As filed with the Securities and Exchange Commission on December 13, 2011

Registration No. 333-176667

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 3
TO
FORM S-1
REGISTRATION STATEMENT
Under
The Securities Act of 1933

Guidewire Software, Inc.
(Exact name of Registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**7372** **(Primary Standard Industrial Classification Code Number)**	**36-4468504** **(I.R.S. Employer Identification Number)**

2211 Bridgepointe Parkway
San Mateo, CA 94404
Tel: (650) 357-9100
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Marcus S. Ryu
President and Chief Executive Officer
2211 Bridgepointe Parkway
San Mateo, CA 94404
Tel: (650) 357-9100
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Craig M. Schmitz **Richard A. Kline** **Goodwin Procter LLP** **135 Commonwealth Drive** **Menlo Park, CA 94025**	**Robert F. Donohue** **Vice President and General Counsel** **Guidewire Software, Inc.** **2211 Bridgepointe Parkway** **San Mateo, CA 94404**	**Jeffrey D. Saper** **Robert G. Day** **Wilson Sonsini Goodrich & Rosati, P.C.** **650 Page Mill Road** **Palo Alto, CA 94304**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒ (do not check if a smaller reporting company)	Smaller reporting company ☐

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS, SUBJECT TO COMPLETION, DATED , 2012

Prospectus

Shares

Guidewire
Deliver insurance your way™

Common Stock

This is the initial public offering of common stock of Guidewire Software, Inc. Prior to this offering, there has been no public market for our common stock. The initial public offering price of our common stock is expected to be between $ and $ per share.

Our common stock has been approved for listing on the New York Stock Exchange under the symbol "GWRE".

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds to Guidewire Software, Inc., before expenses	$	$

We have granted the underwriters an option to purchase up to additional shares of common stock to cover over-allotments.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 12.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares on or about , 2012.

J.P. Morgan **Deutsche Bank Securities** **Citigroup**

Stifel Nicolaus Weisel **Pacific Crest Securities**

, 2012

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You should rely only on the information contained in this prospectus and in any related free writing prospectus prepared by or on behalf of us. We have not, and the underwriters have not, authorized anyone to provide you with information different from, or in addition to, that contained in this prospectus or any related free writing prospectus. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

Through and including   , 2012 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

For investors outside the United States: neither we nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

PROSPECTUS SUMMARY

This summary highlights selected information appearing elsewhere in this prospectus and does not contain all the information you should consider before investing in our common stock. You should carefully read this prospectus in its entirety before investing in our common stock, including "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus. Unless the context otherwise requires, we use the terms "Guidewire," "we," "us," "the Company" and "our" in this prospectus to refer to Guidewire Software, Inc. and its subsidiaries. Our fiscal years ended July 31, 2009, 2010 and 2011 are referred to herein as fiscal year 2009, fiscal year 2010 and fiscal year 2011, respectively.

Overview

Guidewire Software is a leading provider of core system software to the global property and casualty, or P&C, insurance industry. Our solutions serve as the transactional systems-of-record for, and enable the key functions of, a P&C insurance carrier's business: underwriting and policy administration, claims management and billing. Since our inception, our mission has been to empower P&C insurance carriers to transform and improve their businesses by replacing their legacy core systems with our innovative modern software platform.

We have developed an integrated suite of highly configurable applications that are delivered through a web-based interface and can be deployed either on-premise or in cloud environments. A key advantage of our architecture over that of legacy core systems is that our solutions enable extensive configurability of business rules, workflows and user interfaces without modification of the underlying code base, allowing customers to easily make changes in response to specific, evolving business needs. Our Guidewire InsuranceSuite includes Guidewire PolicyCenter, Guidewire ClaimCenter and Guidewire BillingCenter applications, which enable a broad range of core P&C insurance operations. According to Gartner, Inc., as of January 2011, ClaimCenter, our first application, is the P&C insurance industry's most widely used web-based claims system.

Strong customer relationships are a key component of our success given the long-term nature of our contracts and the importance of customer references for new sales. Our customers range from some of the largest global insurance carriers or their subsidiaries such as Tokio Marine & Nichido Fire Insurance Co., Ltd. and Zurich Financial Services Group Ltd. to national carriers such as Nationwide Mutual Insurance Company to regional carriers such as AAA affiliates. As of October 31, 2011, we had 103 customers.

We primarily generate software license revenues through annual license fees that recur during the multi-year term of a customer's contract. The average initial length of our contracts is approximately five years, and these contracts are renewable on an annual or multi-year basis. We typically bill our customers for license and maintenance fees annually in advance. We primarily derive our service revenues from implementation and training services performed for our customers. A significant majority of services are billed on a time and materials basis and recognized as revenues upon delivery of the services. We generated revenues of $144.7 million and $172.5 million in fiscal years 2010 and 2011, respectively, and $52.4 million for the three months ended October 31, 2011. We generated net income of $15.5 million and $35.6 million in fiscal years 2010 and 2011, respectively, including a benefit of $27.2 million related to the release of a significant portion of our tax valuation allowance during fiscal year 2011, and $4.8 million for the three months ended October 31, 2011.

Overview of the P&C Insurance Industry

The P&C insurance industry is large, fragmented, highly regulated and complex. In order to effectively manage their operations, P&C insurance carriers require IT systems that integrate with other internal systems, control workflow, enable extensive configurability and provide visibility to every user. According to Gartner, in 2010, P&C insurance carriers spent $4.0 billion on software and $10.5 billion on IT services, which encompasses outsourced custom development and maintenance.

Many P&C insurance carriers are experiencing increased operational risk and financial loss due to the inadequacy of their existing legacy core systems. The inherent functional and technical limitations of these systems have impeded carriers' ability to grow profitability and adapt to the evolving expectations of consumer, commercial and government insurance customers. Key factors driving adoption of modern core system software include:

- ***Aging IT infrastructure and increasing scarcity of experienced workforce.*** P&C insurance carriers typically rely on legacy core systems that have often been in operation for 20 years or more, utilize outdated programming languages and are difficult to change, upgrade or integrate with modern infrastructure. Compounding the problem, specialized IT staff qualified to maintain these systems are retiring and hard to replace, leaving aging systems inadequately supported.
- ***Increased business risk due to continued reliance on inefficient processes.*** P&C insurance carriers' reliance on a combination of inefficient and inflexible paper-based processes and legacy systems significantly hinders productivity and may result in mispricing of policies, incorrect claims payouts and inaccurate or incomplete customer records.
- ***Financial loss due to fraud and error in the claims process.*** P&C insurance carriers experience substantial financial losses each year due to claims leakage, where the amount paid on a claim exceeds the amount to which a claimant is entitled. Claims leakage, which includes fraud as well as system and human error, is often the result of ineffective business process controls in legacy systems. We believe, based upon our analysis and industry reports, that claims leakage costs the P&C insurance industry approximately $50.0 billion annually, including $30.0 billion related to fraud.
- ***Changing insurance customer expectations.*** P&C insurance carriers' IT needs continue to change as their business models and insurance products evolve to meet the changing needs and behaviors of consumer, commercial and government insurance customers. For example, these purchasers and their agents increasingly compare insurance products and prices through Internet research, as well as through traditional phone and in-person channels. Processes that cannot accommodate multiple sales channels and insurance products may result in pricing confusion, poor customer service, information inconsistency and customer loss.
- ***Continued pressure on underwriting margins.*** Insurance product commoditization and declining investment returns have pressured P&C insurance carriers' profitability. P&C insurance carriers' reliance on legacy IT systems has limited their ability to offer new and differentiated products, effectively use the Internet to access a larger customer base and increase operational efficiencies, further pressuring pricing and margins.

Our Solutions

Our solutions are designed to provide P&C insurance carriers with the core system capabilities required to effectively manage their business and overcome critical industry challenges. The key benefits of our solutions include:

- ***Integrated software suite for key processes of P&C insurance lifecycle.*** Our integrated software suite addresses the key functional areas in insurance: underwriting and policy administration, claims management and billing. The comprehensive nature of our solutions enables P&C insurance carriers to migrate from many disparate, non-compatible systems to our unified technology platform and suite of applications.
- ***Intelligent enforcement of best practices and controls.*** Our solutions are designed to manage the large data sets and highly complex workflow decisions specific to P&C insurance, enabling P&C insurance carriers to implement and enforce best practices company-wide. The integration of disparate information and rule standardization provides managers the ability to better monitor, identify and react to trends in their business.
- ***Improved operational productivity and visibility.*** Our solutions automate and facilitate many of the manual tasks performed by employees of P&C insurance carriers, such as data entry, documentation, correspondence, records management and financial processing. Dashboards, customized searches and real-time analytics provide accurate and relevant information, while rule-based workflows allow for efficient intervention in the minority of situations that require human attention. As a result, our solutions enhance the productivity and decision-making of supervisors and senior managers.
- ***Extensive configurability enabling business adaptation.*** Our unified software platform gives customers the flexibility to easily configure key aspects of our solutions to meet their specialized needs. Relative to legacy system environments, our solutions enable our customers to capture significantly broader sets of data, design and modify business workflows more easily, change business rules more rapidly and adapt user interfaces for greater productivity. This flexibility enables P&C insurance carriers to respond more quickly to changing business demands and regulatory requirements.
- ***Differentiated insurance offerings and customer services.*** Our solutions are designed to enhance P&C insurance carriers' growth and brand differentiation strategies. The flexibility of our solutions enables and accelerates the introduction of new insurance products, entry into new geographies, use of new distribution channels and delivery of additional differentiated services.

Our Growth Strategy

We intend to extend our leadership as a provider of core system software to the global P&C insurance industry. The key elements of our strategy include:

- ***Continue to innovate and extend our technology leadership.*** We intend to enhance the functionality of our industry-leading software for P&C insurance carriers through continued focus on product innovation and investment in research and development.
- ***Expand our customer base.*** We intend to continue to aggressively pursue new customers by specifically targeting key accounts, expanding our sales and marketing organization, leveraging current customers as references and extending our geographic reach. We target new customers with our complete InsuranceSuite solution or by selling one or more of our applications, based on their initial needs.

- ***Upsell our existing customer base.*** We intend to build upon our established customer relationships and track record of successful implementations to sell additional products into our existing customer base. Given our initial success with ClaimCenter, we believe there is a significant opportunity to upsell our PolicyCenter and BillingCenter applications into our existing customer base.
- ***Deepen and expand strategic relationships with our system integration partners.*** We will continue to collaborate with, and seek to increase the value that our solutions generate for, our strategic partners. We believe these efforts will encourage our partners to drive awareness and adoption of our software solutions throughout the P&C insurance industry.
- ***Increase market awareness of our brand and solutions.*** We intend to continue to use our key partnerships, customer references and marketing efforts to strengthen our brand and reputation, enhance market awareness of our PolicyCenter solution and our integrated InsuranceSuite and establish Guidewire as the leading provider of core system software to the P&C insurance industry.

Risks Affecting Us

Our business, financial condition, results of operations and prospects are subject to numerous risks. These risks include, among others, that:

- our quarterly and annual results of operations are likely to vary significantly;
- seasonal and other variations related to our revenue recognition may cause significant fluctuations in our results of operations and cash flows;
- we rely on sales to and renewals from a relatively small number of large customers for a substantial portion of our revenues;
- our services revenues produce lower gross margins than our license and maintenance revenues, and increases in services revenues as a percentage of total revenues could adversely affect our overall gross margins and profitability;
- assertions by third parties that we violate their intellectual property rights could substantially harm our business;
- we face intense competition in our market;
- weakened global economic conditions may adversely affect the P&C insurance industry including the rate of information technology spending;
- our product development and sales cycles are lengthy, and we may incur significant expenses prior to earning corresponding revenues; and
- our two largest stockholders, U.S. Venture Partners and Bay Partners, will own percent (%) of our stock and will continue to have effective control over our management and affairs and other matters requiring stockholder approval after the completion of this offering.

If we are unable to adequately address these and other risks we face, our business, financial condition, results of operations and prospects may be materially and adversely affected. In addition, there are numerous risks related to an investment in our common stock. You should carefully consider the risks described in “Risk Factors” and elsewhere in this prospectus.

Corporate History and Information

We were incorporated in Delaware in 2001. Our principal executive offices are located at 2211 Bridgepointe Parkway, San Mateo, California 94404, and our telephone number is (650) 357-9100. Our website address is *www.guidewire.com*. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider any information contained on, or that can be accessed through, our website as part of this prospectus or in deciding whether to purchase shares of our common stock.

"Guidewire," "Guidewire Software," "Guidewire BillingCenter," "Guidewire ClaimCenter," "Guidewire PolicyCenter," "Guidewire InsuranceSuite" and "Gosu" are registered or common law trademarks or service marks of Guidewire Software, Inc. This prospectus also contains additional trade names, trademarks, and service marks of ours and of other companies. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, these other companies. We have omitted the ® and ™ designations, as applicable, for the trademarks we name in this prospectus.

THE OFFERING

Common stock offered by us	shares
Common stock to be outstanding after this offering	shares
Over-allotment option offered by us	shares
Use of proceeds	We intend to use the net proceeds of this offering primarily for general corporate purposes, including working capital. We also intend to use certain of the net proceeds to satisfy tax withholding obligations related to the vesting of restricted stock units, or RSUs, held by current or former employees, which will begin to vest 180 days after the completion of this offering. See "Use of Proceeds."
Proposed New York Stock Exchange symbol	"GWRE"

The number of shares of our common stock to be outstanding following this offering is based on 40,042,951 shares of our common stock outstanding as of October 31, 2011, assuming conversion of all outstanding shares of our convertible preferred stock on a one-for-one basis into 25,357,721 shares of common stock, and excludes:

- 8,181,978 shares of common stock issuable upon the exercise of options outstanding as of October 31, 2011, with a weighted average exercise price of $3.16 per share;
- 4,855,572 shares of common stock issuable upon the vesting of RSUs outstanding as of October 31, 2011;
- 69,529 shares of common stock issuable upon the exercise of warrants to purchase convertible preferred stock outstanding as of October 31, 2011, assuming conversion of all outstanding shares of our convertible preferred stock, which we expect to occur immediately prior to the closing of this offering, with an exercise price of $5.03 per share; and
- 7,575,117 shares of our common stock reserved for future issuance under our stock-based compensation plans as of October 31, 2011, consisting of 25,168 shares of common stock reserved for issuance under our 2006 Stock Plan (on November 9, 2011, our board of directors increased the shares available under the 2006 Stock Plan by 220,000 shares to 245,168 shares, of which options to purchase 235,000 shares were granted on November 11, 2011), 521 shares of common stock reserved for issuance under our 2009 Stock Plan, 49,428 shares of common stock reserved for issuance under our 2010 Restricted Stock Unit Plan (on November 9, 2011, our board of directors increased the shares available under the 2010 Restricted Stock Unit Plan by 255,000 shares to 304,428 shares, of which 297,500 shares subject to issuance upon vesting of RSUs were granted on November 11, 2011) and, subject to and effective upon the closing of this offering, 7,500,000 shares of common stock reserved for issuance under our 2011 Stock Plan and any future increase in shares reserved for issuance under such plans.

Unless otherwise noted, the information in this prospectus (except for our historical financial statements) reflects and assumes the following:

- the conversion of all outstanding shares of our convertible preferred stock into an aggregate of 25,357,721 shares of common stock, which we expect to occur immediately prior to the closing of this offering;
- the filing of our amended and restated certificate of incorporation immediately prior to the closing of this offering; and
- no exercise by the underwriters of their over-allotment option.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following table summarizes our consolidated financial data. We have derived the summary consolidated statements of operations data for the fiscal years ended July 31, 2009, 2010 and 2011 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the summary consolidated statements of operations data for the three months ended October 31, 2010 and 2011 and our consolidated balance sheet data as of October 31, 2011 from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The unaudited interim financial statements have been prepared on a basis consistent with the audited consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, that management considers necessary to present fairly the financial information set forth in those statements. Our historical results are not necessarily indicative of the results that may be expected in the future and the results for the three months ended October 31, 2011 are not necessarily indicative of the results to be expected for the fiscal year ending July 31, 2012 or any other future annual or interim period. The following summary consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	Years Ended July 31,			Three Months Ended October 31,	
	2009	2010	2011	2010	2011
				(unaudited)	
	(in thousands, except share and per share data)				
Revenues:					
License	$ 26,996	$ 60,315	$ 73,883	$10,153	$20,815
Maintenance	9,572	18,702	21,321	4,610	7,106
Services	48,177	65,674	77,268	19,907	24,459
Total revenues	84,745	144,691	172,472	34,670	52,380
Cost of revenues[(1)]:					
License	349	267	1,264	201	299
Maintenance	2,628	3,685	4,063	886	1,266
Services	38,679	51,519	63,017	14,105	17,925
Total cost of revenues	41,656	55,471	68,344	15,192	19,490
Gross profit:					
License	26,647	60,048	72,619	9,952	20,516
Maintenance	6,944	15,017	17,258	3,724	5,840
Services	9,498	14,155	14,251	5,802	6,534
Total gross profit	43,089	89,220	104,128	19,478	32,890
Operating expenses:					
Research and development[(1)]	22,356	28,273	34,773	7,519	10,959
Sales and marketing[(1)]	21,559	26,741	28,950	5,546	7,361
General and administrative[(1)]	9,646	16,192	23,534	4,628	6,438
Litigation provision	—	—	10,000	—	—
Total operating expenses	53,561	71,206	97,257	17,693	24,758
Income (loss) from operations	(10,472)	18,014	6,871	1,785	8,132
Interest income, net	27	95	156	37	40
Other income (expense), net	(123)	(391)	1,269	193	(316)
Income (loss) before provision for income taxes	(10,568)	17,718	8,296	2,015	7,856
Provision for (benefit from) income taxes	398	2,199	(27,262)	125	3,044
Net income (loss)	$(10,966)	$ 15,519	$ 35,558	$ 1,890	$ 4,812

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	Years Ended July 31,			Three Months Ended October 31,	
	2009	2010	2011	2010	2011
				(unaudited)	
	(in thousands, except share and per share data)				
Net income (loss) per share(2):					
Basic	$ (0.83)	$ 0.32	$ 0.83	$ 0.03	$ 0.09
Diluted	$ (0.83)	$ 0.30	$ 0.76	$ 0.03	$ 0.08
Shares used in computing net income (loss) per share(2):					
Basic	13,284,938	13,535,736	14,064,055	13,873,022	14,554,428
Diluted	13,284,938	15,933,374	17,763,859	16,046,865	21,153,440
Pro forma net income per share (unaudited)(2):					
Basic		$ 0.40	$ 0.90	$ 0.05	$ 0.12
Diluted		$ 0.38	$ 0.82	$ 0.05	$ 0.10
Shares used in computing pro forma net income per share (unaudited) (2):					
Basic		38,893,457	39,421,776	39,230,743	39,912,149
Diluted		41,291,095	43,121,580	41,404,586	46,511,161
Other financial data:					
Adjusted EBITDA(3) (unaudited)	$ (6,377)	$ 22,744	$ 25,777	$ 3,050	$ 12,123
Operating cash flows	$ 11,379	$ 9,534	$ 27,686	$ (13,099)	$ (27,085)(4)

(1) Includes stock-based compensation as follows:

	Years Ended July 31,			Three Months Ended October 31,	
	2009	2010	2011	2010	2011
				(unaudited)	
			(in thousands)		
Cost of revenues	$ 780	$ 925	$1,384	$ 306	$ 758
Research and development	688	769	1,372	248	845
Sales and marketing	857	755	903	135	497
General and administrative	464	905	3,021	334	1,212
Total stock-based compensation	$2,789	$3,354	$6,680	$1,023	$3,312

(2) See Note 9 to our audited consolidated financial statements for an explanation of the calculations of our actual basic and diluted and pro forma basic and diluted net income (loss) per share attributable to common stockholders. All shares to be issued in this offering were excluded from the unaudited pro forma basic and diluted net income per share calculation.

(3) We define Adjusted EBITDA as net income (loss), plus provision for (benefit from) income taxes, other (income) expense, net, interest (income) expense, net, litigation provision, depreciation and amortization and stock-based compensation.

(4) Includes $10.0 million litigation settlement payment.

Adjusted EBITDA

We believe Adjusted EBITDA, a non-GAAP measure, is useful, in addition to other financial measures presented in accordance with GAAP, in evaluating our operating performance compared to that of other companies in our industry, as this metric generally eliminates the effects of certain items that may vary for different companies for reasons unrelated to overall operating performance. We believe that:

- Adjusted EBITDA provides investors and other users of our financial information consistency and comparability with our past financial performance, facilitates period-to-period comparisons of operations and facilitates comparisons with other companies, many of which use similar non-GAAP financial measures to supplement their GAAP results; and
- it is useful to exclude non-cash charges, such as depreciation and amortization, stock-based compensation and one-time charges such as our litigation provision from Adjusted EBITDA because the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations and these expenses can vary significantly between periods.

We use Adjusted EBITDA in conjunction with traditional GAAP measures as part of our overall assessment of our performance, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies and to communicate with our board of directors regarding our financial performance.

Adjusted EBITDA should not be considered as a substitute for other measures of financial performance reported in accordance with GAAP. There are limitations to using non-GAAP financial measures, including that other companies may calculate these measures differently than we do. We compensate for the inherent limitations associated with using Adjusted EBITDA through disclosure of these limitations, presentation of our financial statements in accordance with GAAP and reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, net income (loss).

The following table provides a reconciliation of net income (loss) to Adjusted EBITDA:

	Years Ended July 31,			Three Months Ended October 31,	
	2009	2010	2011	2010	2011
			(unaudited) (in thousands)		
Reconciliation of Adjusted EBITDA:					
Net income (loss)	$ (10,966)	$ 15,519	$ 35,558	$ 1,890	$ 4,812
Non-GAAP adjustments:					
Provision for (benefit from) income taxes	398	2,199	(27,262)	125	3,044
Other (income) expense, net	123	391	(1,269)	(193)	316
Interest income, net	(27)	(95)	(156)	(37)	(40)
Litigation provision	—	—	10,000	—	—
Depreciation and amortization	1,306	1,376	2,226	242	679
Total stock-based compensation	2,789	3,354	6,680	1,023	3,312
Adjusted EBITDA	$ (6,377)	$ 22,744	$ 25,777	$ 3,050	$ 12,123

The following table presents our summary consolidated balance sheet data as of October 31, 2011:

- on an actual basis;
- on a pro forma basis to give effect to the conversion of all outstanding shares of our convertible preferred stock into shares of common stock and all outstanding warrants to purchase convertible preferred stock into warrants to purchase common stock; and

- on a pro forma as adjusted basis to give effect to the conversion described in the prior bullet and the sale by us of the shares of common stock offered by this prospectus at an initial public offering price of $ per share, the midpoint of the price range on the cover of this prospectus, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) our pro forma as adjusted cash and cash equivalents, working capital, total assets and total stockholders' equity by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	As of October 31, 2011		
	Actual	Pro Forma	Pro Forma as Adjusted
		(unaudited) (in thousands)	
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 31,171	$ 31,171	
Working capital	13,461	13,461	
Total assets	102,795	102,795	
Total liabilities	76,126	76,126	
Convertible preferred stock	36,500	—	
Total stockholders' equity	26,669	26,669	

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including our consolidated financial statements and related notes, before deciding whether to purchase shares of our common stock. If any of the following risks are realized, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the price of our common stock could decline and you could lose part or all of your investment. See "Special Note Regarding Forward-Looking Statements."

Risks Relating to Our Business and Industry

We may experience significant quarterly and annual fluctuations in our results of operations due to a number of factors.

Our quarterly and annual results of operations may fluctuate significantly due to a variety of factors, many of which are outside of our control. This variability may lead to volatility in our stock price as research analysts and investors respond to quarterly fluctuations. In addition, comparing our results of operations on a period-to-period basis, particularly on a sequential quarterly basis, may not be meaningful. You should not rely on our past results as an indication of our future performance.

Factors that may affect our results of operations include:

- structure of our licensing contracts;
- the timing of new orders and revenue recognition for new and prior year orders;
- seasonal buying patterns of our customers;
- our ability to increase sales to and renew agreements with our existing customers, particularly larger customers, at comparable prices;
- our ability to attract new customers, particularly larger customers, in both domestic and international markets;
- our ability to enter into contracts on favorable terms, including terms related to price, payment timing and product delivery;
- volatility in the sales of our products and timing of the execution of new and renewal agreements within such periods;
- commissions expense related to large transactions;
- the lengthy and variable nature of our product implementation cycles;
- reductions in our customers' budgets for information technology purchases and delays in their purchasing cycles, particularly in light of recent adverse global economic conditions;
- our ability to control costs, including our operating expenses;
- any significant change in our facilities-related costs;
- the timing of hiring personnel and of large expenses such as those for trade shows and third-party professional services;
- the timing and amount of an additional litigation settlement payment, if any;
- stock-based compensation expenses, which vary along with changes to our stock price;
- general domestic and international economic conditions, in the insurance industry in particular;

- fluctuations in foreign currency exchange rates;
- future accounting pronouncements or changes in our accounting policies; and
- the impact of a recession or any other adverse global economic conditions on our business, including uncertainties that may cause a delay in entering into or a failure to enter into significant customer agreements.

The foregoing factors are difficult to forecast, and these, as well as other factors, could materially adversely affect our quarterly and annual results of operations. Any failure to adjust spending quickly enough to compensate for a revenues shortfall could magnify the adverse impact of such revenues shortfall on our results of operations. Failure to achieve our quarterly forecasts or to meet or exceed the expectations of research analysts or investors will cause our stock price to decline.

Seasonal and other variations related to our revenue recognition may cause significant fluctuations in our results of operations and cash flows and may prevent us from achieving our quarterly or annual forecasts, which may cause our stock price to decline.

We sign a significantly higher percentage of software license orders in the second and fourth quarters of each fiscal year. We generally see increased orders in our second fiscal quarter, which is the quarter ended January 31, due to customer buying patterns. We also see increased orders in our fourth fiscal quarter due to efforts by our sales team to achieve annual incentives. As a result, a significantly higher percentage of our annual license revenues have historically been recognized during those quarters. Since a substantial majority of our license revenues recur annually under our multi-year contracts, we expect to continue to experience this seasonality effect in subsequent years.

