



Guidewire Software, Inc. Announces Pricing of Public Offerings of \$200 Million of Common Stock and \$360 Million of 1.250% Convertible Senior Notes Due 2025

March 9, 2018

FOSTER CITY, Calif.--(BUSINESS WIRE)--Mar. 9, 2018-- Guidewire Software, Inc. (NYSE: GWRE) ("Guidewire") today announced the pricing of concurrent underwritten public offerings of 2,285,714 shares of its common stock (the "Shares") at a price to the public of \$87.50 per share and \$360 million aggregate principal amount of its 1.250% Convertible Senior Notes due 2025 (the "Notes"). The offering of Notes (the "Notes Offering") was upsized from the previously announced aggregate principal amount of \$300 million. In addition, Guidewire has granted the underwriters of the offering of Shares (the "Shares Offering") a 30-day option to purchase up to 342,857 additional Shares and the underwriters of the Notes Offering a 30-day option to purchase up to \$40 million aggregate principal amount of additional Notes, in each case, solely to cover over-allotments. The sale of the Shares to the underwriters in the Shares Offering is expected to settle on March 13, 2018, subject to customary closing conditions, and is expected to result in approximately \$191.8 million in net proceeds to Guidewire after deducting the underwriters' discount and estimated offering expenses payable by Guidewire (assuming no exercise of the underwriters' option to purchase additional Shares). The sale of the Notes to the underwriters in the Notes Offering is expected to settle on March 13, 2018, subject to customary closing conditions, and is expected to result in approximately \$348.5 million in net proceeds to Guidewire after deducting the underwriters' discount and estimated offering expenses payable by Guidewire (assuming no exercise of the underwriters' option to purchase additional Notes). Neither offering is contingent on the completion of the other offering.

The Notes will be senior, unsecured obligations of Guidewire, and will bear interest at a rate of 1.250% per year. Interest will be payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2018. The Notes will mature on March 15, 2025, unless earlier repurchased, redeemed or converted. The initial conversion rate for the Notes is 8.7912 shares of Guidewire's common stock per \$1,000 principal amount of Notes (which is equivalent to an initial conversion price of approximately \$113.75 per share). Prior to the close of business on the business day immediately preceding October 15, 2024, the Notes will be convertible at the option of the note holders only upon the satisfaction of specified conditions and during certain periods. Thereafter until the close of business on the second scheduled trading day preceding the relevant maturity date, the Notes will be convertible at the option of the holders of Notes at any time regardless of these conditions. Conversions of the Notes will be settled in cash, shares of Guidewire's common stock or a combination thereof, at Guidewire's election. The last reported sale price of Guidewire's common stock on March 8, 2018 was \$88.22 per share.

Guidewire may redeem the Notes, at its option, on or after March 20, 2022, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest if the last reported sale price of Guidewire's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including at least one of the three trading days immediately preceding the date on which Guidewire provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which Guidewire provides written notice of redemption.

Holders of Notes may require Guidewire to repurchase their Notes upon the occurrence of certain events that constitute a fundamental change under the indenture governing the Notes at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of repurchase. In connection with certain corporate events or if Guidewire issues a notice of redemption, it will, under certain circumstances, increase the conversion rate for holders who elect to convert their Notes in connection with such corporate event or during the relevant redemption period.

In connection with the pricing of the Notes, Guidewire entered into capped call transactions with certain underwriters of the Notes Offering and/or their respective affiliates (the "option counterparties"). The capped call transactions are expected generally to reduce or offset the potential dilution to the common stock upon any conversion of Notes with such reduction and/or offset subject to a cap based on the cap price. The cap price of the capped call transactions will initially be approximately \$153.13 per share, which represents a premium of approximately 75% over the public offering price of Guidewire's common stock in the concurrent Shares Offering of \$87.50 per share, and is subject to certain adjustments under the terms of the capped call transactions. If the underwriters of the Notes Offering exercise their option to purchase additional Notes, Guidewire expects to enter into additional capped call transactions with the option counterparties.

