the Audit and Risk Management Committee. He has more than 25 years of finance experience in the software and SaaS industry. He was Chief Financial Officer at Salesforce from 2008 to 2014 and has held executive positions at Advent Software, Vitria Technology, Nuance Communications and Oracle. Smith also serves as a Board Director at Citrix, Splunk, MINDBODY and BlackLine.

“We are thrilled that Graham has accepted the role of Chairman,” said Rod Drury, Xero CEO and Founder. “His global SaaS expertise combined with the deeply experienced Xero Board of Directors will continue to guide our global footprint and industry-leading growth in revenue and subscribers.”

The Xero Board would like to congratulate Liddell on his new role and thank him for his contribution and leadership as Chairman of the Xero Board for the last three years.

“We have had the privilege of Chris’ outstanding international leadership as Chairman of our Board over a key growth period where we more than tripled Annualised Committed Monthly Revenue (ACMR) from \$93 million as at 31 March, 2014 to \$303 million as at Sept 30, 2016,” said Drury.

“Chris leaves us in a good position with strong global revenue growth, our subscription revenues growing faster than our costs and a goal to achieve cash break even with cash on hand. We wish him all the best in his exciting new role.”

The intended resignation of Liddell will take effect at 5pm on Friday 20 January, NZDT, with the appointment of Smith as Chairman effective from that time.

About Xero

Xero is beautiful, easy--to--use online accounting software for small businesses and their advisors. The company has over 860,000 subscribers in more than 180 countries. Xero seamlessly integrates with over 500 apps and was ranked No. 1 by Forbes as the World's Most Innovative Growth Company in 2014 and 2015, No. 1 accounting solution in Australia by Canstar Blue and recently won New Zealand Trade and Enterprise's International Business Award for Leadership Excellence.

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