Notwithstanding the fact that we generally see increased orders in our second and fourth fiscal quarters, we expect to see additional quarterly revenue fluctuations that may, in some cases, mask the impact of these expected seasonal variations. Our quarterly growth in revenues also may not match up to new orders we receive in a given quarter. This mismatch is primarily due to the following reasons:

- for the initial year of a multi-year term license, we generally recognize revenues when payment is due and payment may not be due until a subsequent fiscal quarter;
- we may enter into license agreements with specified terms for product upgrades or functionality, which may require us to delay revenue recognition for the initial period; and
- we may enter into license agreements with other contractual terms that may affect the timing of revenue recognition.

For example, we received new orders for both term and perpetual licenses in the fourth fiscal quarter of 2011 that committed future product functionality that was delivered in the first fiscal quarter of 2012. As a result, our license revenues in the first fiscal quarter of 2012 were $7.2 million higher than they would have been had the functionality been delivered in the fourth fiscal quarter of 2011 and we currently expect our revenues for the second and third fiscal quarters of 2012 to be down or flat as compared to the first fiscal quarter of 2012.

We generally charge annual software license fees for our multi-year term licenses and price our licenses based on the amount of direct written premiums, or DWP, that will be managed by our solutions. However, in certain circumstances we offer our customers the ability to purchase our products on a perpetual license basis, resulting in an acceleration of revenue recognition. In addition, certain of our multi-year term licenses provide the customer with the option to purchase a perpetual license at the end of the initial contract term, which we refer to as a perpetual buyout right. The mix of our contract terms for our licenses and the exercise of perpetual buyout rights at the end of the initial contract term by our customers may lead to variability in our results of operations. Increases in perpetual license sales and exercises of perpetual buyout rights by our customers may affect our ability to show consistent growth in license revenues in subsequent periods. For example, we received orders for two perpetual licenses pursuant to which we recognized revenues of $6.9 million in the first fiscal quarter of 2012. This caused our license revenues to increase significantly in the first fiscal quarter of 2012 from the first fiscal quarter of 2011. In addition, because we price our products based on the amount of DWP that will be managed by our solutions, license revenues from each customer may fluctuate up or down based upon insurance policies sold by the customer in the preceding year. Seasonal and other variations related to our revenue recognition may cause significant fluctuations in our results of operations and cash flows, may make it challenging for an investor to predict our performance on a quarterly basis and may prevent us from achieving our quarterly or annual forecasts or meeting or exceeding the expectations of research analysts or investors, which may cause our stock price to decline.

We have relied and expect to continue to rely on orders from a relatively small number of customers in the P&C insurance industry for a substantial portion of our revenues, and the loss of any of these customers would significantly harm our business, results of operations and financial condition.

Our revenues are dependent on orders from customers in the P&C insurance industry, which may be adversely affected by economic, environmental and world political conditions. A relatively small number of customers have historically accounted for a majority of our revenues. In fiscal years 2010 and 2011, our top 10 customers accounted for 48% and 41% of our revenues, respectively. We expect that we will continue to depend upon a relatively small number of customers for a significant portion of our revenues for the foreseeable future. As a result, if we fail to successfully sell our products and services to one or more anticipated customers in any particular period or fail to identify additional potential customers or an anticipated customer purchases fewer of our products or services, defers or cancels orders, or terminates its relationship with us, our business, results of operations and financial condition would be harmed. Some of our orders are realized at the end of the quarter or are subject to delayed payment terms. As a result of this concentration and timing, if we are unable to complete one or more substantial sales or achieve any required performance or acceptance criteria in any given quarter, our quarterly results of operations may fluctuate significantly.

Our services revenues produce lower gross margins than our license or maintenance revenues, and an increase in services revenues as a percentage of total revenues could adversely affect our overall gross margins and profitability.

Our services revenues were 45% of total revenues for fiscal years 2010 and 2011. Our services revenues produce lower gross margins than our license revenues. The gross margin of our services revenues was 22% and 18% for fiscal years 2010 and 2011, respectively, while the gross margin for license revenues was 100% and 98% for the respective periods. An increase in the percentage of total revenues represented by services revenues could reduce our overall gross margins.

The volume and profitability of our services offerings depend in large part upon:

- price charged to our customers;
- the utilization rate of our services personnel;
- the complexity of our customers’ information technology environments;
- our ability to accurately forecast the time and resources required for each implementation project;
- the resources directed by our customers to their implementation projects;

- our ability to hire, train and retain qualified services personnel;
- unexpected difficulty in projects which may require additional efforts on our part without commensurate compensation;
- the extent to which system integrators provide services directly to customers; and
- our ability to adequately predict customer demand and scale our professional services staff accordingly.

Any erosion in our services margins or any significant increase in services revenues as a percentage of total revenues would adversely affect our results of operations.

Assertions by third parties of infringement or other violation by us of their intellectual property rights could result in significant costs and substantially harm our business and results of operations.

The software industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patents and other intellectual property rights. In particular, leading companies in the software industry own large numbers of patents, copyrights, trademarks and trade secrets, which they may use to assert claims against us. From time to time, third parties, including certain of these leading companies, may assert patent, copyright, trademark or other intellectual property claims against us, our customers and partners, and those from whom we license technology and intellectual property.

Although we believe that our products and services do not infringe upon the intellectual property rights of third parties, we cannot assure you that third parties will not assert infringement or misappropriation claims against us with respect to current or future products or services, or that any such assertions will not require us to enter into royalty arrangements or result in costly litigation, or result in us being unable to use certain intellectual property. We cannot assure you that we are not infringing or otherwise violating any third party intellectual property rights. Infringement assertions from third parties may involve patent holding companies or other patent owners who have no relevant product revenues, and therefore our own issued and pending patents may provide little or no deterrence to these patent owners in bringing intellectual property rights claims against us.

Any intellectual property infringement or misappropriation claim or assertion against us, our customers or partners, and those from whom we license technology and intellectual property could have a material adverse effect on our business, financial condition, reputation and competitive position regardless of the validity or outcome. If we are forced to defend against any infringement or misappropriation claims, whether they are with or without merit, are settled out of court, or are determined in our favor, we may be required to expend significant time and financial resources on the defense of such claims. Furthermore, an adverse outcome of a dispute may require us to pay damages, potentially including treble damages and attorneys' fees, if we are found to have willfully infringed a party's intellectual property; cease making, licensing or using our products or services that are alleged to infringe or misappropriate the intellectual property of others; expend additional development resources to redesign our products or services; enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies or works; and to indemnify our partners, customers, and other third parties. Royalty or licensing agreements, if required or desirable, may be unavailable on terms acceptable to us, or at all, and may require significant royalty payments and other expenditures. Any of these events could seriously harm our business, results of operations and financial condition. In addition, any lawsuits regarding intellectual property rights, regardless of their success, could be expensive to resolve and divert the time and attention of our management and technical personnel.

We may incur additional future expenses in connection with the settlement of our litigation with Accenture.

In December 2007, we were sued by Accenture, a competitor, in the U.S. District Court for the District of Delaware, or the Delaware Court, over our alleged infringement of certain of their intellectual property rights. Two of the three patents that were the subject of these actions were dismissed by agreement of the parties, with prejudice, and the third patent was found invalid by the Delaware Court. Accenture appealed the judgment with respect to the third patent. In addition, we sued Accenture over its alleged infringement of certain of our intellectual property rights and Accenture counterclaimed that we infringe certain of their intellectual property rights. In October 2011, we agreed with Accenture to resolve all outstanding patent litigation concerning our respective insurance claims management software. In connection with the settlement, we paid $10.0 million to Accenture with a potential additional payment based on the final outcome of Accenture's pending appeal of the Delaware Court's ruling on the third patent, as referenced above. If Accenture is successful in its appeal, we have agreed to pay them a maximum of an additional $20.0 million. At any time prior to an initial determination by the appeals court, we may instead pay Accenture $15.0 million to discharge this potential obligation. If Accenture is not successful in its appeal, no further payments would be due in connection with the settlement. Our patent litigation with Accenture and the terms of the settlement are further described in "Business—Legal Proceedings."

We face intense competition in our market, which could negatively impact our business, results of operations and financial condition and cause our market share to decline.

The market for our core insurance system software is intensely competitive. Our implementation cycle is lengthy, variable and requires the investment of significant time and expense by our customers. We compete with legacy systems, many of which have been in operation for decades. Maintaining these legacy systems may be so time consuming and costly for our customers that they do not have adequate resources to devote to the purchase and implementation of our products. We also compete against technology consulting firms that offer software and systems or develop custom, proprietary products for the P&C insurance industry. These consulting firms generally have greater name recognition, larger sales and marketing budgets and greater resources than we do and may have pre-existing relationships with our potential customers, including relationships with, and access to, key decision makers within these organizations. We also encounter competition from small independent firms that compete on the basis of price, custom developments or unique product features or functions and from vendors of software products that may be customized to address the needs of P&C insurance carriers.

We expect the intensity of competition to increase in the future as new companies enter our markets and existing competitors develop stronger capabilities. Increased competition could result in increased pricing pressure, reduced profit margins, increased sales and marketing expenses, and failure to increase, or the loss of, market share, any of which could harm our business, results of operations and financial condition. Our competitors may be able to devote greater resources to the development, promotion and sale of their products than we can to ours, which could allow them to respond more quickly than we can to new technologies and changes in customer needs and achieve wider market acceptance. We may not be able to compete effectively and competitive pressures may prevent us from acquiring and maintaining the customer base necessary for us to increase our revenues and profitability.

Our current and potential competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their resources. Current or potential competitors may be acquired by third parties with greater available resources, such as Accenture's recent acquisition of Duck Creek Technologies, Inc. As a result of such acquisitions, our current or potential competitors might be able to adapt more quickly to new technologies and customer needs, devote greater resources to the promotion or sale of their products and services, initiate or withstand substantial price competition, take advantage of other opportunities more readily or develop and expand their product and service offerings more quickly than we do. Additionally, they may hold larger portfolios of patents and other intellectual property rights as a result of such acquisitions. If we are unable to compete effectively for a share of our market, our business, results of operations and financial condition could be materially and adversely affected.

Weakened global economic conditions may adversely affect the P&C insurance industry, including the rate of information technology spending, which could cause our customers to defer or forego purchases of our products or services.

Our business depends on the overall demand for information technology from, and on the economic health of, our current and prospective customers. In addition, the purchase of our products is discretionary and involves a significant commitment of capital and other resources. The United States and world economies currently face a number of economic challenges, including threatened sovereign defaults, credit downgrades, restricted credit for businesses and consumers and potentially falling demand for a variety of products and services. Recently, the financial markets have been dramatically and adversely affected and many companies are either cutting back expenditures or delaying plans to add additional personnel or systems. Our customers may suffer from reduced operating budgets, which could cause them to defer or forego purchases of our products or services. Continued challenging global economic conditions, or a reduction in information technology spending even if economic conditions improve, could adversely impact our business, results of operations and financial condition in a number of ways, including longer sales cycles, lower prices for our products and services, material default rates among our customers, reduced sales of our products and services and lower or no growth.

Our sales cycle is lengthy and variable, depends upon many factors outside our control, and could cause us to expend significant time and resources prior to earning associated revenues.

The typical sales cycle for our products and services is lengthy and unpredictable, requires pre-purchase evaluation by a significant number of employees in our customers' organizations, and often involves a significant operational decision by our customers. Our sales efforts involve educating our customers about the use and benefits of our products, including the technical capabilities of our products and the potential cost savings achievable by organizations deploying our products. Customers typically undertake a significant evaluation process, which frequently involves not only our products, but also those of our competitors and can result in a lengthy sales cycle. Moreover, a purchase decision by a potential customer typically requires the approval of several senior decision makers, including the board of directors of our customers. Our sales cycle for new customers is typically one to two years and can extend even longer in some cases. We spend substantial time, effort and money in our sales efforts without any assurance that our efforts will produce any sales. In addition, we sometimes commit to include specific functions in our base product offering at the request of a customer or group of customers and are unable to recognize license revenues until the specific functions have been added to our products. Providing this additional functionality may be time consuming and may involve factors that are outside of our control. The lengthy and variable sales cycle may also have a negative impact on the timing of our revenues, causing our revenues and results of operations to vary significantly from period to period.

Our large customers have substantial negotiating leverage, which may require that we agree to terms and conditions that result in increased cost of sales, decreased revenues and lower average selling prices and gross margins, all of which could harm our operating results.

Some of our customers are large P&C insurance carriers with significant bargaining power in negotiations with us. In fiscal years 2010 and 2011, our top 10 customers accounted for 48% and 41% of our revenues, respectively. These customers have and may continue to seek advantageous pricing and other commercial terms and may require us to develop additional features in the products we sell to them. We have and may continue to be required to reduce the average selling price, or increase the average cost, of our products in response to these pressures. If we are unable to offset any reductions in our average selling prices or increases in our average costs with increased sales volumes and reduced costs, our results of operations could be harmed.

Our limited operating history and the evolving nature of the industry in which we operate may make it difficult to evaluate our business.

We were incorporated in 2001, and since that time have been developing products to meet the evolving demands of customers in the markets in which we operate. We sold the initial versions of ClaimCenter in 2003, PolicyCenter in 2004 and BillingCenter in 2006. This limited operating history makes financial forecasting and evaluation of our business difficult. Furthermore, because we depend in part on the market's acceptance of our products, it is difficult to evaluate trends that may affect our business. We have limited historical financial data, and we operate in an evolving industry, and, as such, any predictions about our future revenues and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable industry.

We have a history of significant net losses and may not be profitable in future periods.

Although we had a profit of $15.5 million in fiscal year 2010 and $35.6 million in fiscal year 2011, which included a benefit of $27.2 million related to a release of a significant portion of our tax valuation allowance during fiscal year 2011, we have incurred significant losses in prior years, including a net loss of $11.0 million in fiscal year 2009, a net loss of $16.9 million in fiscal year 2008 and a net loss of $28.5 million in fiscal year 2007. We expect that our expenses will increase in future periods as we implement initiatives designed to grow our business, including, among other things, improvement of our current products, development and marketing of new services and products, international expansion, investment in our infrastructure and increased general and administrative functions. If our revenues do not sufficiently increase to offset these expected increases in operating expenses, we will incur significant losses and will not be profitable. Our revenues growth in recent periods should not be considered indicative of our future performance. Any failure to continue profitability may materially and adversely affect our business, results of operations and financial condition.

Because we derive substantially all of our revenues and cash flows from our ClaimCenter, PolicyCenter, BillingCenter and InsuranceSuite products and related services, failure of any of these products or services to satisfy customer demands or to achieve increased market acceptance would harm our business, results of operations, financial condition and growth prospects.

We derive substantially all of our revenues and cash flows from our ClaimCenter, PolicyCenter, BillingCenter and InsuranceSuite products and related services. We expect to continue to derive a substantial portion of our revenues from these products and related services. As such, the market acceptance of these products is critical to our continued success. Historically, we have derived a substantial majority of our revenues from our ClaimCenter product. As of July 31, 2011, 64% of the outstanding licenses for our products contain licenses for our ClaimCenter product. In addition, we continue to invest significant resources in the enhancement and sales of our PolicyCenter product. The failure of PolicyCenter, as well as our integrated InsuranceSuite, to achieve broader market acceptance would result in significant harm to our business, results of operations, financial condition and growth prospects. Demand for our products is affected by a number of factors beyond our control, including the timing of development and release of new products by us and our competitors, technological change, and growth or contraction in the worldwide market for technological solutions for the P&C insurance industry. If we are unable to continue to meet customer demands or to achieve more widespread market acceptance of our products, our business, results of operations, financial condition and growth prospects will be materially and adversely affected.

Our business depends on customers renewing and expanding their license and maintenance contracts for our products. A decline in our customer renewals and expansions could harm our future results of operations.

Our customers have no obligation to renew their term licenses after their license period expires, and these licenses may not be renewed on the same or more favorable terms. Moreover, under certain circumstances, our customers have the right to cancel their license agreements before they expire. We have limited historical data with respect to rates of customer license renewals, upgrades and expansions so we may not accurately predict future trends in customer renewals. In addition, our term and perpetual license customers have no obligation to renew their maintenance arrangements after the expiration of the initial contractual period, which is typically one to three years. Our customers' renewal rates may fluctuate or decline because of several factors, including their satisfaction or dissatisfaction with our products and services, the prices of our products and services, the prices of products and services offered by our competitors or reductions in our customers' spending levels due to the macroeconomic environment or other factors. In addition, in some cases, our customers have a right to exercise a perpetual buyout of their term licenses at the end of the initial contract term. If our customers do not renew their term licenses for our solutions or renew on less favorable terms, our revenues may decline or grow more slowly than expected and our profitability may be harmed.

Our implementation cycle is lengthy and variable, depends upon factors outside our control, and could cause us to expend significant time and resources prior to earning associated revenues.

The implementation and testing of our products by our customers lasts 6 to 24 months or longer, and unexpected implementation delays and difficulties can occur. Implementing our products typically involves integration with our customers' systems, as well as adding their data to our system. This can be complex, time-consuming and expensive for our customers and can result in delays in the implementation and deployment of our products. Depending upon the nature and complexity of our customers' systems and the time and resources that our customers are willing to devote to implementation of our products, the implementation and testing of our products may take significantly longer than 24 months. Historically, under the zero gross margin method, until the implementation project was completed, we recognized revenues in connection with implementing our products up to the corresponding costs of revenues and operating expenses. The lengthy and variable implementation cycle may also have a negative impact on the timing of our revenues, causing our revenues and results of operations to vary significantly from period to period.

Our product development cycles are lengthy, and we may incur significant expenses before we generate revenues, if any, from new products.

Because our products are complex and require rigorous testing, development cycles can be lengthy, taking us up to five years to develop and introduce new products. Moreover, development projects can be technically challenging and expensive. The nature of these development cycles may cause us to experience delays between the time we incur expenses associated with research and development and the time we generate revenues, if any, from such expenses. If we expend a significant amount of resources on research and development and our efforts do not lead to the successful introduction or improvement of products that are competitive in the marketplace, this could materially and adversely affect our business and results of operations. Additionally, anticipated customer demand for a product we are developing could decrease after the development cycle has commenced. Such decreased customer demand may cause us to fall short of our sales targets, and we may nonetheless be unable to avoid substantial costs associated with the product's development. If we are unable to complete product development cycles successfully and in a timely fashion and generate revenues from such future products, the growth of our business may be harmed.

Failure to meet customer expectations on the implementation of our products could result in negative publicity and reduced sales, both of which would significantly harm our business, results of operations, financial condition and growth prospects.

We provide our customers with upfront estimates regarding the duration, budget and costs associated with the implementation of our products. Failing to meet these upfront estimates and the expectations of our customers for the implementation of our products could result in a loss of customers and negative publicity regarding us and our products and services, which could adversely affect our ability to attract new customers and sell additional products and services to existing customers. Such failure could result from our product capabilities or service engagements by us, our system integrator partners or our customers' IT employees. The consequences could include, and have included: monetary credits for current or future service engagements, reduced fees for additional product sales, and a customer's refusal to pay their contractually-obligated license, maintenance or service fees. In addition, time-consuming implementations may also increase the amount of services personnel we must allocate to each customer, thereby increasing our costs and adversely affecting our business, results of operations and financial condition.

If we are unable to maintain vendor specific objective evidence of fair value for any undelivered element of a software order from a customer, offer certain contractual provisions to our customers, such as delivery of specified functionality, or combine multiple arrangements signed in different periods, our revenues relating to the entire software order will be deferred and recognized over future periods, reducing the revenues we recognize on a significant portion of such order in a particular quarter.

In the course of our selling efforts, we typically enter into sales arrangements pursuant to which we license our software applications and provide maintenance support and professional services. We refer to each individual product or service as an "element" of the overall sales arrangement. These arrangements typically require us to deliver particular elements in a future period. We apply software revenue recognition rules and allocate the total revenues among elements based on the objective and reliable evidence of fair value, or vendor-specific objective evidence, VSOE, of fair value of each element. As we discuss further in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates—Revenue Recognition," if we are unable to determine the VSOE of fair value of any undelivered elements, offer certain contractual provisions to our customers, such as delivery of specified functionality, or combine multiple arrangements signed in different periods, then we are required under U.S. generally accepted accounting principles, or GAAP, to defer additional revenues to future periods. If we are required to defer additional revenues to future periods for a significant portion of our sales, our revenues for that quarter could fall below our expectations or those of securities analysts and investors, resulting in a decline in our stock price.

Failure to protect our intellectual property could substantially harm our business and results of operations.

Our success depends in part on our ability to enforce and defend our intellectual property rights. We rely upon a combination of trademark, trade secret, copyright, patent and unfair competition laws, as well as license agreements and other contractual provisions, to do so.

We have filed, and may in the future file, patent applications related to certain of our innovations. We do not know whether any of our patent applications will result in the issuance of a patent or whether the examination process will require us to narrow our claims. In addition, we may not receive competitive advantages from the rights granted under our patents and other intellectual property. Our existing patents, and any patents granted to us or that we otherwise acquire in the future, may be contested, circumvented or invalidated, and we may not be able to prevent third parties from infringing these patents. Therefore, the exact effect of the protection of these patents cannot be predicted with certainty. In addition, given the costs, effort, risks and downside of obtaining patent protection, including the requirement to ultimately disclose the invention to the public, we may choose not to seek patent protection for certain innovations; however, such patent protection could later prove to be important to our business.

We also rely on several registered and unregistered trademarks to protect our brand. We have registered the trademarks Guidewire, Guidewire PolicyCenter, Guidewire ClaimCenter and Guidewire BillingCenter in the United States and Canada. We also own a U.S. trademark registration, an International Registration (with protection extended to Australia and the European Community) and a Canada trademark for the Gosu trademark. Additionally, we own an Australia trademark registration, a Hong Kong trademark registration, and a pending Japan trademark application for the Guidewire trademark. Nevertheless, competitors may adopt service names similar to ours, or purchase our trademarks and confusingly similar terms as keywords in Internet search engine advertising programs, thereby impeding our ability to build brand identity and possibly leading to confusion in the marketplace. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our trademarks. Any claims or customer confusion related to our trademarks could damage our reputation and brand and substantially harm our business and results of operations.

In addition, we attempt to protect our intellectual property, technology, and confidential information by generally requiring our employees and consultants to enter into confidentiality and assignment of inventions agreements and third parties to enter into nondisclosure agreements, all of which offer only limited protection. These agreements may not effectively prevent unauthorized use or disclosure of our confidential information, intellectual property or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, intellectual property or technology. Despite our efforts to protect our confidential information, intellectual property, and technology, unauthorized third parties may gain access to our confidential proprietary information, develop and market products or services similar to ours, or use trademarks similar to ours, any of which could materially harm our business and results of operations. In addition, others may independently discover our trade secrets and confidential information, and in such cases, we could not assert any trade secret rights against such parties. Existing U.S. federal, state and international intellectual property laws offer only limited protection. The laws of some foreign countries do not protect our intellectual property rights to as great an extent as the laws of the United States, and many foreign countries do not enforce these laws as diligently as governmental agencies and private parties in the United States. Moreover, policing our intellectual property rights is difficult, costly and may not always be effective.

From time to time, legal action by us may be necessary to enforce our patents and other intellectual property rights, to protect our trade secrets, to determine the validity and scope of the intellectual property rights of others or to defend against claims of infringement or invalidity. Such litigation could result in substantial costs and diversion of resources and could negatively affect our business, reputation, results of operations and financial condition. If we are unable to protect our technology and to adequately maintain and protect our intellectual property rights, we may find ourselves at a competitive disadvantage to others who need not incur the additional expense, time and effort required to create the innovative products that have enabled us to be successful to date.

We and our customers rely on technology and intellectual property of third parties, the loss of which could limit the functionality of our products and disrupt our business.

We use technology and intellectual property licensed from unaffiliated third parties in certain of our products, and we may license additional third-party technology and intellectual property in the future. Any errors or defects in this third-party technology and intellectual property could result in errors that could harm our brand and business. In addition, licensed technology and intellectual property may not continue to be available on commercially reasonable terms, or at all. The loss of the right to license and distribute this third party technology could limit the functionality of our products and might require us to redesign our products.

Further, although we believe that there are currently adequate replacements for the third-party technology and intellectual property we presently use and distribute, the loss of our right to use any of this technology and intellectual property could result in delays in producing or delivering affected products until equivalent technology or intellectual property is identified, licensed or otherwise procured, and integrated. Our business would be disrupted if any technology and intellectual property we license from others or functional equivalents of this software were either no longer available to us or no longer offered to us on commercially reasonable terms. In either case, we would be required either to attempt to redesign our products to function with technology and intellectual property available from other parties or to develop these components ourselves, which would result in increased costs and could result in delays in product sales and the release of new product offerings. Alternatively, we might be forced to limit the features available in affected products. Any of these results could harm our business and impact our results of operations.

Catastrophes may adversely impact the P&C insurance industry, preventing us from expanding or maintaining our existing customer base and increasing our revenues.

Our customers are P&C insurance carriers which have experienced, and will likely experience in the future, catastrophe losses that adversely impact their businesses. Catastrophes can be caused by various events, including, amongst others, hurricanes, tsunamis, floods, windstorms, earthquakes, hail, tornados, explosions, severe weather and fires. Moreover, acts of terrorism or war could cause disruptions in our or our customers' businesses or the economy as a whole. The risks associated with natural disasters and catastrophes are inherently unpredictable, and it is difficult to predict the timing of such events or estimate the amount of loss they will generate. In the event a future catastrophe adversely impacts our current or potential customers, we may be prevented from maintaining and expanding our customer base and from increasing our revenues because such events may cause customers to postpone purchases of new products and professional service engagements or discontinue projects.

There may be consolidation in the P&C insurance industry, which could reduce the use of our products and services and adversely affect our revenues.

Mergers or consolidations among our customers could reduce the number of our customers and potential customers. This could adversely affect our revenues even if these events do not reduce the aggregate number of customers or the activities of the consolidated entities. If our customers merge with or are acquired by other entities that are not our customers, or that use fewer of our products and services, they may discontinue or reduce their use of our products and services. Any of these developments could materially and adversely affect our results of operations and cash flows.

Some of our services and technologies may use "open source" software, which may restrict how we use or distribute our services or require that we release the source code of certain products subject to those licenses.

Some of our services and technologies may incorporate software licensed under so-called "open source" licenses, including, but not limited to, the GNU General Public License and the GNU Lesser General Public License. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on origin of the software. Additionally, open source licenses typically require that source code subject to the license be made available to the public and that any modifications or derivative works to open source software continue to be licensed under open source licenses. These open source licenses typically mandate that proprietary software, when combined in specific ways with open source software, become subject to the open source license. If we combine our proprietary software with open source software, we could be required to release the source code of our proprietary software.