Guidewire expects that, in connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates will enter into various derivative transactions with respect to the common stock concurrently with or shortly after the pricing of the Notes. This activity could increase (or reduce the size of any decrease in) the market price of Guidewire's common stock or the Notes at that time. In addition, Guidewire expects that the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to the common stock and/or by purchasing or selling shares of the common stock or other securities of Guidewire in secondary market transactions following the pricing of the Notes and prior to the maturity of the Notes (and are likely to do so during any observation period related to a conversion of the Notes). This activity could also cause or avoid an increase or a decrease in the market price of the common stock or the Notes, which could affect the ability of holders of Notes to convert the Notes and, to the extent the activity occurs during any observation period related to a conversion of the Notes, it could affect the number of shares of common stock and value of the consideration that holders of Notes will receive upon conversion of the Notes. The capped call transactions have not been, and will not be, registered under the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction and may not be offered or sold in the United States without registration or an applicable exemption from registration requirements.

Guidewire expects to use a portion of the net proceeds of the Notes Offering to pay the cost of the capped call transactions described above and the remaining net proceeds from the Notes Offering, together with the net proceeds from the Shares Offering, for working capital and other general corporate purposes. In addition, Guidewire may use a portion of the net proceeds to acquire or invest in complementary companies, product lines, products or technologies. However, Guidewire has no understandings or agreements with respect to any such acquisition or investment.

Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Citigroup Global Markets Inc. are acting as joint book-running managers for the Shares

Offering and the Notes Offering. BofA Merrill Lynch and Deutsche Bank Securities Inc. are acting as lead managers for the Shares Offering and the Notes Offering. Piper Jaffray & Co., William Blair, KeyBanc Capital Markets Inc., Stifel and JMP Securities LLC are acting as co-managers for the Shares Offering and the Notes Offering. D.A. Davidson & Co. is also acting as co-manager for the Shares Offering.

The Shares Offering and the Notes Offering are being made pursuant to Guidewire's shelf registration statement (including a base prospectus), a preliminary prospectus supplement related to the Shares Offering (together with such base prospectus, the "Shares Prospectus") and a preliminary prospectus supplement related to the Notes Offering (together with such base prospectus, the "Notes Prospectus"), all of which Guidewire filed with the Securities and Exchange Commission ("SEC") on March 7, 2018. Guidewire intends to file final prospectus supplements related to the Shares Offering and the Notes Offering with the SEC. Before investing in the Shares and the Notes, investors should read the Shares Prospectus and the Notes Prospectus, respectively, in each case, including the documents incorporated by reference therein, and any free writing prospectus related to the Shares Offering and the Notes Offering, as the case may be. These documents may be obtained for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, copies may be obtained from Goldman Sachs & Co. LLC, Attention: Prospectus Department, 200 West Street, New York, New York 10282 (telephone: (866) 471-2526 or email: prospectus-ny@ny.email.gs.com); J.P. Morgan Securities LLC, c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, NY 11717 (telephone: (866) 803-9204 or email: prospectus-eg_fi@jpmchase.com); or Citigroup Global Markets Inc., c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, NY 11717 (telephone: (800) 831-9146 or email: prospectus@citi.com).

This press release does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any offer or sale of, the Shares or the Notes (or any shares of Guidewire's common stock issuable upon conversion of the Notes) in any state or jurisdiction in which the offer, solicitation, or sale of the notes would be unlawful prior to the registration or qualification thereof under the securities laws of any such state or jurisdiction.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, whether Guidewire will be able to consummate the Shares Offering or the Notes Offering, the satisfaction of customary closing conditions with respect to the Shares Offering and the Notes Offering, prevailing market conditions, the anticipated use of net proceeds of the Shares Offering and the Notes Offering, which could change as a result of market conditions or for other reasons and the impact of general economic, industry or political conditions in the United States or internationally. These forward-looking statements are made as of the date they were first issued and were based on current expectations, estimates, forecasts and projections as well as the beliefs and assumptions of management. Words such as "expect," "anticipate," "should," "believe," "hope," "target," "project," "goals," "estimate," "potential," "predict," "may," "will," "might," "could," "intend," variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond Guidewire's control. Actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to, risks detailed in Guidewire's most recent Forms 10-K and 10-Q filed with the SEC as well as other documents that may be filed by Guidewire from time to time with the SEC. The forward-looking statements included in this press release represent Guidewire's views as of the date of this press release. Guidewire anticipates that subsequent events and developments will cause its views to change. Guidewire undertakes no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These forward-looking statements should not be relied upon as representing Guidewire's views as of any date subsequent to the date of this press release.



View source version on businesswire.com: <http://www.businesswire.com/news/home/20180309005311/en/>

Source: Guidewire Software, Inc.

Investors:

ICR, LLC for Guidewire Software, Inc.
Garo Toomajian, 650-357-5282
ir@guidewire.com