We take steps to ensure that our proprietary software is not combined with, and does not incorporate, open source software in ways that would require our proprietary software to be subject to an open source license. However, few courts have interpreted open source licenses, and the manner in which these licenses may be interpreted and enforced is therefore subject to some uncertainty. Additionally, we rely on multiple software programmers to design our proprietary technologies, and although we take steps to prevent our programmers from including open source software in the technologies and software code that they design, write and modify, we do not exercise complete control over the development efforts of our programmers and we cannot be certain that our programmers have not incorporated open source software into our proprietary products and technologies or that they will not do so in the future. In the event that portions of our proprietary technology are determined to be subject to an open source license, we could be required to publicly release the affected portions of our source code, re-engineer all or a portion of our technologies, or otherwise be limited in the licensing of our technologies, each of which could reduce or eliminate the value of our services and technologies and materially and adversely affect our business, results of operations and prospects.

Real or perceived errors or failures in our products, or unsatisfactory performance of our products or services could adversely affect our reputation and the market acceptance of our products, and cause us to lose customers or subject us to liability for breach of warranty claims.

Because we offer complex products, undetected errors or failures may exist or occur, especially when products are first introduced or when new versions are released. Our products are often installed and used in large-scale computing environments with different operating systems, system management software and equipment and networking configurations, which may cause errors or failures in our products or may expose undetected errors, failures or bugs in our products. Despite testing by us, we may not identify all errors, failures or bugs in new products or releases until after commencement of commercial sales or installation. In the past, we have discovered software errors, failures and bugs in some of our product offerings after their introduction.

Product errors will affect the performance of our products and could delay the development or release of new products or new versions of products, adversely affect our reputation and our customers' willingness to buy products from us, and adversely affect market acceptance or perception of our products. In addition, because our software is used to manage functions that are critical to our customers, the licensing and support of our products involves the risk of product liability claims. We also may face liability for breaches of our product warranties, product failures or damages caused by faulty installation of our products. Provisions in our contracts relating to warranty disclaimers and liability limitations may be unenforceable or otherwise ineffective.

Any errors or delays in releasing new products or new versions of products or allegations of unsatisfactory performance of our products or services could cause us to lose revenues or market share, increase our service costs, cause us to incur substantial costs in redesigning the products, cause us to lose significant customers, harm our reputation, subject us to liability for breach of warranty claims or damages and divert our resources from other tasks, any one of which could materially and adversely affect our business, results of operations and financial condition.

We may be obligated to disclose our proprietary source code to our customers, which may limit our ability to protect our intellectual property and could reduce the renewals of our support and maintenance services.

Our software license agreements typically contain provisions permitting the customer to become a party to, or a beneficiary of, a source code escrow agreement under which we place the proprietary source code for our products in escrow with a third party. Under these escrow agreements, the source code to the applicable product may be released to the customer, typically for its use to maintain, modify and enhance the product, upon the occurrence of specified events, such as our filing for bankruptcy, discontinuance of our maintenance services and breaching our representations, warranties or covenants of our agreements with our customers. Additionally, in some cases, customers have the right to request access to our source code upon demand. Some of our customers have obtained the source code for our products by exercising this right, and others may do so in the future.

Disclosing the content of our source code may limit the intellectual property protection we can obtain or maintain for that source code or the products containing that source code and may facilitate intellectual property infringement claims against us. It also could permit a customer to which a product's source code is disclosed to support and maintain that software product without being required to purchase our support or maintenance services. Each of these could harm our business, results of operations and financial condition.

If our products experience data security breaches, and there is unauthorized access to our customers' data, we may lose current or future customers and our reputation and business may be harmed.

Our products are used by our customers to manage and store proprietary information and sensitive or confidential data relating to their businesses. Although we maintain security features in our products, our security measures may not detect or prevent hacker interceptions, break-ins, security breaches, the introduction of viruses or malicious code, and other disruptions that may jeopardize the security of information stored in and transmitted by our products. A party that is able to circumvent our security measures in our products could misappropriate our or our customers' proprietary or confidential information, cause interruption in their operations, damage or misuse their computer systems, and misuse any information that they misappropriate.

If any compromise of the security of our products were to occur, we may lose customers and our reputation, business, financial condition and results of operations could be harmed. In addition, if there is any perception that we cannot protect our customers' proprietary and confidential information, we may lose the ability to retain existing customers and attract new customers and our revenues could decline.

Incorrect or improper use of our products or our failure to properly train customers on how to implement or utilize our products could result in customer dissatisfaction and negatively affect our business, results of operations, financial condition and growth prospects.

Our products are complex and are deployed in a wide variety of network environments. The proper use of our products requires training of the customer. If our products are not used correctly or as intended, inadequate performance may result. Additionally, our customers or third-party partners may incorrectly implement or use our products. Our products may also be intentionally misused or abused by customers or their employees or third parties who are able to access or use our products. Similarly, our products are sometimes installed or maintained by customers or third parties with smaller or less qualified IT departments, potentially resulting in sub-optimal installation and, consequently, performance that is less than the level anticipated by the customer. Because our customers rely on our products, services and maintenance support to manage a wide range of operations, the incorrect or improper use of our products, our failure to properly train customers on how to efficiently and effectively use our products, or our failure to properly provide implementation or maintenance services to our customers may result in negative publicity or legal claims against us. Also, as we continue to expand our customer base, any failure by us to properly provide these services will likely result in lost opportunities for follow-on sales of our products and services.

In addition, if there is substantial turnover of customer personnel responsible for implementation and use of our products, or if customer personnel are not well trained in the use of our products, customers may defer the deployment of our products, may deploy them in a more limited manner than originally anticipated or may not deploy them at all. Further, if there is substantial turnover of the customer personnel responsible for implementation and use of our products, our ability to make additional sales may be substantially limited.

Our ability to sell our products is highly dependent on the quality of our professional services and technical support services and the support of our partners, and the failure of us or our partners to offer high-quality professional services or technical support services could damage our reputation and adversely affect our ability to sell our products and services to new customers and renew our licenses to existing customers.

If we or our partners do not effectively assist our customers in deploying our products, succeed in helping our customers quickly resolve post-deployment issues, and provide effective ongoing support, our ability to sell additional products and services to existing customers would be adversely affected and our reputation with potential customers could be damaged. Once our products are deployed and integrated with our customers' existing information technology investments and data, our customers may depend on our technical support services, and in some cases the support of our partners, to resolve any issues relating to our products. High-quality support is critical for the continued successful marketing and sale of our products. In addition, as we continue to expand our operations internationally, our support organization will face additional challenges, including those associated with delivering support, training and documentation in languages other than English. Many enterprise customers require higher levels of support than smaller customers. If we fail to meet the requirements of our larger customers, it may be more difficult to increase our penetration with larger customers, which is key to the growth of our revenues and profitability. As a result, our failure to maintain high quality support services would have a material adverse effect on our business, results of operations, financial condition and growth prospects.

If we are unable to develop, introduce and market new and enhanced versions of our products, we may be put at a competitive disadvantage.

Our success depends on our continued ability to develop, introduce and market new and enhanced versions of our products to meet evolving customer requirements. However, we cannot assure you that this process can be maintained. If we fail to develop new products or enhancements to our existing products, our business could be adversely affected, especially if our competitors are able to introduce products with enhanced functionality. We plan to continue our investment in product development in future periods. It is critical to our success for us to anticipate changes in technology, industry standards and customer requirements and to successfully introduce new, enhanced and competitive products to meet our customers' and prospective customers' needs on a timely basis. However, we cannot assure you that revenues will be sufficient to support the future product development that is required for us to be competitive. Although we may be able to release new products in addition to enhancements to existing products, we cannot assure you that our new or upgraded products will be accepted by the market, will not be delayed or canceled, will not contain errors or "bugs" that could affect the performance of the products or cause damage to users' data, or will not be rendered obsolete by the introduction of new products or technological developments by others. If we fail to develop products that are competitive in technology and price and fail to meet customer needs, our market share will decline and our business and results of operations could be harmed.

We may be subject to significant liability claims if our core system software fails and the limitation of liability provided in our license agreements may not protect us, which may adversely impact our financial condition.

The license and support of our core system software creates the risk of significant liability claims against us. Our license agreements with our customers contain provisions designed to limit our exposure to potential liability claims. It is possible, however, that the limitation of liability provisions contained in such license agreements may not be enforced as a result of international, federal, state and local laws or ordinances or unfavorable judicial decisions. Breach of warranty or damage liability or injunctive relief resulting from such claims could have a material and adverse impact on our results of operations and financial condition.

If we are unable to retain our personnel and hire and integrate additional skilled personnel, we may be unable to achieve our goals and our business will suffer.

Our future success depends upon our ability to continue to attract, train, integrate and retain highly skilled employees, particularly our management team, sales and marketing personnel, professional services personnel and software engineers. Each of our executive officers and other key employees could terminate his or her relationship with us at any time. The loss of any member of our senior management team might significantly delay or prevent the achievement of our business or development objectives and could materially harm our business. In addition, many of our senior management personnel are substantially vested in their stock option grants or other equity compensation. While we periodically grant additional equity awards to management personnel and other key employees to provide additional incentives to remain employed by us, employees may be more likely to leave us if a significant portion of their equity compensation is fully vested, especially if the shares underlying the equity awards have significantly appreciated in value. Our inability to attract and retain qualified personnel, or delays in hiring required personnel, may seriously harm our business, results of operations and financial condition.

We face intense competition for qualified individuals from numerous software and other technology companies. In addition, competition for qualified personnel is particularly intense in the San Francisco Bay Area, where our headquarters are located. Often, significant amounts of time and resources are required to train technical, sales and other personnel. We have a limited number of sales people. The loss of some of these sales people in a short period of time could have a negative impact on our sales efforts. Further, qualified individuals are in high demand. We may incur significant costs to attract and retain them, and we may lose new employees to our competitors or other technology companies before we realize the benefit of our investment in recruiting and training them. We may be unable to attract and retain suitably qualified individuals who are capable of meeting our growing technical, operational and managerial requirements, on a timely basis or at all, and we may be required to pay increased compensation in order to do so. Because of the technical nature of our products and services and the dynamic market in which we compete, any failure to attract, integrate and retain qualified direct sales, professional services and product development personnel, as well as our contract workers, could have a material adverse effect on our ability to generate sales or successfully develop new products, customer and consulting services and enhancements of existing products. Also, to the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited or divulged proprietary or other confidential information.

Our ability to effectively use equity compensation to help attract and retain qualified personnel may be limited by our stockholders, and equity compensation arrangements may negatively impact our results of operations.

We intend to continue to issue stock options and restricted stock units as key components of our overall compensation and employee attraction and retention efforts. We may face pressure from stockholders, who must approve any increases in our equity compensation pool, to limit the use of equity-based compensation so as to minimize its dilutive effect on stockholders. In addition, we are required under GAAP to recognize compensation expense in our results of operations for employee share-based equity compensation under our equity grants, which may negatively impact our results of operations and may increase the pressure to limit equity-based compensation. These factors may make it more difficult or unlikely for us to continue granting attractive equity-based compensation packages to our employees, which could adversely impact our ability to attract and retain key employees. If we lose any senior executive or other key employee, our business and results of operations could be materially and adversely affected.

If we are unable to continue the successful development of our direct sales force and the expansion of our relationships with our strategic partners, sales of our products and services will suffer and our growth could be slower than we project.

We believe that our future growth will depend on the continued development of our direct sales force and their ability to obtain new customers, particularly large P&C insurance carriers, and to manage our existing customer base. Our ability to achieve significant growth in revenues in the future will depend, in large part, on our success in recruiting, training and retaining a sufficient number of direct sales personnel. New hires require significant training and may, in some cases, take more than a year before becoming productive, if at all. If we are unable to hire and develop sufficient numbers of productive direct sales personnel, sales of our products and services will suffer and our growth will be impeded.

We believe our future growth also will depend on the expansion of successful relationships with system integrators. Our system integrators as channel partners help us reach additional customers. Our growth in revenues, particularly in international markets, will be influenced by the development and maintenance of this indirect sales channel. Although we have established relationships with some of the leading system integrators, our products and services compete directly against the products and services of other leading system integrators, including Accenture. We are unable to control the resources that our system integrator partners commit to implementing our products or the quality of such implementation. If they do not commit sufficient resources to these activities, our business and results of operations could fail to grow in line with our projections.

Failure to manage our rapid growth effectively and manage our headquarters transition could harm our business.

We have recently experienced, and expect to continue to experience, rapid growth in our number of employees and in our international operations that has placed, and will continue to place, a significant strain on our operational and financial resources and our personnel. To manage our anticipated future growth effectively, we must continue to maintain and may need to enhance our information technology infrastructure, financial and accounting systems and controls and manage expanded operations and employees in geographically distributed locations. We also must attract, train and retain a significant number of additional qualified sales and marketing personnel, professional services personnel, software engineers, technical personnel and management personnel. Our failure to manage our rapid growth effectively could have a material adverse effect on our business, results of operations and financial condition. Our growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of new services or product enhancements. For example, since it may take as long as six months to hire and train a new member of our professional services staff, we make decisions regarding the size of our professional services staff based upon our expectations with respect to customer demand for our products and services. If these expectations are incorrect, and we increase the size of our professional services organization without experiencing an increase in sales of our products and services, we will experience reductions in our gross and operating margins and net income. Furthermore, we have entered into a seven-year lease agreement to relocate our headquarters to Foster City, California commencing August 1, 2012. We expect to incur additional expense in connection with this relocation and our new headquarters lease. These efforts may also disrupt our operations and distract our management team. If we are unable to effectively manage our growth, our expenses may increase more than expected, our revenues could decline or grow more slowly than expected and we may be unable to implement our business strategy. We also intend to continue to expand into additional international markets which, if not technologically or commercially successful, could harm our financial condition and prospects.

Our international sales and operations subject us to additional risks that can adversely affect our business, results of operations and financial condition.

We sell our products and services to customers located outside the United States and Canada, and we are continuing to expand our international operations as part of our growth strategy. In fiscal year 2011, 34% of our revenues were derived from outside of the United States and Canada. Our current international operations and our plans to expand our international operations subject us to a variety of risks, including:

- increased management, travel, infrastructure and legal compliance costs associated with having multiple international operations;
- longer payment cycles and difficulties in enforcing contracts and collecting accounts receivable;
- the need to localize our products and licensing programs for international customers;
- lack of familiarity with and unexpected changes in foreign regulatory requirements;
- increased exposure to fluctuations in currency exchange rates;
- the burdens of complying with a wide variety of foreign laws and legal standards;
- compliance with the U.S. Foreign Corrupt Practices Act of 1977, as amended, or FCPA, particularly in emerging market countries;
- import and export license requirements, tariffs, taxes and other trade barriers;
- increased financial accounting and reporting burdens and complexities;
- weaker protection of intellectual property rights in some countries;
- multiple and possibly overlapping tax regimes; and
- political, social and economic instability abroad, terrorist attacks and security concerns in general.

As we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. Any of these risks could harm our international operations and reduce our international sales, adversely affecting our business, results of operations, financial condition and growth prospects.

Certain of our software products may be deployed through cloud-based implementations, and if such implementations are compromised by data security breaches or other disruptions, our reputation could be harmed, and we could lose customers or be subject to significant liabilities.

Although our software products typically are deployed on our customers' premises, our products may be deployed in our customers' cloud-based environments, in which our products and associated services are made available using an Internet-based infrastructure. In cloud deployments, the infrastructure of third-party service providers used by our customers may be vulnerable to hacking incidents, other security breaches, computer viruses, telecommunications failures, power loss, other system failures and similar disruptions.

Any of these occurrences, whether intentional or accidental, could lead to interruptions, delays or cessation of operation of the servers of third-party service providers' used by our customers, and to the unauthorized use or access of our software and proprietary information and sensitive or confidential data stored or transmitted by our products. The inability of service providers used by our customers to provide continuous access to their hosted services, and to secure their hosted services and associated customer information from unauthorized use, access or disclosure, could cause us to lose customers and to incur significant liability, and could harm our reputation, business, financial condition and results of operations.

We may expand through acquisitions of and/or partnerships with other companies, which may divert our management's attention and result in unexpected operating and technology integration difficulties, increased costs and dilution to our stockholders.

In the future, our business strategy may include acquiring complementary software, technologies, or businesses. Acquisitions may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties in assimilating or integrating the businesses, technologies, services, products, personnel or operations of the acquired companies, especially if the key personnel of the acquired company choose not to work for us, and we may have difficulty retaining the existing customers or signing new customers of any acquired business. Acquisitions may also disrupt our ongoing business, divert our resources and require significant management attention that would otherwise be available for ongoing development of our current business. We also may be required to use a substantial amount of our cash or issue equity securities to complete an acquisition, which could deplete our cash reserves and dilute our existing stockholders. Following an acquisition, we may be required to defer the recognition of revenues that we receive from the sale of products that we acquired, or from the sale of a bundle of products that includes products that we acquired, if we have not established VSOE for the undelivered elements in the arrangement. A delay in the recognition of revenues from sales of acquired products or bundles that include acquired products may cause fluctuations in our quarterly financial results and may adversely affect our operating margins.

Additionally, competition within our industry for acquisitions of businesses, technologies and assets has been, and may in the future continue to be, intense. As such, even if we are able to identify an acquisition that we would like to consummate, the target may be acquired by another company or we may otherwise not be able to complete the acquisition on commercially reasonable terms, if at all. Moreover, we cannot assure you that the anticipated benefits of any acquisition, including our revenues or return on investment assumptions, would be realized or that we would not be exposed to unknown liabilities.

If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our results of operations could fall below expectations of securities analysts and investors, resulting in a decline in our stock price.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements.

We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenues and expenses that are not readily apparent from other sources. Because our customer contracts are highly negotiated, they often include unique terms and conditions that require judgment with respect to revenue recognition. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in our stock price.

We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives.

As a public company, we will incur legal, accounting and other expenses that we did not incur as a private company. In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley Act, as well as rules subsequently implemented by the Securities and Exchange Commission, or SEC, and the New York Stock Exchange, impose additional requirements on public companies, including specific corporate governance practices. For example, the listing requirements of the New York Stock Exchange require that we satisfy certain corporate governance requirements relating to independent directors, audit and compensation committees, distribution of annual and interim reports, stockholder meetings, stockholder approvals, solicitation of proxies, conflicts of interest, stockholder voting rights and codes of conduct. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal, accounting and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantial additional costs to maintain the same or similar coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

We may not be able to obtain capital when desired on favorable terms, if at all, or without dilution to our stockholders.

We may need additional financing to execute on our current or future business strategies, including to:

- hire additional personnel;
- develop new or enhance existing products and services;
- enhance our operating infrastructure;
- acquire businesses or technologies; or
- otherwise respond to competitive pressures.

If we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders could be significantly diluted, and these newly-issued securities may have rights, preferences or privileges senior to those of existing stockholders. If we incur additional funds through debt financing, a substantial portion of our operating cash flow may be dedicated to the payment of principal and interest on such indebtedness, thus limiting funds available for our business activities. We cannot assure you that additional financing will be available on terms favorable to us, or at all. If adequate funds are not available or are not available on acceptable terms, when we desire them, our ability to fund our operations, take advantage of unanticipated opportunities, develop or enhance our products and services, or otherwise respond to competitive pressures would be significantly limited. Any of these factors could harm our results of operations.

If we fail to maintain effective internal control over financial reporting in the future, the accuracy and timing of our financial reporting may be adversely affected.

Preparing our consolidated financial statements involves a number of complex manual and automated processes, which are dependent upon individual data input or review and require significant management judgment. One or more of these elements may result in errors that may not be detected and could result in a material misstatement of our consolidated financial statements. The Sarbanes-Oxley Act requires, among other things, that as a publicly-traded company we disclose whether our internal control over financial reporting and disclosure controls and procedures are effective.

If a material misstatement occurs in the future, we may fail to meet our future reporting obligations, we may need to restate our financial results and the price of our common stock may decline. Any failure of our internal controls could also adversely affect the results of the periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that will be required when the rules of the SEC, under Section 404 of the Sarbanes-Oxley Act, become applicable to us beginning with the filing of our Annual Report on Form 10-K for the fiscal year ending July 31, 2013. Effective internal controls are necessary for us to produce reliable financial reports and are important to helping prevent financial fraud. If we cannot provide reliable financial reports or prevent fraud, our business and results of operations could be harmed, investors could lose confidence in our reported financial information, and the trading price of our stock could drop significantly.

If tax laws change or we experience adverse outcomes resulting from examination of our income tax returns, it could adversely affect our results of operations.

We are subject to federal, state and local income taxes in the United States and in foreign jurisdictions. Our future effective tax rates and the value of our deferred tax assets could be adversely affected by changes in tax laws. In addition, we are subject to the examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from such examinations to determine the adequacy of our provision for income taxes. Significant judgment is required in determining our worldwide provision for income taxes. Although we believe we have made appropriate provisions for taxes in the jurisdictions in which we operate, changes in the tax laws or challenges from tax authorities under existing tax laws could adversely affect our business, financial condition and results of operations.

Our business is subject to the risks of earthquakes, fire, floods and other natural catastrophic events, and to interruption by manmade problems such as computer viruses or terrorism.

Our corporate headquarters and the majority of our operations are located in the San Francisco Bay Area, a region known for seismic activity. A significant natural disaster, such as an earthquake, fire or a flood, could have a material adverse impact on our business, results of operations and financial condition. In addition, our servers are vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering with our computer systems. In addition, acts of terrorism could cause disruptions in our or our customers' business or the economy as a whole. To the extent that such disruptions result in delays or cancellations of customer orders, or the deployment of our products, our business, results of operations and financial condition would be adversely affected.

Risks Related to this Offering and Our Common Stock

There is no existing market for our common stock and we do not know if one will develop to provide our stockholders adequate liquidity.

There has not been a public trading market for shares of our common stock prior to this offering. An active trading market may not develop or be sustained after this offering. The initial public offering price for the shares of our common stock sold in this offering will be determined by negotiations between us and representatives of the underwriters. This price may not be indicative of the price at which our common stock will trade after this offering.

Our stock price may be volatile and you may be unable to sell your shares at or above the offering price.

The market price of our common stock could be subject to wide fluctuations in response to, among other things, the risk factors described in this section of this prospectus, and other factors beyond our control, such as fluctuations in the valuation of companies perceived by investors to be comparable to us.

Furthermore, the stock markets have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions, such as recessions, interest rate changes or international currency fluctuations, may negatively affect the market price of our common stock.

In the past, many companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may become the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

If research analysts do not publish research about our business or if they issue unfavorable commentary or downgrade our common stock, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that research analysts publish about us and our business. If we do not establish and maintain adequate research coverage or if one or more analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, the price of our common stock could decline. If one or more of the research analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our common stock could decrease, which could cause our stock price or trading volume to decline.

Our principal stockholders, executive officers and directors own a significant percentage of our stock and will continue to have significant control of our management and affairs after the offering, and they can take actions that may be against your best interests.

Following the completion of this offering, our executive officers and directors, and entities that are affiliated with them, will beneficially own an aggregate of approximately   % of our outstanding common stock. Our two largest stockholders, U.S. Venture Partners and Bay Partners, will beneficially own an aggregate of approximately   % of our outstanding common stock. This significant concentration of share ownership may adversely affect the trading price for our common stock because investors often perceive disadvantages in owning stock in companies with stockholders who own significant percentages of a company's outstanding stock. Also, as a result, these stockholders, if they were to act together, may be able to control our management and affairs and other matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as mergers, consolidations or the sale of substantially all of our assets. Consequently, this concentration of ownership may have the effect of delaying or preventing a change in control, including a merger, consolidation or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, even if such a change in control would benefit our other stockholders.

Our stock price could decline due to the large number of outstanding shares of our common stock eligible for future sale.

Sales of substantial amounts of our common stock in the public market following this offering, or the perception that these sales could occur, could cause the market price of our common stock to decline. These sales could also make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

Assuming completion of this offering, as of October 31, 2011, we would have had an aggregate of shares of common stock outstanding, assuming no exercise of the underwriters' over-allotment option and no exercise of outstanding options or warrants. The shares sold pursuant to this offering will be immediately tradable without restriction. Of the remaining shares:

- no shares will be eligible for sale immediately upon completion of this offering;
- shares will be eligible for sale upon the expiration of lock-up agreements, subject in some cases to volume and other restrictions of Rule 144 and Rule 701 under the Securities Act of 1933, as amended, or the Securities Act; and
- shares will be eligible for sale in the public market from time to time thereafter upon the lapse of our right of repurchase with respect to any unvested shares.

The number of shares eligible for sale upon expiration of lock-up agreements assumes the conversion of all outstanding shares of our convertible preferred stock on a one-for-one basis into an aggregate of 25,357,721 shares of common stock.

The lock-up agreements expire 180 days after the date of this prospectus, subject to potential extension in the event we release earnings results or material news or a material event relating to us occurs near the end of the lock-up period. J.P. Morgan Securities LLC and Deutsche Bank Securities Inc., as representatives of the underwriters, may, in their discretion and at any time, release all or any portion of the securities subject to lock-up agreements. After the completion of this offering, we intend to register approximately shares of our common stock that have been issued or reserved for future issuance under our stock incentive plans. Once we register the offer and sale of shares for the holders of registration rights and option holders, they can be freely sold in the public market upon issuance, subject to the lock-up agreements or unless they are held by "affiliates," as that term is defined in Rule 144 of the Securities Act.

We may also issue shares of our common stock or securities convertible into our common stock from time to time in connection with a financing, acquisition or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the trading price of our common stock to decline.

Because our initial public offering price is substantially higher than the pro forma as adjusted net tangible book value per share of our outstanding common stock, new investors will incur immediate and substantial dilution.

The initial public offering price is substantially higher than the pro forma as adjusted net tangible book value per share of our common stock based on the expected total value of our total assets, less our goodwill and other intangible assets, less our total liabilities immediately following this offering. Therefore, if you purchase shares of our common stock in this offering, you will experience immediate and substantial dilution of $ per share in the price you pay for our common stock as compared to the pro forma as adjusted net tangible book value as of October 31, 2011. To the extent outstanding options or warrants to purchase common stock are exercised, there will be further dilution. For a further description of the dilution that you will experience immediately after this offering, see "Dilution."

Our management has broad discretion in the use of the net proceeds from this offering and our use of the net proceeds may not produce a positive rate of return.

Our management will have broad discretion in the application of the net proceeds of this offering. We cannot specify with certainty the uses to which we will apply the net proceeds we will receive from this offering and cannot assure you that our management will apply the net proceeds from this offering in ways that improve our results of operations or increase the value of your investment. The failure by our management to apply these funds in a manner that produces a positive rate of return could adversely affect our ability to continue to maintain and expand our business, which could cause our stock price to decline.

We currently do not intend to pay dividends on our common stock and, consequently, your only opportunity to achieve a return on your investment is if the price of our common stock appreciates.

We currently do not plan to declare dividends on shares of our common stock in the foreseeable future. See "Dividend Policy" for more information. Consequently, your only opportunity to achieve a return on your investment in our company will be if the market price of our common stock appreciates and you sell your shares at a profit. There is no guarantee that the price of our common stock that will prevail in the market after this offering will ever exceed the price that you pay.

Certain provisions of our certificate of incorporation and bylaws and of Delaware law could prevent a takeover that stockholders consider favorable and could also reduce the market price of our stock.

Our amended and restated certificate of incorporation and our amended and restated bylaws, which will be effective upon completion of this offering, contain provisions that could delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions may also prevent or delay attempts by stockholders to replace or remove our current management or members of our board of directors. These provisions include:

- providing for a classified board of directors with staggered three-year terms, which could delay the ability of stockholders to change the membership of a majority of our board of directors;
- not providing for cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- authorizing our board of directors to issue, without stockholder approval, preferred stock rights senior to those of common stock, which could be used to significantly dilute the ownership of a hostile acquiror;
- prohibiting stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;

- limiting the persons who may call special meetings of stockholders, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- requiring advance notification of stockholder nominations and proposals, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of us.

The affirmative vote of the holders of at least 66 2/3% of our shares of capital stock entitled to vote is generally necessary to amend or repeal the above provisions that are contained in our amended and restated certificate of incorporation. Also, absent approval of our board of directors, our amended and restated bylaws may only be amended or repealed by the affirmative vote of the holders of at least 50% of our shares of capital stock entitled to vote.

In addition, we will be subject to the provisions of Section 203 of the Delaware General Corporation Law upon completion of this offering. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding common stock, from engaging in certain business combinations without approval of substantially all of our stockholders for a certain period of time.

These and other provisions in our amended and restated certificate of incorporation, our amended and restated bylaws and under Delaware law could discourage potential takeover attempts, reduce the price that investors might be willing to pay for shares of our common stock in the future and result in the market price being lower than it would be without these provisions. See "Description of Capital Stock—Preferred Stock" and "Description of Capital Stock—Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws."

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations and financial position, business strategy and plans and our objectives for future operations, are forward-looking statements. You can generally identify forward-looking statements because they contain words such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions that concern our expectations, strategy, plans or intentions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in “Risk Factors.” It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus to conform these statements to actual results or to changes in our expectations. You should read this prospectus and the documents that we reference in this prospectus and have filed with the SEC as exhibits to the registration statement of which this prospectus is a part with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

INDUSTRY AND MARKET DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the market in which we operate, including our general expectations and market position, market opportunity and market size, is based on information from various sources, on assumptions that we have made that are based on those data and other similar sources and on our knowledge of the markets for our solutions. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. While we believe the market position, opportunity and market size information included in this prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors" and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

Some of the industry and market data contained in this prospectus are based on independent industry publications, including those generated by Gartner, Inc., IBISWorld Inc. or other publicly available information. This information involves a number of assumptions and limitations. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors." These and other factors could cause results to differ materially from those expressed in these publications.

All statements in this prospectus attributable to Gartner represent our interpretation of data, research opinion or viewpoints published as part of a syndicated subscription service by Gartner, and have not been reviewed by Gartner. Each of the Gartner publications described herein, "MarketScope for North American Property and Casualty Insurance Claims Management Modules" by Kimberly Harris-Ferrante, January 27, 2011; and "Enterprise IT Spending for the Insurance Market Worldwide 2009-2015" by Derry Finkeldey, August 15, 2011 speaks as of its original publication date (and not as of the date of this prospectus). The opinions expressed in Gartner publications are not representations of fact, and are subject to change without notice.

USE OF PROCEEDS

We estimate that the net proceeds from our sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the front cover of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses, will be approximately $ million, or $ million if the underwriters' over-allotment option is exercised in full. A $1.00 increase (decrease) in the assumed initial public offering price would increase (decrease) the net proceeds to us from this offering by $ million, assuming the number of shares offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purposes of this offering are to create a public market for our common stock and to facilitate our access to public equity markets, as well as to obtain additional capital. Except as set forth in this section, we have no specific plans as to the use of a specific portion of the proceeds of this offering. However, we anticipate that we will use the net proceeds of this offering primarily for general corporate purposes, including working capital. We also intend to use certain of the net proceeds to satisfy tax withholding obligations related to the vesting of RSUs held by current or former employees, which will begin to vest 180 days after the completion of this offering. We do not currently know the amount of net proceeds that will be used to satisfy these tax withholding obligations because it will be dependent on a number of factors, including our stock price on the date of vesting and the number of shares underlying RSUs that vest on such date. Assuming a stock price of $ per share, the midpoint of the price range set forth on the front cover of this prospectus, shares underlying RSUs vesting on such date and the statutory minimum income tax rate for our employees, we would use $ million to satisfy these tax withholding obligations. A $1.00 increase (decrease) in the assumed price of our common stock on the date of vesting would increase (decrease) the amount we would be required to pay to satisfy these tax withholding obligations by $ million.

In addition, we may use a portion of the net proceeds to acquire or invest in complementary companies, product lines, products or technologies. However, we have no understandings or agreements with respect to any such acquisition or investment.

Pending their use, we plan to invest our net proceeds from this offering in short-term, interest-bearing obligations, investment-grade instruments, certificates of deposit, or direct or guaranteed obligations of the U.S. government.

DIVIDEND POLICY

We have never declared or paid cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our common stock in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and capitalization as of October 31, 2011 on:

- an actual basis;
- on a pro forma basis to reflect the conversion of all outstanding shares of our convertible preferred stock on a one-for-one basis into 25,357,721 shares of common stock, which we expect to occur immediately prior to the closing of this offering; and
- on a pro forma as adjusted basis to reflect the conversion of our convertible preferred stock discussed in the prior bullet and our receipt of the net proceeds from our sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the front cover of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses.

The information below is illustrative only and our capitalization following the completion of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this table together with “Selected Consolidated Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes appearing elsewhere in this prospectus.

	As of October 31, 2011		
	Actual	Pro Forma	Pro Forma As Adjusted
		(unaudited) (in thousands)	
Cash and cash equivalents	$ 31,171	$ 31,171	$
Short-term and long-term debt	$ —	$ —	$
Convertible preferred stock, $0.0001 par value: 25,643,493 shares authorized, 25,357,721 shares issued and outstanding, actual; no shares authorized, none issued or outstanding, pro forma; no shares authorized, issued or outstanding, pro forma as adjusted	36,500	—	
Common stock, $0.0001 par value; 55,000,000 shares authorized, 14,685,230 shares issued and outstanding, actual; 500,000,000 shares authorized, 40,042,951 shares issued and outstanding, pro forma; and 500,000,000 shares authorized, shares issued and outstanding, pro forma as adjusted	1	4	
Additional paid-in capital	23,945	60,442	
Accumulated other comprehensive loss	(218)	(218)	
Accumulated deficit	(33,559)	(33,559)	
Total stockholders’ equity	26,669	26,669	
Total capitalization	$ 26,669	$ 26,669	$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the range set forth on the front cover of this prospectus, would increase (decrease) our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders’ equity (deficit) and total capitalization by approximately $ million, assuming the number of shares offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Each increase (decrease) of one million shares in the number of shares offered by us would increase (decrease) our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity (deficit) and total capitalization by approximately $ million, assuming the initial public offering price remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The number of shares of our common stock to be outstanding following this offering is based on 40,042,951 shares of our common stock outstanding as of October 31, 2011, assuming conversion of all outstanding shares of our convertible preferred stock on a one-for-one basis into 25,357,721 shares of common stock, and excludes:

- 8,181,978 shares of common stock issuable upon the exercise of options outstanding as of October 31, 2011, with a weighted average exercise price of $3.16 per share;
- 4,855,572 shares of common stock issuable upon the upon the vesting of RSUs outstanding as of October 31, 2011;
- 69,529 shares of common stock issuable upon the exercise of warrants to purchase convertible preferred stock outstanding as of October 31, 2011, assuming conversion of all outstanding shares of our convertible preferred stock, which we expect to occur immediately prior to the closing of this offering, with an exercise price of $5.03 per share; and
- 7,575,117 shares of our common stock reserved for future issuance under our stock-based compensation plans as of October 31, 2011, consisting of 25,168 shares of common stock reserved for issuance under our 2006 Stock Plan (on November 9, 2011, our board of directors increased the shares available under the 2006 Stock Plan by 220,000 shares to 245,168 shares, of which options to purchase 235,000 shares were granted on November 11, 2011), 521 shares of common stock reserved for issuance under our 2009 Stock Plan, 49,428 shares of common stock reserved for issuance under our 2010 Restricted Stock Unit Plan (on November 9, 2011, our board of directors increased the shares available under the 2010 Restricted Stock Unit Plan by 255,000 shares to 304,428 shares, of which 297,500 shares subject to issuance upon vesting of RSUs were granted on November 11, 2011) and, subject to and effective upon the closing of this offering, 7,500,000 shares of common stock reserved for issuance under our 2011 Stock Plan and any future increase in shares reserved for issuance under such plans.

DILUTION

If you invest in our common stock in this offering, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock immediately after this offering.

Net tangible book value per share is determined by dividing our total tangible assets less our total liabilities by the number of shares of common stock outstanding. Our historical net tangible book value as of October 31, 2011 was $ million, or $ per share. Our pro forma net tangible book value as of October 31, 2011 was $ million, or $ per share, based on the total number of shares of our common stock outstanding as of October 31, 2011, after giving effect to the conversion of all outstanding shares of our convertible preferred stock on a one-for-one basis into 25,357,721 shares of common stock, which we expect to occur immediately prior to the closing of this offering.

After giving effect to our sale of shares of common stock by us in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the front cover of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses, our pro forma as adjusted net tangible book value as of October 31, 2011 will be $ million, or $ per share. This represents an immediate increase in net tangible book value of $ per share to existing stockholders and an immediate dilution in net tangible book value of $ per share to purchasers of common stock in this offering, as illustrated in the following table:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share as of October 31, 2011, before giving effect to this offering	$	
Increase in pro forma net tangible book value per share attributable to new investors in this offering		
Pro forma as adjusted net tangible book value per share after giving effect to this offering		
Dilution per share to investors in this offering		$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) our adjusted net tangible book value per share after this offering by approximately $ and would increase (decrease) dilution per share to new investors by approximately $ assuming the number of shares offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. In addition, to the extent any outstanding options or warrants are exercised, you will experience further dilution.

The following table presents on a pro forma basis as of October 31, 2011, after giving effect to the conversion of all outstanding shares of our convertible preferred stock on a one-for-one basis into common stock, which we expect to occur immediately prior to the closing of this offering, the difference between the existing stockholders and the purchasers of shares in this offering with respect to the number of shares purchased from us, the total consideration paid or to be paid to us, which includes net proceeds received from the issuance of common and convertible preferred stock, cash received from the exercise of stock options and the value of any stock issued for services and the average price paid per share or to be paid to us at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the front cover of this prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		Total Consideration		Average Price per Share
	Number	Percent	Amount	Percent	
Existing stockholders	40,042,951	%	$39,610,621	%	$ 0.99
New investors					
Totals		100.0%	$	100.0%	

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the total consideration paid by new investors by $ million and increase (decrease) the percent of total consideration paid by new investors by %, assuming the number of shares offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters exercise their over-allotment option in full, sales by us in this offering will reduce the percentage of shares held by existing stockholders to % and will increase the number of shares held by our new investors to , or %.

The foregoing calculations are based on 40,042,951 shares of our common stock outstanding as of October 31, 2011 assuming conversion of all outstanding convertible preferred stock on a one-for-one basis into 25,357,721 shares of common stock, and exclude:

- 8,181,978 shares of common stock issuable upon the exercise of options outstanding as of October 31, 2011, with a weighted average exercise price of $3.16 per share;
- 4,855,572 shares of common stock issuable upon the vesting of outstanding RSUs as of October 31, 2011;
- 69,529 shares of common stock issuable upon the exercise of warrants to purchase convertible preferred stock outstanding as of October 31, 2011, assuming conversion of all outstanding shares of our convertible preferred stock, which we expect to occur immediately prior to the closing of this offering, with an exercise price of $5.03 per share; and
- 7,575,117 shares of common stock reserved for future issuance under our stock-based compensation plans as of October 31, 2011, consisting of 25,168 shares of common stock reserved for issuance under our 2006 Stock Plan (on November 9, 2011, our board of directors increased the shares available under the 2006 Stock Plan by 220,000 shares to 245,168 shares, of which options to purchase 235,000 shares were granted on November 11, 2011), 521 shares of common stock reserved for issuance under our 2009 Stock Plan, 49,428 shares of common stock reserved for issuance under our 2010 Restricted Stock Unit Plan (on November 9, 2011, our board of directors increased the shares available under the 2010 Restricted Stock Unit Plan by 255,000 shares to 304,428 shares, of which 297,500 shares subject to issuance upon vesting of RSUs were granted on November 11, 2011) and, subject to and effective upon the closing of this offering, 7,500,000 shares of common stock reserved for issuance under our 2011 Stock Plan and any future increases in shares reserved for issuance under such plans.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated statements of operations data for the years ended July 31, 2009, 2010 and 2011 and the consolidated balance sheet data as of July 31, 2010 and 2011 are derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statements of operations data for the three months ended October 31, 2010 and 2011 and the consolidated balance sheet data as of October 31, 2011 are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statements of operations for the years ended July 31, 2007 and 2008 and the consolidated balance sheet data as of July 31, 2007, 2008 and 2009 are derived from our audited consolidated financial statements which are not included in this prospectus. The unaudited interim consolidated financial statements have been prepared on a basis consistent with the audited consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, that management considers necessary to present fairly the financial information set forth in those statements. Our historical results are not necessarily indicative of the results that may be expected in the future and the results for the three months ended October 31, 2011 are not necessarily indicative of results to be expected for the full year ending July 31, 2012 or any future annual or interim period. You should read the following selected consolidated historical financial data below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes included elsewhere in this prospectus.

	Years Ended July 31,					Three Months Ended October 31,	
	2007	2008	2009	2010	2011	2010	2011
						(unaudited)	
	(in thousands, except share and per share data)						
Consolidated Statements of Operations Data:							
Total revenues	$ 42,945	$ 70,656	$ 84,745	$ 144,691	$ 172,472	$ 34,670	$ 52,380
Total cost of revenues[1]	35,289	42,448	41,656	55,471	68,344	15,192	19,490
Total gross profit	7,656	28,208	43,089	89,220	104,128	19,478	32,890
Operating expenses:							
Research and development[1]	16,108	21,162	22,356	28,273	34,773	7,519	10,959
Sales and marketing[1]	13,854	15,718	21,559	26,741	28,950	5,546	7,361
General and administrative[1]	6,170	8,506	9,646	16,192	23,534	4,628	6,438
Litigation provision	—	—	—	—	10,000	—	—
Total operating expenses	36,132	45,386	53,561	71,206	97,257	17,693	24,758
Income (loss) from operations	(28,476)	(17,178)	(10,472)	18,014	6,871	1,785	8,132
Interest income, net	107	443	27	95	156	37	40
Other income (expense), net	—	—	(123)	(391)	1,269	193	(316)
Income (loss) before provision for income taxes	(28,369)	(16,735)	(10,568)	17,718	8,296	2,015	7,856
Provision for (benefit from) income taxes	84	148	398	2,199	(27,262)	125	3,044
Net income (loss)	$ (28,453)	$ (16,883)	$ (10,966)	$ 15,519	$ 35,558	$ 1,890	$ 4,812
Net income (loss) per share[2]:							
Basic	$ (2.16)	$ (1.28)	$ (0.83)	$ 0.32	$ 0.83	$ 0.03	$ 0.09
Diluted	$ (2.16)	$ (1.28)	$ (0.83)	$ 0.30	$ 0.76	$ 0.03	$ 0.08

	Years Ended July 31,					Three Months Ended October 31,	
	2007	2008	2009	2010	2011	2010	2011
						(unaudited)	
	(in thousands, except share and per share data)						
Shares used in computing net income (loss)[2]:							
Basic	13,177,772	13,195,733	13,284,938	13,535,736	14,064,055	13,873,022	14,554,428
Diluted	13,177,772	13,195,733	13,284,938	15,933,374	17,763,859	16,046,865	21,153,440
Pro forma net income per share (unaudited)[2]:							
Basic				$ 0.40	$ 0.90	$ 0.05	$ 0.12
Diluted				$ 0.38	$ 0.82	$ 0.05	$ 0.10
Shares used in computing pro forma net income per share (unaudited)[2]:							
Basic				38,893,457	39,421,776	39,230,743	39,912,149
Diluted				41,291,095	43,121,580	41,404,586	46,511,161
Other Financial Data:							
Adjusted EBITDA[3] (unaudited)	$ (25,749)	$ (12,869)	$ (6,377)	$ 22,744	$ 25,777	$ 3,050	$ 12,123
Operating cash flows	$ 1,396	$ (3,459)	$ 11,379	$ 9,534	$ 27,686	$ (13,099)	$ (27,085)[4]

(1) Includes stock-based compensation as follows:

	Years Ended July 31,					Three Months Ended October 31,	
	2007	2008	2009	2010	2011	2010	2011
						(unaudited)	
	(in thousands)						
Cost of revenues	$ 428	$ 737	$ 780	$ 925	$ 1,384	$ 306	$ 758
Research and development	638	872	688	769	1,372	248	845
Sales and marketing	300	825	857	755	903	135	497
General and administrative	542	690	464	905	3,021	334	1,212
Total stock-based compensation	$1,908	$3,124	$2,789	$3,354	$ 6,680	$1,023	$3,312

(2) See Note 9 to our consolidated financial statements for an explanation of the calculations of our actual basic and diluted and pro forma basic and diluted net income (loss) per share attributable to common stockholders. All shares to be issued in this offering were excluded from the unaudited pro forma basic and diluted net income per share calculation.

(3) We define Adjusted EBITDA as net income (loss) plus provision for (benefit from) income taxes, other (income) expense, net, interest (income) expense, net, litigation provision, depreciation and amortization and stock-based compensation. See "—Adjusted EBITDA" for more information and for a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP.

(4) Includes $10.0 million litigation settlement payment.

	As of July 31,					As of October 31, 2011
	2007	2008	2009	2010	2011	(unaudited)
	(in thousands)					
Consolidated Balance Sheet Data:						
Cash, cash equivalents and short-term investments	$ 4,634	$ 17,699	$ 27,585	$ 37,411	$ 59,625	$ 31,171
Working capital (deficit)	(9,696)	(11,767)	(13,523)	(5,382)	12,541	13,461
Total assets	22,748	37,277	54,741	60,055	126,540	102,795
Convertible preferred stock	11,678	11,678	36,500	36,500	36,500	36,500
Total stockholders' equity (deficit)	(41,488)	(36,775)	(44,648)	(25,145)	18,152	26,669

Adjusted EBITDA

We believe Adjusted EBITDA is useful in evaluating our operating performance compared to that of other companies in our industry, as this metric generally eliminates the effects of certain items that may vary for different companies for reasons unrelated to overall operating performance. We believe that:

- Adjusted EBITDA provides investors and other users of our financial information consistency and comparability with our past financial performance, facilitates period-to-period comparisons of operations and facilitates comparisons with other companies, many of which use similar non-GAAP financial measures to supplement their GAAP results; and
- it is useful to exclude non-cash charges, such as depreciation and amortization, stock-based compensation and one-time charges such as our litigation provision from Adjusted EBITDA because the amount of such expense in any specific period may not directly correlate to the underlying performance of our business operations and these expenses can vary significantly between periods.

We use Adjusted EBITDA in conjunction with traditional GAAP measures as part of our overall assessment of our performance, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies and to communicate with our board of directors concerning our financial performance.

Adjusted EBITDA should not be considered as a substitute for other measures of financial performance reported in accordance with GAAP. There are limitations to using non-GAAP financial measures, including that other companies may calculate these measures differently than we do. We compensate for the inherent limitations associated with using Adjusted EBITDA through disclosure of these limitations, presentation of our financial statements in accordance with GAAP and reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, net income (loss).

The following provides a reconciliation of net income (loss) to Adjusted EBITDA:

	Years Ended July 31,					Three Months Ended October 31,	
	2007	2008	2009	2010	2011	2010	2011
				(unaudited) (in thousands)			
Reconciliation of Adjusted EBITDA:							
Net income (loss)	$(28,453)	$(16,883)	$(10,966)	$15,519	$ 35,558	$1,890	$ 4,812
Non-GAAP adjustments:							
Provision for (benefit from) income taxes	84	148	398	2,199	(27,262)	125	3,044
Other (income) expense, net	—	—	123	391	(1,269)	(193)	316
Interest (income) expense, net	(107)	(443)	(27)	(95)	(156)	(37)	(40)
Litigation provision	—	—	—	—	10,000	—	—
Depreciation and amortization	819	1,185	1,306	1,376	2,226	242	679
Total stock-based compensation	1,908	3,124	2,789	3,354	6,680	1,023	3,312
Adjusted EBITDA	$(25,749)	$(12,869)	$ (6,377)	$22,744	$ 25,777	$3,050	$12,123

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the "Selected Consolidated Financial Data" and the consolidated financial statements and related notes that are included elsewhere in this prospectus. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" or in other parts of this prospectus. Our fiscal year end is July 31 and our fiscal quarters end on October 31, January 31, April 30 and July 31. Our fiscal years ended July 31, 2009, 2010 and 2011 are referred to herein as fiscal year 2009, fiscal year 2010 and fiscal year 2011, respectively.

Overview

We are a leading provider of core system software to the global P&C insurance industry. Our solutions serve as the transactional systems-of-record for, and enable the key functions of, a P&C insurance carrier's business: underwriting and policy administration, claims management and billing. Since our inception, our mission has been to empower P&C insurance carriers to transform and improve their businesses by replacing their legacy core systems with our innovative modern software platform.

We derive our revenues from licensing our software applications, providing maintenance support and providing professional services to the extent requested by our customers. Our license revenues are primarily generated through annual license fees that recur during the term of our multi-year contracts. These multi-year contracts have an average term of approximately five years and are renewed on an annual or multi-year basis. In certain cases, when required by a customer, we license our software on a perpetual basis. In addition, certain of our multi-year term licenses provide the customer with the option to purchase a perpetual license at the end of the initial contract term, which we refer to as a perpetual buyout right. We generally price our licenses based on the amount of direct written premiums, or DWP, that will be managed by our solutions. We typically invoice our customers annually in advance for both term license and maintenance fees, and we invoice our perpetual license customers either in full at contract signing or on an installment basis.

Since August 2010, our license revenues from new orders and subsequent annual payments have generally been recognized when payment is due from our customers. Historically, and to a lesser extent during fiscal year 2011, our license revenues from existing orders have been recognized under three methods: under the residual method when payment is due and payable from our customers, under the percentage-of-completion method as we complete customer implementations of our software or under the zero gross margin method as we complete customer implementations of our software. Our license revenues accounted for 32%, 42%, 43% and 40% of our total revenues during fiscal years 2009, 2010 and 2011 and the three months ended October 31, 2011, respectively.

Our maintenance revenues are generally recognized annually over the committed maintenance term. Our maintenance fees are typically priced as a fixed percentage of the associated license fees and generate lower gross margins than our license revenues. Our maintenance revenues accounted for 11%, 13%, 12% and 13% of our total revenues during fiscal years 2009, 2010 and 2011 and the three months ended October 31, 2011, respectively.

We charge services fees on a time and materials basis and revenues are typically recognized upon delivery of our services. We derive our services revenues primarily from implementation services performed for our customers, revenues related to reimbursable travel expenses and training fees. Our services revenues generate lower gross margins than our license and maintenance revenues and accounted for 57%, 45%, 45% and 47% of our total revenues during fiscal years 2009, 2010 and 2011 and the three months ended October 31, 2011, respectively.

We enter into multi-year renewable contracts to license our software. Regardless of contract length, we typically invoice our customers for annual amounts at the beginning of the corresponding period. Our deferred revenues consist only of amounts that have been invoiced, but not yet recognized as revenues. As a result, deferred revenues and change in deferred revenues are incomplete measures of the strength of our business and not necessarily indicative of our future performance.

We have historically experienced seasonal variations in our revenues as a result of increased customer orders in our second and fourth fiscal quarters and subsequent annual fees. We generally see increased orders in our second fiscal quarter, which is the quarter ended January 31, due to customer buying patterns. We also see increased orders in our fourth fiscal quarter due to efforts by our sales team to achieve annual incentives. As a result, a significantly higher percentage of our annual license fees are invoiced and recognized as revenues during those quarters at contract inception or in the subsequent quarter when the annual license payment is due and in subsequent years upon the anniversary of the contract date. We generally expect these seasonal trends to continue in the future, which may cause quarterly fluctuations in our results of operations and certain financial metrics.

Our quarterly growth in revenues may not match up to new orders we receive in a given quarter. This mismatch is primarily due to the following reasons:

- for the initial year of a multi-year term license, we generally recognize revenues when payment is due and payment may not be due until a subsequent fiscal quarter;
- we may enter into license agreements with specified terms for product upgrades or functionality, which may require us to delay revenue recognition for the initial period; and
- we may enter into license agreements with other contractual terms that may affect the timing of revenue recognition.

For example, we received new orders for both term and perpetual licenses in the fourth fiscal quarter of 2011 that committed future product functionality that was delivered in the first fiscal quarter of 2012. As a result, our license revenues in the first fiscal quarter of 2012 were $7.2 million higher than they would have been had the functionality been delivered in the fourth fiscal quarter of 2011 and we currently expect our revenues for the second and third fiscal quarters of 2012 to be down or flat as compared to the first fiscal quarter of 2012.

We also see quarterly fluctuations in revenues related to large perpetual licenses that we enter into from time to time. These large perpetual licenses cause large one-time increases in revenues that do not recur in future quarters, which causes our quarterly revenues to fluctuate.

To extend our technology leadership position in our market, we intend to continue to focus on product innovation through research and development, aggressively pursue new customers and up-sell additional products within our existing customer base. This will require us to make continued investment in our research and development and sales and marketing functions to capitalize on opportunities for growth. We expect research and development and sales and marketing expenses to continue to increase in absolute dollars for the foreseeable future to support this strategy. Research and development expenses are also expected to increase as a percentage of revenues in future periods as we focus on expanding our technological leadership.

We face a number of risks in the execution of our strategy, including reliance on sales to a relatively small number of large customers, variances in the mix amongst our components of revenues, which could result in lower gross margin from services revenues as compared to license and maintenance revenues, and the overall impact of weakening economic conditions on the insurance industry. We believe that our focus on continued product innovation and customer wins and renewals will support the expansion of our license sales and reduce the impact from weakened economic conditions.

We sell our core system software primarily through our direct sales force. Our sales cycle for new customers is typically 12 to 24 months. Product implementations, the primary driver of our services revenues, typically last 6 to 24 months and can take longer. For fiscal years 2009, 2010 and 2011 and the three months ended October 31, 2011, no single customer accounted for more than 10% of our revenues, and our ten largest customers accounted for 42%, 48%, 41% and 51% of our total revenues, respectively. We count as customers distinct buying entities, which may include multiple national or regional subsidiaries of large, global P&C insurance carriers.

We generated revenues of $84.7 million, $144.7 million, $172.5 million and $52.4 million in fiscal years 2009, 2010, 2011 and the three months ended October 31, 2011, respectively. We generate the majority of our revenues in the United States and Canada. Our revenues from outside the United States and Canada as a percentage of total revenues were 16%, 30%, 34% and 29% during fiscal years 2009, 2010 and 2011 and the three months ended October 31, 2011, respectively. We experienced our first profit on a quarterly basis in the second quarter of fiscal year 2010 and generated a net loss of $11.0 million during fiscal year 2009 and net income of $15.5 million and $35.6 million in fiscal years 2010 and 2011, respectively, including a benefit of $27.2 million related to the release of a significant portion of our tax valuation allowance during fiscal year 2011, and $4.8 million in the three months ended October 31, 2011.

Key Business Metrics

We use certain key metrics to evaluate and manage our business, including rolling four-quarter recurring revenues from term licenses and total maintenance. In addition, we present select GAAP and non-GAAP financial metrics that we use internally to manage the business and we believe are useful for investors. These metrics include Adjusted EBITDA and operating cash flow.

Four-Quarter Recurring Revenues

We measure four-quarter recurring revenues by adding the total term license revenues and total maintenance revenues recognized in the preceding four quarters ended in the stated period and excluding perpetual license revenues, revenues from perpetual buyout rights and services revenues. This metric allows us to better understand the trends in our recurring revenues because it typically reduces the variations in any particular quarter caused by seasonality, the effects of the annual invoicing of our term licenses and certain effects of contractual provisions that may accelerate or delay revenue recognition in some cases. Our four-quarter recurring revenues for each of the six periods presented were:

	Four Quarters Ended					
	July 31, 2010	October 31, 2010	January 31, 2011	April 30, 2011	July 31, 2011	October 31, 2011
	(unaudited) (in thousands)					
Term license revenues	$47,933	$ 51,354	$ 53,121	$54,797	$60,541	$ 64,174
Total maintenance revenues	18,702	20,190	19,658	20,188	21,321	23,818
Total four-quarter recurring revenues	$66,635	$ 71,544	$ 72,779	$74,985	$81,862	$ 87,992

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss) plus provision for (benefit from) income taxes, other (income) expense, net, interest (income) expense, net, litigation provision, depreciation and amortization and stock-based compensation. We believe Adjusted EBITDA provides investors and other users of our financial information consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations. Adjusted EBITDA was $(6,377), $22,744, $25,777 and $12,123 for fiscal years 2009, 2010 and 2011 and the three months ended October 31, 2011, respectively. For a further discussion of Adjusted EBITDA and a reconciliation of net income (loss) to Adjusted EBITDA, see Footnote 3 to "Selected Consolidated Financial Data."

Operating Cash Flows

We monitor our cash flows from operating activities, or operating cash flows, as a key measure of our overall business performance, which enables us to analyze our financial performance without the effects of certain non-cash items such as depreciation and amortization and stock-based compensation expenses. Additionally, operating cash flows takes into account the impact of changes in deferred revenues, which reflects the receipt of cash payment for products before they are recognized as revenues. Our operating cash flows are significantly impacted by changes in deferred revenues, timing of bonus payments and collections of accounts receivable. They were also impacted by the payment of a litigation settlement during the three months ended October 31, 2011. As a result, our operating cash flows fluctuate significantly on a quarterly basis. Operating cash flows were $11,379, $9,534, $27,686 and $(27,085) for fiscal years 2009, 2010 and 2011 and the three months ended October 31, 2011, respectively. For a further discussion of our operating cash flows, see "—Liquidity and Capital Resources—Cash Flows from Operating Activities."

Components of Consolidated Statements of Operations

Revenues

We derive our revenues from licensing our software applications, providing maintenance support and providing professional services, principally consisting of implementation and training services. As discussed further in "—Critical Accounting Policies and Estimates—Revenue Recognition", we recognize revenues when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collection is probable. Our sales arrangements require us to deliver multiple products or services (multiple-elements). Our customers license our software through master software licensing agreements and submit orders for specific software applications and related maintenance within a territory and/or line of business. Many of our customers also enter into services agreements and submit statements of work defining the scope and deliverables of each services engagement.

We apply software revenue recognition rules and allocate total revenues among elements based on the VSOE of fair value of each element. Beginning in fiscal year 2008, our license arrangements generally included stated annual renewal rates for maintenance, thereby establishing VSOE of fair value for maintenance services. Additionally, beginning in fiscal year 2008, we determined that implementation services generally were not essential to the functionality of ClaimCenter software primarily due to the availability of other third parties or system integrators who could implement ClaimCenter for our customers. Beginning in fiscal year 2011, we determined that implementation services were not essential to the functionality of PolicyCenter and BillingCenter software primarily due to the availability of other third parties or system integrators who could implement PolicyCenter or BillingCenter for our customers. For multiple-element arrangements originating prior to our establishment of VSOE and determination that our services are non-essential, our accounting treatment requires us to defer significant portions of revenues until our essential services are completed pursuant to the zero gross margin method. Under the zero gross margin method, we only recognize revenues to the extent of project costs during the project implementation and, upon completion of the project, all remaining revenues from the arrangement are recognized on a ratable basis over the remaining committed maintenance period. For multiple-element arrangements originating after we had established VSOE for maintenance and services, but prior to our determination that our services are non-essential, our accounting treatment requires us to recognize license and services on a percentage-of-completion basis over the implementation period. The establishment of VSOE of fair value and non-essential services over the last three years generally allows us to recognize license revenues as payments become due and payable, thereby deferring less revenues initially and recognizing revenues more consistently over the term of a contract.

Our total revenues are comprised of the following:

- *License revenues*. We license our software applications, PolicyCenter, ClaimCenter and BillingCenter, separately or combined as InsuranceSuite, to customers on either a multi-year renewable term basis with recurring annual billing periods or, to a limited extent, a perpetual basis when required by our customers. A portion of our term-based licenses contain a perpetual buyout right at the end of the initial contract term. Our pricing arrangements are based on the amount of DWP that will be managed by our solutions and may include beneficial volume-based pricing for customers managing a higher amount of DWP with our solutions. We expect that our annual license revenues will continue to grow in absolute dollars and as a percentage of total revenues on an annual basis. However, we expect volatility across quarters for our license revenues as a percentage of total revenues due to the timing of annual billings, timing of perpetual license sales and the exercise of perpetual buyout rights in term licenses.
- *Maintenance revenues*. We offer maintenance under renewable, fee-based contracts that include unspecified software updates and upgrades released when and if available, software patches and fixes and email and phone support. Maintenance contracts usually have a term of one to five years. We expect that our maintenance revenues will continue to grow along with the increase in the size and penetration of our customer base.
- *Services revenues*. Services revenues are primarily comprised of revenues from implementation, reimbursable travel expenses and training services. We bill for our services on a time and materials basis. We expect our services revenues to grow in absolute dollars but decrease as a percentage of total revenues as we continue to expand our network of third-party system integrators with whom our customers can contract for services related to our products.

Cost of Revenues and Gross Profit

Our cost of revenues and gross profit are variable and depend on the type of revenues earned in each period. Our cost of license revenues is primarily comprised of royalty fees paid to third parties. Our cost of maintenance revenues is comprised of personnel-related expenses for our technical support team, including stock-based compensation for our support engineers and allocated employee benefits and facility costs. Our cost of services revenues is primarily comprised of personnel-related expenses for our professional service employees and contractors, including stock-based compensation and allocated employee benefits and travel-related costs. We expect our cost of revenues to increase in absolute dollars as we continue to hire personnel to provide technical support and consulting services to our growing customer base.

Operating Expenses

Our operating expenses consist of research and development, sales and marketing and general and administrative expenses. The largest components of our operating expenses are personnel-related expenses for our employees, including stock-based compensation, and, to a lesser extent, professional services costs, rent and facilities costs. Professional services costs consist primarily of fees for outside legal, accounting and tax services. We expect our operating expenses to continue to grow in absolute dollars in the near term due to projected increases in facilities costs, although these expenses are likely to fluctuate on a quarterly basis as a percentage of revenues.

Research and Development

Our research and development expenses consist primarily of costs incurred for personnel-related expenses for our technical staff as well as professional services costs, facilities and engineering costs. We expense all of our software development costs as incurred. Our research and development efforts are focused primarily on enhancing and extending the functionality of our products. Because our products are complex and require extensive testing, development cycles can be lengthy. We expect our research and development expenses to continue to increase in absolute dollars for the foreseeable future as we continue to dedicate substantial internal resources to develop, improve and expand the functionality of our solutions.

Sales and Marketing

Our sales and marketing expenses consist primarily of costs incurred for personnel-related expenses for our sales and marketing employees as well as commission payments to our sales employees, facilities costs, sales travel expenses and professional services for marketing costs. We expect our sales and marketing expenses to continue to increase in absolute dollars for the foreseeable future as we increase the number of our sales and marketing employees to support the growth in our business and as we incur additional external marketing communication costs.

General and Administrative

Our general and administrative expenses consist primarily of personnel-related expenses as well as professional services and facilities costs related to our executive, finance, human resources, information technology and legal functions. We also expect to incur significant additional stock-based compensation expense in future periods. Following the completion of this offering, we expect to incur significant additional accounting and legal costs related to compliance with rules and regulations enacted by the SEC, including the additional costs of achieving and maintaining compliance with the Sarbanes-Oxley Act, as well as additional insurance, investor relations and other costs associated with being a public company.

Other Income (Expense)

Interest Income (Expense), Net

Interest income represents interest earned on our cash, cash equivalents and short-term investments. We expect income will vary each reporting period depending on our average investment balances during the period and market interest rates.

Interest expense consists of interest accrued or paid on letters of credit held by certain of our customers. Interest expense was not significant in our prior periods; however, we recently recognized interest expense related to a letter of credit issued during fiscal year 2011. Therefore, we expect interest expense to increase in the near term.

Other Income (Expense), Net

Other income (expense), net consists primarily of fluctuations in foreign exchange rates on receivables and payables denominated in currencies other than the U.S. dollar.

Provision for Income Taxes

We are subject to taxes in the United States as well as other tax jurisdictions or countries in which we conduct business. Earnings from our non-U.S. activities are subject to local country income tax and may be subject to current U.S. income tax.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. We record a valuation allowance to reduce deferred tax assets to an amount whose realization is more likely than not.

We recognize tax benefits from uncertain tax positions when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits of the position. We record interest and penalties related to unrecognized tax benefits in our provision for income taxes.

As of July 31, 2010, we recorded a full valuation allowance on our deferred tax assets. During fiscal year 2011, based on an accumulation of positive evidence such as cumulative profits over the prior three years and projections for future growth, management determined that it is more likely than not that the benefits of our deferred tax assets will be realized, and a significant portion of the tax valuation allowance was removed.

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Results of Operations

The following tables set forth our results of operations for the periods presented and as a percentage of our total revenues for those periods. The period-to-period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

	Years Ended July 31,			Three Months Ended October 31,	
	2009	2010	2011	2010	2011
				(unaudited)	
			(in thousands)		
Revenues:					
License	$ 26,996	$ 60,315	$ 73,883	$10,153	$20,815
Maintenance	9,572	18,702	21,321	4,610	7,106
Services	48,177	65,674	77,268	19,907	24,459
Total revenues	84,745	144,691	172,472	34,670	52,380
Cost of revenues:					
License	349	267	1,264	201	299
Maintenance	2,628	3,685	4,063	886	1,266
Services	38,679	51,519	63,017	14,105	17,925
Total cost of revenues	41,656	55,471	68,344	15,192	19,490
Gross profit:					
License	26,647	60,048	72,619	9,952	20,516
Maintenance	6,944	15,017	17,258	3,724	5,840
Services	9,498	14,155	14,251	5,802	6,534
Total gross profit	43,089	89,220	104,128	19,478	32,890
Operating expenses:					
Research and development	22,356	28,273	34,773	7,519	10,959
Sales and marketing	21,559	26,741	28,950	5,546	7,361
General and administrative	9,646	16,192	23,534	4,628	6,438
Litigation provision	—	—	10,000	—	—
Total operating expenses	53,561	71,206	97,257	17,693	24,758
Income (loss) from operations	(10,472)	18,014	6,871	1,785	8,132
Interest income, net	27	95	156	37	40
Other income (expense), net	(123)	(391)	1,269	193	(316)
Income (loss) before provision for income taxes	(10,568)	17,718	8,296	2,015	7,856
Provision for (benefit from) income taxes	398	2,199	(27,262)	125	3,044
Net income (loss)	$(10,966)	$ 15,519	$ 35,558	$1,890	$ 4,812

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	Years Ended July 31, 2009	2010	2011	Three Months Ended October 31, 2010	2011
				(unaudited)	
	(percent of total revenues)				
Revenues:					
License	32%	42%	43%	29%	40%
Maintenance	11	13	12	13	13
Services	57	45	45	58	47
Total revenues	100	100	100	100	100
Total cost of revenues	49	38	40	44	37
Total gross profit	51	62	60	56	63
Operating expenses:					
Research and development	26	20	20	22	21
Sales and marketing	25	18	17	16	14
General and administrative	12	11	13	13	12
Litigation provision	—	—	6	—	—
Total operating expenses	63	49	56	51	47
Income (loss) from operations	(12)	12	4	5	16
Interest income, net	—	—	—	—	—
Other income (expense), net	—	—	1	1	(1)
Income (loss) before provision for income taxes	(12)	12	5	6	15
Provision for (benefit from) income taxes	1	1	(16)	—	6
Net income (loss)	(13)%	11%	21%	6%	9%

Comparison of the Three Months Ended October 31, 2010 and 2011

Revenues

	Three Months Ended October 31, 2010 Amount	2010 % of Total revenues	2011 Amount	2011 % of Total revenues	Change ($)	Change (%)
	(unaudited) (in thousands, except percentages)					
Revenues:						
License	$10,153	29%	$20,815	40%	$10,662	105%
Maintenance	4,610	13	7,106	13	2,496	54
Services	19,907	58	24,459	47	4,552	23
Total revenues	$34,670	100%	$52,380	100%	$17,710	51%

License Revenues

The $10.7 million increase in license revenues was primarily driven by continued adoption of our ClaimCenter software and increased sales and marketing efforts in the United States, Canada and Australia.

	Three Months Ended October 31,				Change	
	2010		2011			
	Amount	% of License revenues	Amount	% of License revenues	($)	(%)
	(unaudited) (in thousands, except percentages)					
License revenues:						
Term	$ 8,726	86%	$12,358	59%	$ 3,632	42%
Perpetual	1,427	14	8,457	41%	7,030	493%
Total license revenues	$10,153	100%	$20,815	100%	$10,662	105%

The $3.6 million increase in term license revenues was primarily driven by $1.5 million of revenues recognized from new orders during the three months ended October 31, 2011 and $2.4 million of revenues recognized upon attainment of the required revenue recognition criteria related to prior year orders during the three months ended October 31, 2011, which included $1.8 million of revenues recognized upon delivery of specified upgrades and $0.6 million of revenues recognized when VSOE of fair value of maintenance was established for an arrangement with a customer.

The $7.0 million increase in perpetual license revenues was primarily driven by $6.9 million of revenues recognized upon attainment of the required revenue recognition criteria related to prior year orders during the three months ended October 31, 2011 and $0.7 million of revenues recognized from new orders during the three months ended October 31, 2011. These increases were partially offset by a decrease of $0.6 million of revenues recognized in the three months ended October 31, 2010 for existing orders entered into in prior fiscal years.

Our perpetual license revenues are not consistent from quarter to quarter. We do not expect perpetual license revenues to be as high in the quarter ended January 31, 2012 as they were in the quarter ended October 31, 2011 so we may not experience sequential license revenues growth in the upcoming quarter.

Maintenance Revenues

The $2.5 million increase in maintenance revenues was primarily driven by $1.6 million of revenues recognized from new orders during the three months ended October 31, 2011 and $0.9 million of revenues recognized upon attainment of the required revenue recognition criteria related to prior fiscal year orders during the three months ended October 31, 2011.

Services Revenues

The $4.6 million increase in service revenues was primarily driven by an additional $4.5 million revenues related to implementation of our software. Included in this increase is $1.5 million of revenues recognized from project implementations pursuant to the zero gross margin method during three months ended October 31, 2011 and $1.1 million of revenues recognized when VSOE of fair value of maintenance was established for one customer during three months ended October 31, 2011.

Deferred Revenues

	As of July 31, 2011 Amount	As of October 31, 2011 Amount	Change ($)	Change (%)
	(unaudited) (in thousands, except percentages)			
Deferred revenues:				
Deferred license revenues	$41,248	$ 31,838	$ (9,410)	(23)%
Deferred maintenance revenues	18,719	16,566	(2,153)	(12)
Deferred services revenues	13,828	11,229	(2,599)	(19)
Total deferred revenues	$73,795	$ 59,633	$(14,162)	(19)%

The $9.4 million decrease in deferred license revenues was primarily driven by $10.3 million of revenues recognized from existing orders entered into in prior fiscal years where we attained the required revenue recognition criteria during the three months ended October 31, 2011, partially offset by $0.8 million of revenues deferred for billings of new orders during the three months ended October 31, 2011.

The $2.2 million decrease in deferred maintenance revenues was primarily driven by a $1.4 million decrease resulting from the timing of annual maintenance billings for new and existing orders during the three months ended October 31, 2011 and $0.9 million of revenues recognized from existing orders entered into in prior fiscal years upon attainment of the required revenue recognition criteria during the three months ended October 31, 2011.

The $2.6 million decrease in deferred services revenues was primarily driven by $1.5 million of revenues recognized pursuant to the zero gross margin method during the three months ended October 31, 2011 and $1.1 million of revenues recognized when VSOE of fair value of maintenance was established for one customer during the three months ended October 31, 2011.

Cost of Revenues and Gross Profit

	Three Months Ended October 31, 2010 Amount	Three Months Ended October 31, 2011 Amount	Change ($)	Change (%)
	(unaudited) (in thousands, except percentages)			
Cost of revenues:				
License	$ 201	$ 299	$ 98	49%
Maintenance	886	1,266	380	43
Services	14,105	17,925	3,820	27
Total cost of revenues	$15,192	$19,490	$4,298	28%
Includes stock-based compensation of:				
Cost of revenues	$ 306	$ 758	$ 452	

The $4.3 million increase in cost of revenues was primarily due to an increase of $2.3 million in personnel-related expenses as a result of 40 additional employees mainly to provide implementation services to our customers, a $1.5 million increase in billable and non-billable travel related expenses, administrative expenses and professional services and a $0.5 million increase in stock-based compensation.

	Three Months Ended October 31, 2010 Amount	2010 Margin %	2011 Amount	2011 Margin %	Change ($)	Change (%)
	(unaudited) (in thousands, except percentages)					
Gross profit:						
License	$ 9,952	98%	$20,516	99%	$10,564	106%
Maintenance	3,724	81	5,840	82	2,116	57
Services	5,802	29	6,534	27	732	13
Total gross profit	$19,478	56%	$32,890	63%	$13,412	69%

Gross profit increased by $13.4 million primarily reflecting increased license revenues during the three months ended October 31, 2011. Gross margin improved from 56% to 63% for the three months ended October 31, 2010 and 2011, respectively, primarily due to the increase in higher gross margin license revenue.

Operating Expenses

	Three Months Ended October 31, 2010 Amount	2010 % of Total revenues	2011 Amount	2011 % of Total revenues	Change ($)	Change (%)
	(unaudited) (in thousands, except percentages)					
Operating expenses:						
Research and development	$ 7,519	22%	$10,959	21%	$3,440	46%
Sales and marketing	5,546	16	7,361	14	1,815	33
General and administrative	4,628	13	6,438	12	1,810	39
Litigation provision	—	—	—	—	—	—
Total operating expenses	$17,693	51%	$24,758	47%	$7,065	40%
Includes stock-based compensation of:						
Research and development	$ 248		$ 845		$ 597	
Sales and marketing	135		497		362	
General and administrative	334		1,212		878	
Total	$ 717		$ 2,554		$1,837	

The $7.1 million increase in operating expenses was primarily driven by increased personnel-related and operational expenses as a result of 70 additional employees in these functional areas, higher stock-based compensation, professional services costs including accounting and legal services, travel-related costs and marketing programs. We expect all of our operating expense line items to increase in absolute dollars in future periods to support our future growth strategy.

Research and Development

The $3.4 million increase in research and development expenses was primarily due to an increase of $2.2 million in personnel-related expenses as a result of 39 additional employees, a $0.6 million increase in stock-based compensation and a $0.6 million increase in administrative and other professional services expenses.

Sales and Marketing

The $1.8 million increase in sales and marketing expenses was primarily due to an increase of $0.8 million in employee travel costs, marketing programs and other expenses, an increase of $0.6 million in personnel-related expenses as a result of 14 additional employees and an increase of $0.4 million in stock-based compensation.

General and Administrative

The $1.8 million increase in general and administrative expenses was primarily due to a $0.9 million increase in stock-based compensation, a $0.5 million increase in personnel-related expenses as a result of 17 additional employees and a $0.4 million increase in professional services costs including accounting and legal services. These higher costs primarily supported the growth of our business and preparation for our initial public offering process.

Other Income (Expense)

	Three Months Ended October 31,			
	2010	2011	Change	
	Amount	Amount	($)	(%)
	(unaudited) (in thousands, except percentages)			
Interest income (expense), net	$ 37	$ 40	$ 3	*
Other income (expense), net	193	(316)	(509)	*
Total	$ 230	$ (276)	$ (506)	*

* Not meaningful

Interest Income, Net

Interest income and interest expense remained relatively flat during the three months ended October 31, 2011 and consistent with the prior year's period.

Other Income (Expense), Net

Other expense increased by $0.5 million primarily due to higher currency exchange losses resulting from the U.S. dollar strengthening against the Canadian dollar, Australia dollar and Euro during the three months ended October 31, 2011 compared to the prior year's period.

Provision for (Benefit From) Income Taxes

We recognized an income tax provision of $3.0 million for the three months ended October 31, 2011 compared to an income tax provision of $0.1 million for the three months ended October 31, 2010. The change was primarily due to no valuation allowance as of October 31, 2011 compared to a full valuation allowance as of October 31, 2010. In addition, the increase in profitability resulted in additional foreign and U.S. federal and state taxes during the three months ended October 31, 2011.

Comparison of the Years Ended July 31, 2010 and 2011

Revenues

	Years Ended July 31,				Change	
	2010		2011			
	Amount	% of Total revenues	Amount	% of Total revenues	($)	(%)
	(in thousands, except percentages)					
Revenues:						
License	$ 60,315	42%	$ 73,883	43%	$13,568	22%
Maintenance	18,702	13	21,321	12	2,619	14
Services	65,674	45	77,268	45	11,594	18
Total revenues	$144,691	100%	$172,472	100%	$27,781	19%

License Revenues

The $13.6 million increase in license revenues was primarily driven by continued adoption of our ClaimCenter software and increased sales and marketing efforts in the United States and Canada.

	Years Ended July 31,				Change	
	2010		2011			
	Amount	% of License revenues	Amount	% of License revenues	($)	(%)
	(in thousands, except percentages)					
License revenues:						
Term	$47,933	79%	$60,541	82%	$12,608	26%
Perpetual	12,382	21	13,342	18	960	8
Total license revenues	$60,315	100%	$73,883	100%	$13,568	22%

The $12.6 million increase in term license revenues was driven by $14.9 million of revenues recognized during fiscal year 2011 from new orders and $1.5 million due to the attainment of revenue recognition criteria related to prior years orders. The $1.5 million change due to attainment of revenue recognition criteria included $0.4 million recognized upon completion of project implementations and $0.5 million recognized upon release of a contractual contingency. The increase was partially offset by $3.8 million recognized in fiscal year 2010 upon delivery of product functionality for orders entered into prior to fiscal year 2010.

The $1.0 million increase in perpetual license revenues was primarily driven by $9.5 million of revenues recognized during fiscal year 2011 from new orders, partially offset by $8.7 million recognized in fiscal year 2010 due to attainment of revenue recognition criteria related to orders entered into prior to fiscal year 2010.

Maintenance Revenues

The $2.6 million increase in maintenance revenues was primarily driven by $4.1 million of revenues recognized during fiscal year 2011 associated with new orders, partially offset by $1.8 million recognized upon completion of project implementations during fiscal year 2010 pursuant to the zero gross margin method.

Services Revenues

The $11.6 million increase in services revenues was primarily driven by an additional $9.7 million related to implementation of our software, an additional $1.5 million related to reimbursable travel expenses that were recognized as revenues and an additional $0.4 million related to training revenues.

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Deferred Revenues

	As of			
	July 31, 2010	July 31, 2011	Change	
	Amount	Amount	($)	(%)
	(in thousands, except percentages)			
Deferred revenues:				
Deferred license revenues	$33,968	$41,248	$ 7,280	21%
Deferred maintenance revenues	13,629	18,719	5,090	37
Deferred services revenues	12,552	13,828	1,276	10
Total deferred revenues	$60,149	$73,795	$13,646	23%

The $7.3 million increase in deferred license revenues was due to $15.6 million of new orders during fiscal year 2011 and $2.5 million of additional billings related to existing orders in prior fiscal years where revenue recognition criteria was not met in fiscal year 2011. These increases were partially offset by $10.8 million of revenues recognized from existing orders entered into during a prior fiscal year where we attained the required revenue recognition criteria during fiscal year 2011.

The $5.1 million increase in deferred maintenance revenues was primarily due to $5.8 million of revenues deferred for billing of new orders during fiscal year 2011, partially offset by $0.7 million of revenues recognized upon attainment of the required revenue recognition criteria during fiscal year 2011.

The increase in deferred services revenues of $1.3 million was due to $5.6 million of services revenues that were deferred for ongoing project implementations as of July 31, 2011 pursuant to the zero gross margin method and those deals where we did not attain the required revenue recognition criteria during fiscal year 2011, offset by $4.3 million of deferred services revenues recognized pursuant to the zero gross margin method when we completed project implementations during fiscal year 2011.

Cost of Revenues and Gross Profit

	Years Ended July 31,			
	2010	2011	Change	
	Amount	Amount	($)	(%)
	(in thousands, except percentages)			
Cost of revenues:				
License	$ 267	$ 1,264	$ 997	373%
Maintenance	3,685	4,063	378	10
Services	51,519	63,017	11,498	22
Total cost of revenues	$55,471	$68,344	$12,873	23%
Includes stock-based compensation of:				
Cost of revenues	$ 925	$ 1,384	$ 459	

The $12.9 million increase in cost of revenues was primarily the result of an additional $9.6 million of personnel-related expenses due to an increase in our headcount to provide implementation services to our customers, a $2.2 million increase in travel expenses related to billable projects, a $1.4 million increase in bonus expense, a $0.7 million amortization expense related to the acquisition of certain patents during the fourth quarter of fiscal year 2011 and $0.5 million in stock-based compensation. These increases were partially offset by a $0.8 million decrease in third-party contractor costs and a $0.7 million compensation cost savings from a holiday shut down in December 2010.

	Years Ended July 31,				Change	
	2010		2011			
	Amount	Margin %	Amount	Margin %	($)	(%)
	(in thousands, except percentages)					
Gross profit:						
License	$60,048	100%	$ 72,619	98%	$12,571	21%
Maintenance	15,017	80	17,258	81	2,241	15
Services	14,155	22	14,251	18	96	1
Total gross profit	$89,220	62%	$104,128	60%	$14,908	17%

Gross profit increased by $14.9 million reflecting the general growth and profitability of our business during fiscal year 2011, especially in license revenues, while gross margin declined slightly from 62% to 60% for fiscal years 2010 and 2011, respectively, due to increases in services costs described above.

Operating Expenses

	Years Ended July 31,				Change	
	2010		2011			
	Amount	% of Total revenues	Amount	% of Total revenues	($)	(%)
	(in thousands, except percentages)					
Operating expenses:						
Research and development	$28,273	20%	$34,773	20%	$ 6,500	23%
Sales and marketing	26,741	18	28,950	17	2,209	8
General and administrative	16,192	11	23,534	13	7,342	45
Litigation provision	—	—	10,000	6	10,000	*
Total operating expenses	$71,206	49%	$97,257	56%	$26,051	37%
Includes stock-based compensation of:						
Research and development	$ 769		$ 1,372		$ 603	
Sales and marketing	755		903		148	
General and administrative	905		3,021		2,116	
Total	$ 2,429		$ 5,296		$ 2,867	

* Not meaningful

The $26.1 million increase in operating expenses was primarily driven by the litigation provision, increased personnel-related expenses in our research and development and general and administrative functions, and professional services costs in legal, accounting and other professional services and stock-based compensation. We expect all of our operating expense line items to increase in future periods to support our future growth strategy.

Research and Development

The $6.5 million increase in research and development expenses was primarily due to an increase of $5.4 million in personnel-related expenses as a result of 42 additional research and development employees, a $0.6 million increase in stock-based compensation and a $0.5 million increase in bonus expense.

Sales and Marketing

The $2.2 million increase in sales and marketing expenses was primarily the result of a $1.3 million increase in variable sales compensation expense and a $0.9 million increase in marketing programs and other related marketing expenses.

General and Administrative

The $7.3 million increase in general and administrative expenses was primarily due to higher personnel-related expenses of $2.9 million for 22 additional general and administrative employees to support the growth of our business and preparation for our initial public offering process, a $2.1 million increase in stock-based compensation, a $1.3 million increase in professional services costs related to accounting and tax services and other professional services, a $0.4 million increase in other general and administrative costs and a non-recurring prior year benefit of $0.4 million that reduced our allowance for doubtful accounts due to a late collection from a customer.

Litigation Provision

We agreed to resolve all outstanding patent litigation with Accenture concerning our respective insurance claims management software. In connection with the settlement, we paid $10.0 million to Accenture in October 2011.

Other Income (Expense)

	Years Ended July 31,			
	2010	2011	Change	
	Amount	Amount	($)	(%)
	(in thousands, except percentages)			
Interest income, net	$ 95	$ 156	$ 61	*
Other income (expense), net	(391)	1,269	1,660	*
Total	$ (296)	$ 1,425	$1,721	*

* Not meaningful

Interest Income (Expense), Net

Interest income increased by $0.1 million primarily due to higher average cash balances held during fiscal year 2011. Interest expense remained flat at $0.1 million.

Other Income (Expense), Net

Other income (expense), net improved by $1.7 million primarily resulting from foreign exchange gains as the U.S. dollar weakened during fiscal year 2011, primarily against the Canadian and Australian dollars.

Provision for (Benefit From) Income Taxes

We recognized an income tax benefit of $27.3 million for fiscal year 2011 compared to an income tax provision of $2.2 million for fiscal year 2010. This change was primarily due to the income tax benefit of $27.2 million from the release of a significant portion of our tax valuation allowance on our U.S. and state deferred tax assets in fiscal year 2011.

During fiscal year 2011, based on an accumulation of positive evidence such as cumulative profits over the prior three years and projections for future growth, management determined that it is more likely than not that the benefits of our deferred tax assets will be realized and a significant portion of the valuation allowance was released. As a result, we released $27.2 million of our tax valuation allowance during fiscal year 2011.

Comparison of the Years Ended July 31, 2009 and 2010

Revenues

	Years Ended July 31,				Change	
	2009		2010			
	Amount	% of Total revenues	Amount	% of Total revenues	($)	(%)
	(in thousands, except percentages)					
Revenues:						
License	$26,996	32%	$ 60,315	42%	$33,319	123%
Maintenance	9,572	11	18,702	13	9,130	95
Services	48,177	57	65,674	45	17,497	36
Total revenues	$84,745	100%	$144,691	100%	$59,946	71%

License Revenues

The $33.3 million increase in license revenues was primarily driven by continued sales of our ClaimCenter application.

	Years Ended July 31,				Change	
	2009		2010			
	Amount	% of License revenues	Amount	% of License revenues	($)	(%)
	(in thousands, except percentages)					
License revenues:						
Term	$20,964	78%	$47,933	79%	$26,969	129%
Perpetual	6,032	22	12,382	21	6,350	105
Total license revenues	$26,996	100%	$60,315	100%	$33,319	123%

The $27.0 million increase in term license revenues was driven by $15.0 million of revenues during fiscal year 2010 from new orders and $12.0 million due to attainment of revenue recognition criteria during fiscal year 2010 related to prior years orders, including $4.8 million recognized upon delivery of product functionality and $1.2 million recognized when VSOE of fair value of maintenance was established for one customer during fiscal year 2010.

The $6.4 million increase in perpetual license revenues was primarily driven by $8.4 million of revenues related to attainment of revenue recognition criteria during fiscal year 2010 on prior years orders, including $4.4 million recognized upon completion of a project implementation for one customer pursuant to the zero gross margin method and $1.5 million recognized upon establishing reliable estimates of implementation work to be performed for one customer during fiscal year 2010. This was partially offset by $2.0 million in perpetual license revenues recognized during fiscal year 2009.

Maintenance Revenues

The $9.1 million increase in maintenance revenues was primarily driven by $3.4 million of revenues recognized during fiscal year 2010 from new orders and $5.5 million related to attainment of revenue recognition criteria during fiscal year 2010 on existing orders from prior fiscal years, including $4.0 million recognized upon completion of project implementations pursuant to the zero gross margin method and $1.0 million recognized upon delivery of product functionality.

Services Revenues

The $17.5 million increase in services revenues was driven by an additional $13.1 million related to implementation of our software, including a net increase of $2.4 million recognized upon completion of project implementations pursuant to the zero gross margin method, an additional $2.8 million related to reimbursable travel expenses that we recognized as revenues and an additional $1.6 million related to training revenues.

Deferred Revenues

	As of July 31,			
	2009	2010	Change	
	Amount	Amount	($)	(%)
	(in thousands, except percentages)			
Deferred revenues:				
Deferred license revenues	$49,475	$33,968	$(15,507)	(31)%
Deferred maintenance revenues	14,231	13,629	(602)	(4)
Deferred services revenues	14,975	12,552	(2,423)	(16)
Total deferred revenues	$78,681	$60,149	$(18,532)	(24)%

The $15.5 million decrease in deferred license revenues was driven by $17.9 million of revenues recognized from existing orders entered into in prior fiscal years where we attained the required revenue recognition criteria during fiscal year 2010, partially offset by $2.4 million of revenues deferred for initial billings of new orders during fiscal year 2010.

The $0.6 million decrease in deferred maintenance revenues was driven by $1.8 million of revenues recognized from existing orders entered into in prior fiscal years upon attainment of the required revenue recognition criteria during fiscal year 2010, partially offset by $1.2 million of revenues deferred for the annual billing of maintenance for new and existing orders.

The $2.4 million decrease in deferred services revenues was driven by $6.3 million of deferred services profit margin from the zero gross margin method that was recognized upon completion of project implementations during fiscal year 2010, partially offset by $3.9 million of services profit margin that was deferred for ongoing project implementations as of July 31, 2010.

Cost of Revenues and Gross Profit

	Years Ended July 31, 2009 Amount	Years Ended July 31, 2010 Amount	Change ($)	Change (%)
	(in thousands, except percentages)			
Cost of revenues:				
License	$ 349	$ 267	$ (82)	(23)%
Maintenance	2,628	3,685	1,057	40
Services	38,679	51,519	12,840	33
Total cost of revenues	$41,656	$55,471	$13,815	33%
Includes stock-based compensation of:				
Cost of revenues	$ 780	$ 925	$ 145	

The $13.8 million increase in cost of revenues was primarily due to higher personnel-related expenses of $9.9 million related to 74 additional employees, hired to provide implementation services to our customers, a $2.7 million increase in travel expenses related to billable projects, a $1.4 million increase in non-billable travel and other employee-related expenses and a $0.7 million increase in bonus expense, partially offset by a $0.9 million decrease in third-party contractor expenses.

	Years Ended July 31, 2009 Amount	2009 Margin %	2010 Amount	2010 Margin %	Change ($)	Change (%)
	(in thousands, except percentages)					
Gross profit:						
License	$26,647	99%	$60,048	100%	$33,401	125%
Maintenance	6,944	73	15,017	80	8,073	116
Services	9,498	20	14,155	22	4,657	49
Total gross profit	$43,089	51%	$89,220	62%	$46,131	107%

Gross profit increased by $46.1 million and gross margin increased from 51% to 62%, primarily as a result of increased license and maintenance revenues, which have higher gross margins than services revenues.

Maintenance gross profit increased by $8.1 million and gross margin increased from 73% to 80%, primarily as a result of our commencement of revenue recognition on existing orders where we had already been expensing the related support costs as incurred.

Operating Expenses

	Years Ended July 31,				Change	
	2009		2010			
	Amount	% of Total revenues	Amount	% of Total revenues	($)	(%)
	(in thousands, except percentages)					
Operating expenses:						
Research and development	$22,356	26%	$28,273	20%	$ 5,917	26%
Sales and marketing	21,559	25	26,741	18	5,182	24
General and administrative	9,646	12	16,192	11	6,546	68
Total operating expenses	$53,561	63%	$71,206	49%	$17,645	33%
Includes stock-based compensation of:						
Research and development	$ 688		$ 769		$ 81	
Sales and marketing	857		755		(102)	
General and administrative	464		905		441	
Total	$ 2,009		$ 2,429		$ 420	

The $17.6 million increase in operating expenses was primarily driven by increased personnel-related expenses and professional services costs. As a percentage of total revenues, operating expenses decreased from 63% during fiscal year 2009 to 49% during fiscal year 2010 primarily driven by the increase in our license revenues, which grew more quickly than our operating expenses.

Research and Development

The $5.9 million increase in research and development expenses primarily resulted from higher personnel-related expenses of $5.0 million due to 36 additional research and development employees and a $0.9 million increase in recruiting, travel and other administrative expenses.

Sales and Marketing

The $5.2 million increase in sales and marketing expenses primarily resulted from higher employee compensation and benefit expenses of $3.0 million due to 19 additional sales and marketing employees, a $1.3 million increase in variable sales compensation expenses and a $0.6 million increase in marketing programs.

General and Administrative

The $6.5 million increase in general and administrative expenses primarily resulted from higher professional services costs of $4.8 million, including a $2.4 million increase in legal expenses related to litigation and a $2.4 million increase in additional tax and accounting services and higher personnel-related expenses of $2.0 million due to 18 additional general and administrative employees to support our global expansion and growing employee base.

Other Income (Expense)

	Years Ended July 31, 2009 Amount	Years Ended July 31, 2010 Amount	Change ($)	Change (%)
	(in thousands, except percentages)			
Interest income (expense), net	$ 27	$ 95	$ 68	*
Other income (expense), net	(123)	(391)	(268)	*
Total	$ (96)	$ (296)	$ (200)	*

* Not meaningful

Interest Income, Net

Interest income decreased by $0.2 million primarily due to lower average interest rates during fiscal year 2010. Interest expense decreased by $0.2 million primarily due to the timing of transfers of our outstanding letters of credit during the respective periods.

Other Income (Expense), Net

Other expense increased by $0.3 million primarily due to higher unrealized currency exchange losses of $0.2 million during fiscal year 2010.

Provision for Income Taxes

Income tax expense increased from $0.4 million during fiscal year 2009 to $2.2 million during fiscal year 2010 primarily as a result of an increase in foreign and U.S. state taxes due to increased profitability.

Geographic Breakdown of Revenues

	Years Ended July 31, 2009	Years Ended July 31, 2010	Years Ended July 31, 2011	Three Months Ended October 31, 2010	Three Months Ended October 31, 2011
				(unaudited)	
			(in thousands)		
United States	$57,755	$ 85,680	$ 89,714	$20,220	$32,397
Canada	13,402	15,333	24,632	3,949	4,616
Australia	5,134	7,066	17,388	3,355	6,668
United Kingdom	2,125	14,190	17,362	3,760	3,231
Other	6,329	22,422	23,376	3,386	5,468
Total	$84,745	$144,691	$172,472	$ 34,670	$52,380

Quarterly Results of Operations

The following table sets forth our unaudited quarterly consolidated statements of operations data for each of the nine quarters ended October 31, 2011. In management's opinion, the data below have been prepared on the same basis as the audited consolidated financial statements included elsewhere in this prospectus, and reflect all necessary adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of this data. The results of historical periods are not necessarily indicative of the results to be expected for a full year or any future period. The following two tables present our unaudited quarterly consolidated statements of operations data first in dollars and then as a percentage of total revenues for the periods presented:

	Three Months Ended								
	October 31, 2009	January 31, 2010	April 30, 2010	July 31, 2010	October 31, 2010	January 31, 2011	April 30, 2011	July 31, 2011	October 31, 2011
	(unaudited) (in thousands)								
Revenues:									
License	$ 6,358	$ 17,847	$ 14,933	$21,177	$ 10,153	$ 20,000	$ 17,737	$25,993	$ 20,815
Maintenance	3,122	5,742	5,070	4,768	4,610	5,210	5,600	5,901	7,106
Services	12,820	14,693	18,324	19,837	19,907	17,127	21,121	19,113	24,459
Total revenues	22,300	38,282	38,327	45,782	34,670	42,337	44,458	51,007	52,380
Cost of revenues:									
License	77	96	58	36	201	131	109	823	299
Maintenance	851	875	1,065	894	886	1,014	950	1,213	1,266
Services	10,825	12,329	13,618	14,747	14,105	15,276	16,815	16,821	17,925
Total cost of revenues(1)	11,753	13,300	14,741	15,677	15,192	16,421	17,874	18,857	19,490
Gross profit:									
License	6,281	17,751	14,875	21,141	9,952	19,869	17,628	25,170	20,516
Maintenance	2,271	4,867	4,005	3,874	3,724	4,196	4,650	4,688	5,840
Services	1,995	2,364	4,706	5,090	5,802	1,851	4,306	2,292	6,534
Total gross profit	10,547	24,982	23,586	30,105	19,478	25,916	26,584	32,150	32,890
Operating expenses:									
Research and development(1)	6,183	6,688	7,730	7,672	7,519	8,212	8,973	10,069	10,959
Sales and marketing(1)	6,490	6,133	6,489	7,629	5,546	7,056	6,713	9,635	7,361
General and administrative(1)	3,791	4,447	4,667	3,287	4,628	5,204	6,237	7,465	6,438
Litigation provision	—	—	—	—	—	—	—	10,000	—
Total operating expenses	16,464	17,268	18,886	18,588	17,693	20,472	21,923	37,169	24,758
Income (loss) from operations	(5,917)	7,714	4,700	11,517	1,785	5,444	4,661	(5,019)	8,132
Interest income (expense), net	(13)	(6)	2	112	37	75	(12)	56	40
Other income (expense), net	(138)	(410)	148	9	193	(9)	1,037	48	(316)
Profit before provision for income taxes	(6,068)	7,298	4,850	11,638	2,015	5,510	5,686	(4,915)	7,856
Provision for (benefit from) income taxes	19	126	549	1,505	125	74	(23,714)	(3,747)	3,044
Net income (loss)	$ (6,087)	$ 7,172	$ 4,301	$10,133	$ 1,890	$ 5,436	$ 29,400	$ (1,168)	$ 4,812

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(1) Includes stock-based compensation as follows:

	Three Months Ended								
	October 31, 2009	January 31, 2010	April 30, 2010	July 31, 2010	October 31, 2010	January 31, 2011	April 30, 2011	July 31, 2011	October 31, 2011
	(unaudited) (in thousands)								
Cost of revenues	$ 207	$ 257	$ 231	$ 230	$ 306	$ 330	$ 363	$ 385	$ 758
Research and development	149	198	218	204	248	322	373	429	845
Sales and marketing	151	204	204	196	135	208	287	273	497
General and administrative	141	224	270	270	334	600	805	1,282	1,212
Total employee stock-based compensation	$ 648	$ 883	$ 923	$ 900	$ 1,023	$ 1,460	$ 1,828	$ 2,369	$ 3,312

	Three Months Ended								
	October 31, 2009	January 31, 2010	April 30, 2010	July 31, 2010	October 31, 2010	January 31, 2011	April 30, 2011	July 31, 2011	October 31, 2011
	(unaudited) (percent of total revenues)								
Revenues:									
License	29%	47%	39%	46%	29%	47%	40%	51%	40%
Maintenance	14	15	13	11	13	12	13	12	14
Services	57	38	48	43	58	41	47	37	46
Total revenues	100	100	100	100	100	100	100	100	100
Total cost of revenues	53	35	38	34	44	39	40	37	37
Total gross profit(1)	47	65	62	66	56	61	60	63	63
Operating expenses:									
Research and development	28	17	20	17	22	19	20	20	21
Sales and marketing	29	16	17	17	16	17	15	19	14
General and administrative	17	12	12	7	13	12	14	15	12
Litigation provision	—	—	—	—	—	—	—	20	—
Total operating expenses	74	45	49	41	51	48	49	73	47
Income (loss) from operations	(27)	20	12	25	5	13	11	(10)	16
Interest income (expense), net	—	—	—	—	—	—	—	—	—
Other income (expense), net	—	(1)	1	—	1	—	2	—	(1)
Profit before provision for income taxes	(27)	19	13	25	6	13	13	(10)	15
Provision for (benefit from) income taxes	—	—	2	3	—	—	(53)	(8)	6
Net income (loss)	(27)%	19%	11%	22%	6%	13%	66%	(2)%	9%

(1) The table below shows gross profit as a percentage of each component of revenues, referred to as gross margin:

	Three Months Ended								
	October 31, 2009	January 31, 2010	April 30, 2010	July 31, 2010	October 31, 2010	January 31, 2011	April 30, 2011	July 31, 2011	October 31, 2011
	(unaudited)								
Gross Margin by Component of Revenues									
Gross margin:									
License	99%	99%	100%	100%	98%	99%	99%	97%	99%
Maintenance	73	85	79	81	81	81	83	79	82
Services	16	16	26	26	29	11	20	12	27
Total gross margin	47%	65%	62%	66%	56%	61%	60%	63%	63%

Quarterly Trends

In general, our year-over-year quarterly revenues have increased as a result of an increase in the number of customers licensed to use our products as well as purchases of additional licenses by our existing customers. We have historically experienced seasonal variations in our revenues as a result of increased customer orders in our second and fourth fiscal quarters and subsequent annual fees and as a result of attainment of revenue recognition criteria related to orders from prior periods. We generally see increased orders in our second fiscal quarter, which is the quarter ended January 31, due to customer buying patterns. We also see increased orders in our fourth fiscal quarter due to efforts by our sales team to achieve annual incentives. Notwithstanding the fact that we generally see increased orders in our second and fourth fiscal quarters, we expect to see additional quarterly revenue fluctuations that may, in some cases, mask these expected seasonal variations. Our quarterly growth in revenues may not match up to new orders we receive in a given quarter. This mismatch is primarily due to the following reasons:

- for the initial year of a multi-year term license, we generally recognize revenues when payment is due and payment may not be due until a subsequent fiscal quarter;
- we may enter into license agreements with specified terms for product upgrades or functionality, which may require us to delay revenue recognition for the initial period; and
- we may enter into license agreements with other contractual terms that may affect the timing of revenue recognition.

For example, we received new orders for both term and perpetual licenses in the fourth fiscal quarter of 2011 that committed future product functionality that was delivered in the first fiscal quarter of 2012. As a result, our license revenues in the first fiscal quarter of 2012 were $7.2 million higher than they would have been had the functionality been delivered in the fourth fiscal quarter of 2011 and we currently expect our revenues for the second and third fiscal quarters of 2012 to be down or flat as compared to the first fiscal quarter of 2012.

We also see quarterly fluctuations in revenues related to large perpetual licenses that we enter into from time to time. These large perpetual licenses cause one-time increases in revenues that do not recur in future quarters, which causes our quarterly revenues to fluctuate. For example, we recognized revenues of $6.9 million in the first fiscal quarter of 2012 related to two perpetual licenses we entered into in prior periods. This caused our license revenues to increase in the first fiscal quarter of 2012 to a level higher than we would expect in our quarter ended October 31, which is generally a slower quarter for growth in license revenues. As a result, we may not experience sequential growth in license revenues in our upcoming quarter ending January 31, 2012. From time to time, we may also experience fluctuations in revenues related to the exercise of a perpetual buyout right.

Our services revenues are also subject to seasonal fluctuations, though to a lesser degree than our license revenues. Our services revenues are impacted by the number of professional days in a given fiscal quarter. The quarter ended January 31 usually has fewer professional days due to the impact of the Thanksgiving, Christmas and New Year’s holidays. Because we pay our services professionals the same amounts throughout the year, our gross margins on our services revenues are lower in the quarter ended January 31.

Our gross profit in absolute dollars increased year-over-year in all quarters. Our cost to maintain our infrastructure is generally fixed within a given quarter. Therefore, when applied against our generally fixed costs, higher revenues in a quarter result in higher overall gross profits.

In most of the quarters presented, our operating expenses increased as a result of an increase in the number of total employees. From July 31, 2009 to October 31, 2011, we have added 288 additional employees in order to drive our sales efforts and increase our technical support, services, research and development and administrative personnel to support our growth.

Research and development expenses in absolute dollars increased sequentially in every quarter presented except for the quarters ended July 31, 2010 and October 31, 2010. Increases were primarily a result of increasing headcount to maintain and improve the functionality of our software products. Research and development expenses varied as a percentage of revenues throughout the periods presented primarily due to the timing of revenues recognized but generally increased year-over-year as we continued to invest in our software development. We expect to increase research and development expenses in absolute dollars and as a percentage of revenues on an annual basis as we expect to increase our investment in our software development in our ongoing efforts to ensure we maintain our technology leadership position.

Sales and marketing expenses in absolute dollars varied from quarter-to-quarter in the quarters presented. Increases were primarily a result of increasing headcount in our direct sales teams, as well as increased marketing programs and events and timing of the programs. Sales and marketing expenses as a percentage of revenues varied from quarter-to-quarter primarily due to the timing of revenues recognized, marketing programs and commissions earned and expensed, but generally stayed stable year-over-year as sales and marketing expenses grew along with our revenues.

General and administrative expenses in absolute dollars increased sequentially in every quarter presented except for the quarters ended July 31, 2010 and October 31, 2011. Increases were primarily a result of increasing headcount to support the growth of our business. General and administrative expenses varied as a percentage of revenues due to the timing of revenues recognized and the timing of professional service fees.

During the quarter ended April 30, 2011, we recorded an income tax benefit primarily resulting from the release of a significant portion of our tax valuation allowance for our U.S. deferred tax assets. The valuation allowance was partially released due to a change in management's assessment of our ability to realize these tax assets due to our historical and expected future profitability. During the quarter ended July 31, 2011, we recorded an income tax benefit primarily resulting from the income tax impact from the litigation provision.

Our quarterly results of operations may fluctuate significantly due to a variety of factors, many of which are outside of our control, making our results of operations variable and difficult to predict. Such factors include those discussed above and those set forth in "Risk Factors—We may experience quarterly and annual fluctuations in our results of operations due to a number of factors" and "—Seasonal and other variations related to our revenue recognition may cause significant fluctuations in our results of operations and cash flows." One or more of these factors may cause our results of operations to vary widely. As such, we believe that our quarterly results of operations may vary significantly in the future and that sequential quarterly comparisons of our results of operations may not be meaningful and should not be relied upon as an indication of future performance.

Liquidity and Capital Resources

To date, we have substantially satisfied our capital and liquidity needs through private placements of convertible preferred stock and, more recently, cash flows from operations. Since our inception, we have received gross proceeds from convertible preferred stock issuances in an aggregate amount of $36.6 million. We also had cash flows from operations of $11.4 million, $9.5 million and $27.7 million during fiscal years 2009, 2010 and 2011. Cash flows used in operations were $13.1 million and $27.1 million during the three months ended October 31, 2010 and 2011, respectively. The three months ended October 31, 2011 included a $10.0 million litigation settlement payment. We had capital expenditures of $1.2 million, $2.2 million, $2.8 million, $0.6 million and $0.5 million for the fiscal years 2009, 2010 and 2011 and the three months ended October 31, 2010 and 2011, respectively. Our capital expenditures consisted of purchases of property and equipment, primarily consisting of computer hardware, software and leasehold improvements. As of July 31, 2010 and 2011 and October 31, 2011, we had $37.4 million, $59.6 million and $31.2 million of cash and cash equivalents, respectively, and negative working capital of $5.4 million and positive working capital of $12.5 million and $13.5 million, respectively.

We have experienced positive cash flows from operations during fiscal years 2009, 2010 and 2011 and negative cash flows in the three months ended October 31, 2010 and 2011. We expect that we will continue to generate positive cash flows from operations on an annual basis, although this may fluctuate significantly on a quarterly basis. In particular, we typically use more cash during the first fiscal quarter ended October 31, as we generally pay cash bonuses to our employees for the prior fiscal year during that period and pay seasonally higher sales commissions from increased orders in our fourth fiscal quarter. As such, we believe that our existing cash and cash equivalents and sources of liquidity will be sufficient to fund our operations for at least the next 12 months. Our future capital requirements will depend on many factors, including our rate of revenues growth, the expansion of our sales and marketing activities and the timing and extent of our spending to support our research and development efforts and expansion into other markets. We may also seek to invest in, or acquire complementary businesses, applications or technologies. To the extent that existing cash and cash equivalents and cash from operations are insufficient to fund our future activities, we may need to raise additional funds through public or private equity or debt financing. Additional funds may not be available on terms favorable to us or at all.

Cash Flows

The following summary of cash flows for the periods indicated has been derived from our consolidated financial statements included elsewhere in this prospectus:

	Years Ended July 31,			Three Months Ended October 31,	
	2009	2010	2011	2010	2011
				(unaudited)	
			(in thousands)		
Net cash provided by (used in) operating activities	$11,379	$ 9,534	$27,686	$(13,099)	$(27,085)
Net cash provided by (used in) investing activities	(1,020)	(1,040)	(8,310)	(587)	(490)
Net cash provided by (used in) financing activities	66	785	931	227	(571)

Cash Flows from Operating Activities

We experienced positive cash flows from operating activities during fiscal years 2009, 2010 and 2011 primarily as a result of increased revenues and the resulting reduction of our net loss or increase in net income during these periods.

Net cash used by operating activities during the three months ended October 31, 2011 was primarily attributable to an increase in accounts receivable of $7.7 million as our revenues increased, a decrease in deferred revenues of $13.8 million primarily due to achieving revenue recognition on fiscal year 2011 orders, a decrease in accrued employee compensation of $9.0 million due to timing of bonus payments and a decrease in other liabilities of $10.4 million primarily due to the payment of a litigation settlement. This was partially offset by our net income of $4.8 million and non-cash charges for depreciation and amortization of $0.7 million, stock-based compensation of $3.3 million and a decrease in deferred tax assets of $2.8 million and a $1.5 million decrease in prepaid and other assets.

Net cash provided by operating activities during fiscal year 2011 was primarily attributed to our net income of $35.6 million increased by non-cash charges for depreciation and amortization of $2.2 million and stock-based compensation of $6.7 million, partially offset by a $28.1 million increase in deferred tax assets primarily associated with the reversal of a significant portion of our tax valuation allowance. Additionally, changes in operating assets and liabilities totaled $11.3 million, which was primarily a result of an $11.8 million increase in deferred revenues mainly due to an increase in our license and maintenance deferred revenues and a $7.5 million increase in other liabilities primarily related to our $10.0 million litigation provision, partially offset by a $6.3 million increase in accounts receivable from billings to customers and a $2.7 million increase in other assets primarily due to the purchase of patents and increased prepaid expense.

Net cash provided by operating activities during fiscal year 2010 of $9.5 million reflects net income of $15.5 million increased by non-cash charges of $1.4 million for depreciation and $3.4 million for stock-based compensation. The net change in our operating assets and liabilities of $10.3 million was primarily a result of a $19.3 million decrease in deferred revenues due to the timing of completion of certain projects partially offset by a $5.0 million decrease in accounts receivable, a $3.5 million increase for accrued employee compensation from an increase in headcount and a $0.4 million increase in accounts payable due to timing of payments.

Net cash provided by operating activities during fiscal year 2009 of $11.4 million reflects the net loss of $11.0 million increased by a reversal of $0.7 million for bad debt expense recovery partially offset by non-cash charges of $1.3 million for depreciation and $2.8 million for stock-based compensation. The net change in our operating assets and liabilities of $18.9 million was primarily the result of a $15.6 million increase in deferred revenues from increased demand in licenses and maintenance and $8.9 million increase in accrued employee compensation arising mainly from increased headcount. These were partially offset by $6.3 million increase in accounts receivable due to increase in revenues and timing of customer payments during the economic slowdown.

Cash Flows from Investing Activities

Our investing activities consist primarily of capital expenditures to purchase property and equipment, sales of short-term investments and changes in our restricted cash. In the future, we expect we will continue to invest in capital expenditures to support our expanding operations.

During the three months ended October 31, 2011, cash used in investing activities of $0.5 million was due to capital expenditures during the period.

During fiscal year 2011, cash used in investing activities of $8.3 million was primarily attributable to an increase in our restricted cash of $5.5 million for certain customer contract commitments and $2.8 million in capital expenditures during the period.

During fiscal year 2010, cash used in investing activities of $1.0 million was primarily attributable to $2.2 million in capital expenditures which were partially offset by a $1.2 million decrease in restricted cash requirements.

During fiscal year 2009, cash used in investing activities of $1.0 million was primarily attributable to $1.2 million in capital expenditures which were partially offset by a $0.1 million decrease in restricted cash that was released during the year.

Cash Flows from Financing Activities

Prior to fiscal year 2009, we financed our operations primarily with proceeds from the sale of our convertible preferred stock. Commencing in fiscal year 2009, we have financed our operations primarily from our operating cash flows.

During the three months ended October 31, 2011, cash used in financing activities was $0.6 million, which consisted of $1.0 million in costs paid in connection with our anticipated initial public offering partially offset by $0.4 million in proceeds received from the exercise of stock options during the period.

During fiscal year 2011, cash provided by financing activities was $0.9 million, which consisted of proceeds received from the exercise of stock options during the period.

During fiscal year 2010, cash provided by financing activities was $0.8 million, which consisted of proceeds received from the exercise of stock options during the year.

During fiscal year 2009, cash provided by financing activities was $0.1 million, which consisted of proceeds received from the exercise of stock options during the year.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States and include our accounts and the accounts of our wholly-owned subsidiaries. The preparation of our consolidated financial statements requires our management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the applicable periods. Management bases its estimates, assumptions and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Different assumptions and judgments would change the estimates used in the preparation of our consolidated financial statements which, in turn, could change the results from those reported. Our management evaluates its estimates, assumptions and judgments on an ongoing basis.

The critical accounting policies requiring estimates, assumptions and judgments that we believe have the most significant impact on our consolidated financial statements are described below.

Revenue Recognition

We enter into multiple-element arrangements where we are obligated to deliver multiple products and/or services. We apply software revenue recognition rules and allocate the total revenues among elements based on the VSOE of fair value of each element. We enter into agreements to license our software products and provide maintenance and may sell professional service, to the extent requested by our customers.

We recognize revenues when all of the following criteria are met:

- *Persuasive evidence of an arrangement exists.* Evidence of an arrangement consists of a written contract signed by both the customer and management prior to the end of the period.
- *Delivery or performance has occurred.* Our software is delivered electronically to the customer. Delivery is considered to have occurred when we provide the customer access to the software along with login credentials.
- *Fees are fixed or determinable.* Arrangements where a significant portion of the fee is due beyond 90 days from delivery are not considered to be fixed or determinable. Revenues from such arrangements is recognized as payments become due, assuming all other revenue recognition criteria have been met. Fees from our term licenses are generally due in equal annual installments over the term of the agreement beginning on the effective date of the license. Accordingly, we do not consider fees from our term licenses to be fixed or determinable until they become due.

- Ÿ *Collectability is probable.* Collectability is assessed on a customer-by-customer basis. We assess collectability based primarily on creditworthiness as determined by credit checks and analysis, as well as our payment history with the customer. Payment terms generally range from 30 to 90 days from invoice date. If it is determined prior to revenue recognition that collection of an arrangement fee is not probable, revenues are deferred until collection becomes probable or cash is collected, assuming all other revenue recognition criteria are satisfied.

VSOE of fair value does not exist for software licenses; therefore, we allocate revenues to software licenses using the residual method. Under the residual method, the total VSOE of fair value of the undelivered elements is deferred and the difference between the total arrangement fee and the deferred amount for the undelivered elements is recognized as revenues for the delivered software licenses.

The VSOE of fair value for elements of an arrangement is based upon the normal pricing and discounting practices for those elements when sold separately. VSOE of fair value for maintenance is established using the stated maintenance renewal rate in the customer's contract. VSOE of fair value for services is established if a substantial majority of historical stand-alone selling prices for a service fall within a reasonably narrow price range. For term licenses with a duration of one year or less, no VSOE of fair value for maintenance exists.

If VSOE of fair value for one or more undelivered elements does not exist, the total arrangement fee is deferred and recognized when delivery of those elements occurs or when VSOE of fair value can be established. If the undelivered elements are all service elements and VSOE of fair value does not exist for one or more service element, the total arrangement fee is recognized ratably over the longest service period starting at software delivery, assuming all the related services have been made available to the customer.

When implementation services are sold with a license arrangement, we evaluate whether those services are essential to the functionality of the software. Prior to fiscal year 2008, we determined that all of our implementation services were essential to the software because the implementation services were generally not available from other third-party vendors. By the beginning of fiscal year 2008, third-party vendors were providing implementation services for ClaimCenter, and we concluded that implementation services generally were not essential to the functionality of our ClaimCenter software. By the beginning of fiscal year 2011, third-party vendors were providing implementation services for PolicyCenter and BillingCenter, and we concluded that implementation services were no longer essential to the functionality of our PolicyCenter and BillingCenter software.

For multiple-element arrangements originating prior to fiscal year 2008, we did not have objective and reliable evidence of fair value of the maintenance. Accordingly, the total consideration in such arrangements is deferred and recognized ratably over the contractual maintenance term beginning at the time the software is delivered. When the arrangement includes implementation services that we deem essential to the functionality of the software and it is reasonably assured that no loss will be incurred under the arrangement, revenues are recognized pursuant to the zero gross margin method, whereby revenues recognized are limited to the costs incurred for the implementation services. As a result, license and maintenance fees and the profit margin on the professional services are generally deferred until the essential services are completed and then recognized over the remaining term of the maintenance period.

In cases where professional services are deemed to be essential to the functionality of the software and VSOE exists for the maintenance element, the arrangement is accounted for using contract accounting until the essential services are complete. If we can make reliable estimates of total project costs and the extent of progress toward completion, we apply the percentage-of-completion method in recognizing the arrangement fee. We measure percentage toward completion using the ratio of service billings to date compared to total estimated services billings for the consulting services. For term licenses with license fees due in equal installments over the term, the license revenues subject to percentage of completion recognition include only those payments that are due and payable within the reporting period. The fees related to maintenance are recognized over the period the element is provided.

If we cannot make reliable estimates of total project implementation but it is reasonably assured that no loss will be incurred under the arrangement, the zero gross margin method is applied. The percentage-of-completion method is applied when project estimates become reliable, resulting in the recognition of deferred license revenues to the extent of progress toward completion.

Stock-Based Compensation

We recognize compensation expense related to stock options and RSUs granted to employees based on the estimated fair value of the awards on the date of grant, net of estimated forfeitures. The RSUs are subject to time-based vesting, which generally occurs over a period of four years, and a performance-based condition, which will be satisfied upon the first to occur of the sale of our company or 180 days after our initial public offering. If an employee terminates employment prior to the occurrence of the performance-based condition, the employee does not forfeit the RSUs to the extent the time-based vesting requirements were satisfied prior to termination. The awards expire 10 years from the grant date. We estimate the grant date fair value, and the resulting stock-based compensation expense, of our stock options using the Black-Scholes option-pricing model. The grant date fair value of the stock-based awards is generally recognized using the accelerated multiple option approach over the requisite service period, which is generally the vesting period of the respective awards. Compensation cost for RSUs is recognized over the time-based vesting period regardless of the occurrence of the performance-based condition since this condition is not subject to employment.

The fair value of the awards granted during fiscal years 2009, 2010, and 2011 and the three months ended October 31, 2010 and 2011 was calculated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Years Ended July 31,			Three Months Ended October 31,	
	2009	2010	2011	2010(1)	2011
				(unaudited)	
Expected term (in years)	6.08	6.08	6.03	—	5.90 - 6.02
Risk-free interest rate	2.2% - 3.5%	2.7% - 3.1%	1.9%	—	1.1% - 1.2%
Expected volatility	48.5% - 52.3%	50.3% - 54.4%	46.1%	—	44.5%
Expected dividend rate	0%	0%	0%	—	0%

(1) No options were issued during the three months ended October 31, 2010.

The Black-Scholes model requires the use of highly subjective and complex assumptions which determine the fair value of stock-based awards, including the expected term and the price volatility of the underlying stock. These assumptions include:

Expected Term. The expected term represents the period that the stock-based awards are expected to be outstanding. For our option grants, we used the simplified method to determine the expected term as provided by the SEC. The simplified method calculates the expected term as the average of the time-to-vesting and the contractual life of the options. We used the simplified method to determine our expected term because of our limited history of stock option exercise activity.

Risk-Free Interest Rate. The risk-free interest rate is based on the U.S. Treasury yield in effect at the time of grant for zero coupon U.S. Treasury notes with maturities approximately equal the expected term of the awards.

Expected Volatility. The expected volatility is derived from historical stock volatilities of several publicly listed peer companies over a period approximately equal to the expected term of the award because we have limited information on the volatility of our common stock since we have no trading history. The peer companies used in the volatility calculation and the valuations of our common stock were selected because they have similar term license or recurring fee models and also have a similar mix between software license, maintenance and services revenues. The primary limitation or uncertainty over comparability with these companies is that they are in different vertical markets.

Expected Dividend. The expected dividend was assumed to be zero as we have never paid dividends and have no current plans to do so.

In addition to the assumptions used in the Black-Scholes option-pricing model, we must also estimate a forfeiture rate to calculate the stock-based compensation for our awards. Our forfeiture rate is based on an analysis of our actual forfeitures. We will continue to evaluate the appropriateness of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover and other factors. Quarterly changes in the estimated forfeiture rate can have a significant impact on our stock-based compensation expense as the cumulative effect of adjusting the rate is recognized in the period the forfeiture estimate is changed. If a revised forfeiture rate is higher than the previously estimated forfeiture rate, an adjustment is made that will result in a decrease to the stock-based compensation expense recognized in the financial statements. If a revised forfeiture rate is lower than the previously estimated forfeiture rate, an adjustment is made that will result in an increase to the stock-based compensation expense recognized in the financial statements.

We will continue to use judgment in evaluating the expected volatility, expected terms and forfeiture rates utilized for our stock-based compensation calculations on a prospective basis. As we continue to accumulate additional data related to our common stock, we may have refinements to the estimates of our expected volatility, expected terms and forfeiture rates, which could materially impact our future stock-based compensation expense.

We are also required to estimate the fair value of the common stock underlying our stock-based awards when performing the fair value calculations with the Black-Scholes option-pricing model as well as estimating the fair value of our RSUs. The fair value of the common stock underlying our stock-based awards was estimated on each grant date by our board of directors, with input from management. We believe that our board of directors has the relevant experience and expertise to determine a fair value of our common stock on each respective grant date. Given the absence of a public trading market of our common stock, and in accordance with the American Institute of Certified Public Accountants Practice Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, our board of directors exercised reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of the fair value of our common stock including:

- contemporaneous valuations;
- prices for our convertible preferred stock sold to outside investors in arm’s-length transactions;
- rights, preferences and privileges of our convertible preferred stock relative to those of our common stock;
- actual operating and financial performance;
- likelihood of achieving a liquidity event, such as an initial public offering or a sale of our company given prevailing market conditions and the nature and history of our business;

- illiquidity of stock-based awards involving securities in a private company;
- industry information such as market size and growth; and
- macroeconomic conditions.

Information regarding stock-based awards to our employees since April 30, 2010 is summarized in the following table:

Grant Date	Options or RSUs	Number of Awards Granted	Exercise Price	Fair Value Per Share of Common Stock	Aggregate Grant Date Fair Value
May 5, 2010	Options	1,500	$ 4.50	$ 4.50	$ 3,000
July 22, 2010	RSUs	105,231	N/A	4.50	474,000
October 13, 2010	RSUs	354,065	N/A	3.75	1,328,000
December 8, 2010	RSUs	1,809,515	N/A	4.04	7,310,000
March 9, 2011	RSUs	1,162,020	N/A	5.72	6,647,000
April 29, 2011	RSUs	114,900	N/A	7.50	862,000
July 21, 2011	Options	500,000	7.50	7.50	1,732,000
July 21, 2011	RSUs	853,400	N/A	7.50	6,401,000
September 14, 2011	Options	205,000	8.65	8.65	764,000
September 14, 2011	RSUs	597,595	N/A	8.65	5,169,000
November 11, 2011	Options	235,000	10.00	10.00	1,034,000
November 11, 2011	RSUs	297,500	N/A	10.00	2,975,000

The aggregate intrinsic value of vested and unvested stock options as of November 30, 2011, based on an initial public offering price of $ per share, the midpoint of the price range set forth on the front cover of this prospectus, was $ million and $ million, respectively.

In valuing our common stock, the board of directors determined the equity value of our business by taking a combination of the income and market approaches.

The income approach estimates the fair value of a company based on the present value of the company's future estimated cash flows and the residual value of the company beyond the forecast period. These future values are discounted to their present values using a discount rate which is derived from an analysis of the cost of capital of comparable publicly-traded companies in the same industry or similar lines of business as of each valuation date and is adjusted to reflect the risks inherent in the company achieving these estimated cash flows.

We have utilized two different market approaches in performing our valuations, specifically the publicly-traded comparable method and the prior sales of stock method. The publicly-traded comparable method estimates the enterprise value of a company by applying market multiples of comparable publicly-traded companies in the same industry or similar lines of business. The market multiples are based on key metrics implied by the enterprise or acquisition values of comparable publicly-traded companies. As of July 31, 2010, October 31, 2010 and January 31, 2011, we analyzed the financial and market performance of the same eight publicly-traded companies that were utilized to determine expected volatility. As of September 14, 2011, for the first application of the PWERM method we analyzed the financial and market performance of thirteen different publicly-traded companies. These companies were selected by management because they have a similar term license or recurring fee models and also have a similar mix between software license, maintenance and services revenues. The primary limitation or uncertainty over comparability with these companies is that they are in different vertical markets. The prior sales of stock method considers prior arm's-length sales of the subject company's equity based on the size and amount of equity sold; the relationship of the parties involved, the timing compared to the valuation date; and the financial condition and structure of the subject company at the time of the sale.

The enterprise values determined by the income and market approaches are then allocated to the common stock using either the Option Pricing Method, or OPM, or the Probability Weighted Expected Return Method, or PWERM.

The OPM treats common stock and convertible preferred stock as call options on a company's enterprise value, with exercise prices based on the liquidation preferences of the convertible preferred stock. Therefore, the common stock has value only if the funds available for distribution to the stockholders exceed the value of the liquidation preference at the time of an assumed liquidity event such as a merger, sale or initial public offering, or IPO. The common stock is modeled as a call option with a claim on the enterprise at an exercise price equal to the remaining value immediately after the convertible preferred stock is liquidated. The OPM uses the Black-Scholes option-pricing model to determine the price of the call option. The OPM is appropriate to use when the range of possible future outcomes is so difficult to predict that forecasts would be highly speculative. We utilized an OPM for the July 31 and October 31, 2010 and January 31, 2011 valuations.

The PWERM involves a forward-looking analysis of the possible future outcomes of a company. This method is particularly useful when discrete future outcomes can be predicted at a high confidence level with a probability distribution. Discrete future outcomes considered under the PWERM included non-IPO market based outcomes as well as IPO scenarios. In the non-IPO scenarios, a large portion of the equity value is allocated to the convertible preferred stock to incorporate higher aggregate liquidation preferences. In the IPO scenarios, the equity value is allocated pro rata among the shares of common stock and each series of convertible preferred stock, which causes the common stock to have a higher relative value per share than under the non-IPO scenario. The fair value of the enterprise determined using the IPO and non-IPO scenarios will be weighted according to the board of directors' estimate of the probability of each scenario. We transitioned from OPM to PWERM starting with the September 14, 2011 valuation as a result of the increasing likelihood of the occurrence of certain discrete events, including an initial public offering, as a result of our improved results of operations, improving market conditions and receptivity of the market to initial public offerings.

We did not need to allocate an enterprise value to determine the per share value of the common stock as of April 30, 2011 and July 31, 2011 because this valuation was based on a stock sale with third parties, which was based on the per share price of the stock. The November 11, 2011 valuation by the board of directors was based on a preliminary price range for our offering provided by representatives of the managing underwriters. As a result, the April 30, 2011, July 31, 2011 and November 11, 2011 valuations did not utilize either the OPM or PWERM.

Summary of Valuations

July 31, 2010 Valuation

As of July 31, 2010, our board of directors determined the fair value of the common stock to be $3.65 per share. This contemporaneous valuation was prepared on a minority, non-marketable interest basis assuming our business was in the bridge stage of development. We were classified as bridge stage because we were earning positive net income and expected revenues and profits to grow faster than our peer group of companies.

This valuation was, in part, based on cash flow projections for the year ending July 31, 2011 through the year ending July 31, 2017. These estimated cash flows were discounted based on a weighted average cost of capital, or WACC, of 13.0%. The estimated future cash flows and residual value were then discounted back to their present values using a risk-adjusted discount rate of 45.0%. The risk adjusted discount rate was comprised of historical expected rates of return of 35% for late stage development companies plus 10% incremental company-specific risk associated with litigation.

In applying the publicly-traded comparables method of the market approach, we analyzed the financial performance of eight publicly-traded companies in the Internet-based software platform space. The resulting enterprise value was then reduced by a non-marketability discount of 18.0%.

Based on the processes described above, our board of directors determined that it had equal confidence in both the income and market approaches so it weighted them equally to determine an aggregate enterprise value. This enterprise value was then allocated to the common stock utilizing an OPM with the following assumptions: a time to a liquidity event of 2.75 years, a risk-free rate of 0.8%, dividend yield of 0% and volatility of 50% over the time to a liquidity event. As a result, the fair value of the common stock was determined to be $3.65 per share.

Just prior to the date of this valuation, we granted 105,231 RSUs on July 22, 2010. Since this valuation was prepared after the grant date, we utilized a fair value of $4.50 per share as determined in a valuation dated January 31, 2010 to calculate the related stock-based compensation.

October 31, 2010 Valuation

As of October 31, 2010, our board of directors determined the fair value of the common stock to be $3.75 per share. This contemporaneous valuation was prepared on a minority, non-marketable interest basis assuming our business was in the bridge stage of development.

This valuation was, in part, based on cash flow projections for the year ending July 31, 2011 through the year ending July 31, 2017. These estimated cash flows were discounted based on a WACC of 13.0%. The estimated future cash flows and residual value were then discounted back to their present values using a risk-adjusted discount rate of 47.5%. The risk adjusted discount rate was comprised of historical expected rates of return of 32.5% for late stage development companies plus 15% incremental company-specific risk associated with litigation. In applying the publicly-traded comparables method of the market approach, we analyzed the financial performance of the same eight peer companies utilized in the July 31, 2010 valuation. The resulting enterprise value was then reduced by a non-marketability discount of 18.0%.

Based on the processes described above, our board of directors determined that it had equal confidence in both the income and market approaches so it weighted them equally to determine an aggregate enterprise value. The enterprise value was then allocated to the common stock utilizing an OPM with the following assumptions: a time to a liquidity event of 2.5 years, a risk-free rate of 0.4%, dividend yield of 0% and volatility of 50% over the time to a liquidity event. As a result, the fair value of the common stock was determined to be $3.75 per share.

Just prior to the date of this valuation, we granted 354,065 RSUs on October 13, 2010 and used the fair value of $3.75 per share from the October 31, 2010 valuation to calculate the related stock-based compensation.

January 31, 2011 Valuation

As of January 31, 2011, our board of directors determined the fair value of the common stock to be $4.45 per share. This contemporaneous valuation was prepared on a minority, non-marketable interest basis assuming our business was in the bridge stage of development.

This valuation was, in part, based on cash flow projections for the year ending July 31, 2012 through the year ending July 31, 2017. These estimated cash flows were discounted based on a WACC of 14.0%. The estimated future cash flows and residual value were then discounted back to their present values using a risk-adjusted discount rate of 45.0%. The risk adjusted discount rate was comprised of historical expected rates of return of 30% for late stage development companies plus 15% incremental company-specific risk associated with litigation. In applying the publicly-traded comparables method of the market approach, we analyzed the financial performance of the same eight peer companies utilized in the October 31, 2010 valuation. The resulting enterprise value was then reduced by a non-marketability discount of 18.0%.

Based on the processes described above, our board of directors determined that it had equal confidence in both the income and market approaches so it weighted them equally to determine an enterprise value. The enterprise value was then allocated to the common stock utilizing an OPM with the following assumptions: a time to a liquidity event of 2.25 years, a risk-free rate of 0.7%, dividend yield of 0% and volatility of 45% over the time to a liquidity event. As a result, the fair value of the common stock was determined to be $4.45 per share.

Prior to the date of this valuation, we granted 1,809,515 RSUs on December 8, 2010 and used the fair value of $4.04 per share to calculate the related stock-based compensation. The fair value of the RSUs granted in December 2010 was determined using a straight-line methodology, with the benefit of hindsight, between the fair value determined in the October 31, 2010 valuation of $3.75 per share and the fair value determined in this valuation as of January 31, 2011 of $4.45 per share. Management determined that the straight-line methodology would provide the most reasonable conclusion for the valuation for the RSUs on this interim date between valuations because there was no single event or series of events that occurred during this interim period that resulted in the increase in fair value but rather a series of events related to general improvements in the eight peer companies' market valuations and our profitability, growth in revenues, continued positive cash flow and forecasts of these trends continuing in future periods.

April 30, 2011 Valuation

As of April 30, 2011, our board of directors determined the fair value of our common stock to be $7.50 per share. This contemporaneous valuation was primarily based on a secondary market transaction that closed in May and June 2011 in which the three primary venture capital funds which own shares of our outstanding convertible preferred stock purchased 839,000 shares of common stock and 107,075 shares of Series A convertible preferred stock at $7.50 per share from individual stockholders. Two of the venture capital funds hold board seats while the third has observer status. As a result of the board status for each of the purchasers, this secondary market transaction was used to determine the fair value of our common stock. Our board of directors did not perform a valuation to determine the fair value as of April 30, 2011 and instead used the fair value of $7.50 per share determined in the transaction discussed above.

Prior to the date of this valuation, we granted 1,162,020 and 114,900 RSUs on March 9 and April 29, 2011, respectively, and used the fair value of $5.72 and $7.50 per share to calculate the related stock-based compensation for each respective grant. The fair value used for the April 29, 2011 grants was consistent with the April 30, 2011 valuation. However, the fair value of the RSUs granted on March 9, 2011 was determined using a straight-line methodology, with the benefit of hindsight, between the fair value determined in the January 31, 2011 valuation of $4.45 per share and the fair value determined in this valuation as of April 30, 2011 of $7.50 per share. Our board and management determined that the straight-line methodology would provide the most reasonable conclusion for the valuation for the RSUs on this interim date between valuations because there was no single event or series of events that occurred during this interim period that resulted in the increase in fair value but rather a series of events related to general improvements in the eight peer companies' market valuation and our financial position and results of operations. The improvement in our financial performance was evidenced by the 23% increase in revenues and the 83% increase in income from operations in the nine months ended April 30, 2011, as compared to the nine months ended April 30, 2010, the release of a significant portion of our tax valuation allowance on our U.S. and state deferred tax assets and positive developments in our then existing litigation with Accenture since the prior valuation, which are further described in "Business—Legal Proceedings".

July 21, 2011 Valuation

As of July 21, 2011, our board of directors determined the fair value of our common stock to be $7.50 per share. This contemporaneous valuation was primarily based on a secondary market transaction that closed in May and June 2011 in which the three primary venture capital funds which own shares of our outstanding convertible preferred stock purchased 839,000 shares of common stock and 107,075 shares of Series A convertible preferred stock at $7.50 per share from individual stockholders. Two of the venture capital funds hold board seats while the third has observer status. As a result of the board status for each of the purchasers, this secondary market transaction was used to determine the fair value of our common stock. As of July 21, 2011, our board of directors did not perform a valuation and instead used the fair value of $7.50 per share determined in the secondary market transaction discussed above. Our board of directors evaluated the previously discussed secondary market transaction and determined that there should not be any change to the fair value of the common stock from when this secondary market transaction occurred to July 21, 2011. Even though we were achieving our forecasted growth in sales, revenues and income, the capital markets were extremely volatile during the quarter, which our board of directors believed would have offset any improvements in the results of the business from a valuation perspective. After assessing the above information, as well as taking into consideration the close proximity of the last secondary market transaction on June 27, 2011 and the July 21, 2011 grant date, our board of directors determined that there were no subsequent events that would indicate that the fair value of our common stock should have materially changed.

On the date of this valuation, we granted 500,000 options and 853,400 RSUs and used the fair value of $7.50 per share to calculate the related stock-based compensation for each respective grant.

September 14, 2011 Valuation

As of September 14, 2011, our board of directors determined the fair value of our common stock to be $8.65 per share. This contemporaneous valuation was prepared on a minority, non-marketable interest basis assuming our business was in the Bridge/IPO stage of development.

This valuation was in part based upon the PWERM approach instead of an OPM approach as applied previously. Subsequent to July 31, 2011, the range of discrete events, specifically IPO and non-IPO scenarios, became fairly well established; therefore, PWERM was utilized to estimate the fair value of our common stock during this period. The expected outcomes were weighted as follows: (1) 54% towards IPO scenarios occurring during late 2011 through 2012, valued using the market approach; (2) 14% towards non-IPO scenarios such as a merger or acquisition, valued using the market approach; (3) 32% to remaining a private company, valued using the income approach; and (4) 0% towards non-IPO scenarios such as a dissolution, valued using the income approach. The valuation of the enterprise under each of these scenarios was, in part, based on cash flow projections for the fiscal years ending July 31, 2012 through 2018. These estimated cash flows were discounted based on a weighted average cost of capital, or WACC, of 21.0% which was determined to be appropriate given our Bridge/IPO stage of development and inherent risks. The risk adjusted discount rate was comprised of historical expected rates of return of 11% for similar stage development companies plus 10% incremental company-specific risk associated with litigation. The results from the PWERM allocation were then reduced by a non-marketability discount of 7% to 8% to determine the fair value of our common stock to be $8.65 per share as of September 14, 2011. The increase in fair value from July 21, 2011 was due to our filing for an initial public offering as well as our increased profitability, growth in revenues, continued positive cash flow and forecasts of these trends continuing in future periods. The primary factor contributing to the increase in fair value is the increased likelihood of an IPO outcome as evidenced by an organizational meeting in July 2011 and the filing of a registration on Form S-1 on September 2, 2011.

On the date of this valuation, we granted 205,000 options and 597,595 RSUs, and used the fair value of $8.65 per share to calculate the related stock-based compensation for each respective grant.

November 11, 2011 Valuation

As of November 11, 2011, our board of directors determined the fair value of our common stock to be $10.00 per share.

Representatives of the managing underwriters attended a portion of the meeting of our board of directors held on November 9, 2011 and discussed the current state of the capital markets and the challenges and risks associated with pursuing an initial public offering in late 2011 or early 2012. At that meeting, representatives of the managing underwriters recommended a preliminary price range for the Company's offering, subject to fluctuation based on market conditions. The preliminary price range considered various market multiples of historical and projected revenue, EBITDA, free cash flow and earnings for a substantially similar set of comparable companies used in our September 14, 2011 valuation.

In light of our financial results for the three months ended July 31, 2011, we updated our financial outlook for fiscal year 2012, including an increase in revenues and Adjusted EBITDA, and provided it to the board of directors on November 9, 2011. Additionally, we settled our litigation with Accenture on October 13, 2011. The board of directors believed these events had positive impacts on the common stock fair value and, in combination with the market conditions at the time, would lead to a shortened timeframe for completing our IPO. The board of directors considered these factors, including the recommended preliminary price range from managing underwriters, to determine the fair value of our common stock to be $10.00 per share, representing a 16% increase in the estimated common stock fair value from September 14, 2011. Also, this value excludes any marketability or illiquidity discount for our common stock and assumes the successful completion of a public offering, both of which further contribute to an increased common stock valuation as compared to the prior valuation.

On the date of this valuation, we granted 235,000 options and 297,500 RSUs and used the fair value of $10.00 per share to calculate the related stock-based compensation for each respective grant.

Stock-Based Compensation

Stock-based compensation expense included in results of operations amounted to approximately $2.8 million, $3.4 million, $6.7 million, $1.0 million and $3.3 million during fiscal years 2009, 2010 and 2011 and the three months ended October 31, 2010 and 2011, respectively, and was included in cost of revenues and in operating expenses as follows:

	Years Ended July 31,			Three Months Ended October 31,	
	2009	2010	2011	2010	2011
				(unaudited)	
			(in thousands)		
Cost of revenues	$ 780	$ 925	$1,384	$ 306	$ 758
Research and development	688	769	1,372	248	845
Sales and marketing	857	755	903	135	497
General and administrative	464	905	3,021	334	1,212
Total employee stock-based compensation	$2,789	$3,354	$6,680	$1,023	$3,312

As of July 31, 2011 and October 31, 2011, total unrecognized compensation cost, adjusted for estimated forfeitures, was as follows:

	As of July 31, 2011		As of October 31, 2011	
	Unrecognized expense	Average expected recognition period	Unrecognized expense	Average expected recognition period
			(unaudited)	
	(in thousands)	(in years)	(in thousands)	(in years)
Stock options	$ 2,092	3.3	$ 2,209	3.3
Restricted stock units	11,880	3.7	13,967	3.7
Total unrecognized stock-based compensation expense	$ 13,972		$ 16,176	

In future periods, our stock-based compensation expense is expected to increase as a result of our existing unrecognized stock-based compensation to be recognized as these awards vest and as we issue additional stock-based awards to attract and retain employees. The unrecognized stock-based compensation expense related to the RSUs and options granted on November 11, 2011, adjusted for estimated forfeitures, is $3.4 million.

Income Taxes

Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. We make these estimates and judgments about our future taxable income that are based on assumptions that are consistent with our future plans.

Income tax expense or benefit is recognized for the amount of taxes payable or refundable for the current year, and for deferred tax assets and liabilities for the tax consequences of events that have been recognized in an entity’s financial statements or tax returns. We must make significant assumptions, judgments and estimates to determine our current provision (benefit) for income taxes, our deferred tax assets and liabilities and any valuation allowance to be recorded against our deferred tax assets. Our judgments, assumptions and estimates relating to the current provision (benefit) for income taxes include the geographic mix and amount of income (loss), our interpretation of current tax laws and possible outcomes of current and future audits conducted by foreign and domestic tax authorities. Our judgments also include anticipating the tax positions we will take on tax returns before actually preparing and filing the tax returns. Changes in our business, tax laws or our interpretation of tax laws, and developments in current and future tax audits, could significantly impact the amounts provided for income taxes in our results of operations, financial position or cash flows.

A valuation allowance is needed when, based on the weight of the available evidence, it is more likely than not (a likelihood of more than 50 percent) that some portion or all of a deferred tax asset will not be realized. Realization of a deferred tax asset is dependent on whether there will be sufficient future taxable income of the appropriate character (e.g., ordinary income, capital gain income) in the period during which deductible temporary differences reverse or within the carryforward periods available under the tax law. In assessing the need for, or the sufficiency of, a valuation allowance we evaluate all available evidence, both negative and positive. If, based on the weight of available evidence, it is more likely than not that deferred tax assets will not be realized, we record a valuation allowance.

The weight given to the positive and negative evidence is commensurate with the extent to which the evidence may be objectively verified. As such, it is generally difficult for positive evidence regarding projected future taxable income exclusive of reversing taxable temporary differences to outweigh objective negative evidence in the form of recent cumulative losses. During the nine months ended

April 30, 2011 the objective negative evidence in the form of cumulative losses over the prior three years was no longer present and management was able to consider positive evidence, including projections for future growth, and, based on this evidence, a significant portion of the valuation allowance was removed. Prior to that, our deferred tax assets were subject to a valuation allowance based on the level of historical income and projections over the periods for which the deferred tax assets were deductible.

We regularly review our tax positions and for benefits to be realized, a tax position must be more likely than not to be sustained upon examination. The amount recognized is measured as the largest amount of benefit that is more likely than not to be realized upon settlement. Our policy is to recognize interest and penalties related to income tax matters as income tax expense.

Contractual Obligations

The following summarizes our contractual obligations as of July 31, 2011:

	Payments Due by Period				
Contractual Obligations:	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years	Total
			(in thousands)		
Operating lease obligations[(1)]	$ 2,573	$204	$142	$ —	$2,919
Total	$ 2,573	$204	$142	$ —	$2,919

(1) Operating lease agreements primarily represent our obligations to make payments under our non-cancelable lease agreement for our corporate headquarters through 2012. During fiscal year 2011, we made regular lease payments of $2.8 million under the operating lease agreements and did not enter into any new lease agreements. On December 5, 2011, we entered into a seven-year lease for a facility to serve as our corporate headquarters commencing August 1, 2012.

As of July 31, 2011, we had unrecognized tax benefits of $1.4 million associated with our U.S. federal and California research and development tax credits.

Off-Balance Sheet Arrangements

Through October 31, 2011, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in interest rates and foreign currency exchange rates. We do not hold or issue financial instruments for trading purposes.

Interest Rate Sensitivity

Our exposure to market risk for changes in interest rates relates primarily to our cash, cash equivalents and restricted cash as we do not have any short-term investments or outstanding debt as of July 31, 2011 and October 31, 2011. Our cash and cash equivalents and restricted cash as of July 31, 2011 and October 31, 2011 were $65.7 million and $37.2 million, respectively, and consisted primarily of cash, money market funds and certificates of deposit with maturities of up to two years from the date of purchase. Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of the interest rates in the United States. However, because of the short-term nature of our interest-bearing securities, a ten percent change in market interest rates would not be expected to have a material impact on our consolidated financial condition or results of operations.

Foreign Currency Exchange Risk

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Canadian dollar, Australian dollar, Euro and British pound. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. We believe our operating activities act as a natural hedge for a substantial portion of our foreign currency exposure because we typically collect revenues and incur costs in the currency in the location in which we provide our application. Although we have experienced and will continue to experience fluctuations in our net income (loss) as a result of transaction gains (losses) related to transactions denominated in currencies other than the U.S. dollar, we believe that a 10% change in foreign exchange rates would not have a material impact on our results of operations. To date, we have entered into one foreign currency hedging contract, but may consider entering into more such contracts in the future. As our international operations grow, we will continue to reassess our approach to manage our risk relating to fluctuations in currency rates.

Recent Accounting Pronouncements

Comprehensive Income

In June 2011, authoritative guidance that addresses the presentation of comprehensive income in interim and annual reporting of financial statements was issued. The guidance is intended to improve the comparability, consistency, and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income by eliminating the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. Such changes in stockholders' equity will be required to be disclosed in either a single continuous statement of comprehensive income or in two separate but consecutive statements. The guidance will be effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, and should be applied retrospectively for all periods presented. Early adoption is permitted. This new guidance impacts how we report our comprehensive income only, and will have no effect on our results of operations, financial position or liquidity upon our required adoption of this guidance on August 1, 2012.

BUSINESS

Overview

We are a leading provider of core system software to the global P&C insurance industry. Our solutions serve as the transactional systems-of-record for, and enable the key functions of, a P&C insurance carrier's business: underwriting and policy administration, claims management and billing. Since our inception, our mission has been to empower P&C insurance carriers to transform and improve their businesses by replacing their legacy core systems with our innovative modern software platform. We believe our solutions enhance our customers' ability to respond to evolving market needs, while improving the efficiency of their core operations, thereby increasing their revenues and reducing their costs.

P&C insurance carriers still typically rely on legacy core systems that are decades old and utilize programming languages and architectures that are no longer well supported. These systems lack flexibility and often require resource-intensive, custom coding to address even minor changes in their processes and insurance products. These systems often impede key business imperatives, such as improving underwriting accuracy, launching new products, expanding geographically and driving customer acquisition and retention. In addition, the cost to maintain legacy systems is often high and the number of IT professionals with requisite knowledge to support these systems is declining. We believe that, in light of these limitations, P&C insurance carriers relying on legacy systems must replace their core systems in order to remain competitive in today's marketplace.

We have developed an integrated suite of highly configurable applications that support our customers' most fundamental business processes. Doing this effectively requires levels of scalability, flexibility and collaboration that are best delivered by modern software architectures. A key advantage of our architecture over that of legacy core systems is that it enables extensive configurability of business rules, workflows and user interfaces without modifications to the underlying code base. This approach allows our customers to easily make changes in response to specific, evolving business needs.

Our solutions are delivered through a web-based interface and can be deployed either on-premise or in cloud environments. Our customers typically choose to deploy our solutions on-premise due to security requirements and numerous integration points with other systems. To support the global operations of our customers, our software has been localized for use in a variety of international regulatory, language and currency environments.

Our *Guidewire InsuranceSuite* enables core P&C insurance operations and is comprised of:

- *Guidewire PolicyCenter*—A flexible underwriting and policy administration application that serves as a comprehensive system-of-record for policies and supports the entire policy lifecycle;
- *Guidewire ClaimCenter*—An end-to-end claims management application for claim intake, assessment, settlement and processing of related financial transactions; and
- *Guidewire BillingCenter*—A comprehensive billing and receivables application that enables flexible billing, payment and commission options.

Strong customer relationships are a key component of our success given the long-term nature of our contracts and importance of customer references for new sales. Our customers range from some of the largest global insurance carriers or their subsidiaries such as Tokio Marine & Nichido Fire Insurance Co., Ltd. and Zurich Financial Services Group Ltd. to national carriers such as Nationwide Mutual Insurance Company to regional carriers such as AAA affiliates. As of October 31, 2011, we had 103 customers.

We began our principal business operations in 2001 and sold the initial versions of ClaimCenter in 2003, PolicyCenter in 2004 and BillingCenter in 2006. We primarily generate software license revenues through annual license fees that recur during the multi-year term of a customer's contract. The average initial length of our contracts is approximately five years, and these contracts are renewable on an annual or multi-year basis. We typically bill our customers for license and maintenance fees annually in advance. We primarily derive our services revenues from implementation and training services performed for our customers. A significant majority of services are billed on a time and materials basis and recognized as revenues upon delivery of the services. We generated revenues of $144.7 million and $172.5 million in fiscal years 2010 and 2011, respectively, and $52.4 million for the three months ended October 31, 2011. We generated net income of $15.5 million and $35.6 million in fiscal years 2010 and 2011, respectively, including a benefit of $27.2 million related to a release of a significant portion of our tax valuation allowance during fiscal year 2011 and $4.8 million for the three months ended October 31, 2011.

Overview of the P&C Insurance Industry

The P&C insurance industry is large, fragmented, highly regulated and complex. P&C insurance protects policyholders against a range of losses on items of value including homes, vehicles, jewelry and commercial property, as well as from unforeseen events including burglary, bodily injury, natural disaster and litigation. P&C insurance is pervasive and is purchased by nearly all businesses and individuals. While some forms of P&C insurance are optional, others, such as automobile insurance, workers' compensation insurance and medical malpractice insurance, are obligatory. The P&C insurance industry is highly competitive and carriers compete primarily on the following factors: product differentiation, pricing options, customer service, marketing and advertising, affiliate programs and channel strategies.

The key functional areas in P&C insurance are underwriting and policy administration, claims management and billing. Underwriting and policy administration are the cornerstone functions of all P&C insurance carriers' operations. These processes involve collecting information from potential policyholders, determining appropriate coverage and terms, pricing the policy, issuing the policy and updating and maintaining the policy over its lifetime. Claims management includes loss report intake, investigation and evaluation of incidents, claims negotiation, payment processing and litigation management. Billing includes account creation, policyholder invoicing, payment collection, commission calculation and disbursement. Each of these functions involves multiple touch points and information exchanges between individuals and systems.

Total premiums collected by insurance carriers, known as Direct Written Premiums, or DWP, are a key industry metric used in sizing the insurance market. According to IBISWorld Inc., a global market research firm, DWP for P&C insurance was approximately $1.2 trillion in 2010. P&C insurance is a global industry, with North America and Europe accounting for approximately 43% and 37%, respectively, of DWP in 2010. We believe there are approximately 7,000 P&C insurance carriers globally and approximately 2,300 within the United States. Regulation of carriers varies considerably across countries, provinces and states; for instance, each carrier within the United States is regulated on a state-by-state basis.

Effective policy management requires IT systems that integrate with other internal systems and have the ability to control workflow, enable extensive configurability and provide visibility to every user. The varying regulatory requirements of each region requires customization of data and business rules, rendering the design of comprehensive IT solutions on a regional, national and global basis a major challenge for IT providers serving this industry. Additionally, stringent archiving and audit requirements, along with frequent changes in regulatory policy, have imposed a significant burden on IT systems and staff, which struggle to adequately support such requirements in IT environments dominated by legacy core systems.

P&C insurance carriers spend considerable amounts of time and capital on software to maintain and attempt to improve legacy systems, manage workflows in highly distributed environments and respond to changing and interrelated customer and employee needs. According to Gartner, in 2010, P&C insurance carriers spent $4.0 billion on software and $10.5 billion on IT services, which encompasses outsourced custom development and maintenance.

Critical Challenges Facing P&C Insurance Carriers

Many P&C insurance carriers are experiencing increased operational risk and financial loss due to the inadequacy of their existing legacy core systems. The inherent functional and technical limitations of these systems have impeded carriers' ability to grow profitability and adapt to the evolving expectations of consumer, commercial and government insurance customers. Key factors driving adoption of modern core system software include:

- ***Aging IT infrastructure and increasing scarcity of experienced workforce.*** P&C insurance carriers typically rely on legacy core systems that have often been in operation for 20 years or more, were designed using outdated programming languages, such as COBOL, and run on outdated hardware. These aging systems are difficult to change, upgrade or integrate with modern infrastructure, which often results in a number of systems simultaneously in use. Compounding the problem, many specialized IT staff qualified to maintain these systems are retiring and hard to replace, leaving aging systems inadequately supported. We believe that the pervasiveness of inadequately supported systems is making the transition to modern software solutions necessary.
- ***Increased business risk due to continued reliance on inefficient processes.*** P&C insurance carriers have traditionally managed workflows through a combination of inefficient and inflexible paper-based processes and legacy systems, significantly hindering productivity. Underwriting and policy administration, claims management and billing involve multiple information exchanges and significant integration with other internal systems. Paper-based processes are prone to error and often require P&C professionals to manually re-enter data, reconcile information between disparate systems and interface with multiple applications before making a decision. Legacy systems lack critical workflow and business automation tools required to manage complicated, multi-year and international transactions. These system inadequacies may result in mispricing of policies, incorrect claims payouts and inaccurate or incomplete customer records.
- ***Financial loss due to fraud and error in the claims process.*** P&C insurance carriers experience substantial financial losses due to claims leakage, where the amount paid on a claim exceeds the amount to which a claimant is entitled. We believe, based on our analysis and industry reports, that claims leakage accounts for 4-6% of claims payments and 10-12% of costs associated with investigating and adjusting claims, referred to as loss adjustment expense. This amounts to four to five percentage points of a P&C insurance carrier's operating income — or approximately $50.0 billion annually, including $30.0 billion related to fraud, for the P&C insurance industry in total. This loss, which includes fraud and human error, is often the result of inadequate data capture and ineffective process controls in legacy systems, which fail to detect and correct these preventable events.
- ***Changing insurance customer expectations.*** P&C insurance carriers' IT needs continue to change as their business models and insurance products evolve to meet the changing needs and behaviors of consumer, commercial and government insurance customers. For example, these purchasers and their agents increasingly compare insurance products and prices through Internet research, as well as through traditional phone and in-person channels. P&C insurance carriers require systems that can accommodate these additional touch points and provide a more complete view of customer interaction. For example, many customers view products

online and then call an agent to purchase insurance, requiring seamless movement between online and traditional channels. Processes that cannot accommodate multiple sales channels and insurance products may result in pricing confusion, poor customer service, information inconsistency and customer loss.

- ***Continued pressure on underwriting margins.*** Insurance product commoditization and declining investment returns have pressured P&C insurance carriers' profitability. Insurance customers' ability to compare quotes over the Internet has provided pricing transparency that was previously unavailable, forcing P&C insurance carriers to seek new methods of product and service differentiation. While customers have benefited from this trend, P&C insurance carriers' reliance on legacy IT systems has limited their ability to offer new and differentiated products, effectively use the Internet to access a larger customer base and increase operational efficiencies, further pressuring pricing and margins.

Our Solutions

Our solutions are designed to provide P&C insurance carriers with the core system capabilities required to effectively manage their businesses and overcome critical industry challenges. We believe the combination of our singular focus on the development of innovative solutions for the P&C insurance industry and our modern software engineering approach differentiates our product offering from competitors, while helping our customers transform and improve their businesses. The key benefits of our solutions include:

- ***Integrated software suite for key processes of P&C insurance lifecycle.*** InsuranceSuite, our integrated software suite, addresses the key functional areas in insurance: underwriting and policy administration, claims management and billing. The comprehensive nature of our solutions enables P&C insurance carriers to migrate from many disparate, incompatible systems to our unified technology platform and suite of applications. Our modular product design enables our applications to be deployed concurrently or sequentially depending on the adoption strategy of our customers. Historically, most of our customers started with the ClaimCenter product and have deployed or can deploy PolicyCenter and BillingCenter in the future.
- ***Intelligent enforcement of best practices and controls.*** We have designed our applications based on our in-depth understanding of the P&C insurance industry. Our solutions are designed to manage the large data sets and highly complex workflow decisions specific to P&C insurance. This enables P&C insurance carriers to implement and enforce best practices company-wide, particularly for key underwriting and claim decisions. In addition, the integration of disparate information and rule standardization provides managers the ability to better monitor, identify and react to trends in their business.
- ***Improved operational productivity and visibility.*** Our solutions automate and facilitate many of the manual tasks performed by employees of P&C insurance carriers, such as data entry, documentation, correspondence, records management and financial processing. Dashboards, customized searches and real-time analytics provide accurate and relevant information, while rule-based workflows allow for efficient intervention in the minority of situations that require human attention. This results in reduced operational costs and faster response times to customers and partners. As a result, our solutions enhance the productivity of supervisors and senior managers, whose accurate decision-making and oversight are critical to effective claims and underwriting operations.
- ***Extensive configurability enabling business adaptation.*** Our unified software platform gives customers the flexibility to easily configure key aspects of our solutions to meet their specialized needs. Relative to legacy system environments, our solutions enable our customers to capture significantly broader sets of data, design and modify business workflows

more easily, change business rules more rapidly and adapt user interfaces for greater productivity. This flexibility enables P&C insurance carriers to respond more quickly to changing business demands and regulatory requirements. Our technology enables us to provide updates and enhancements to existing customers with minimal impact to prior customer configurations.

- ***Differentiated insurance offerings and customer services.*** Our solutions are designed to enhance P&C insurance carriers' growth and brand differentiation strategies. The flexibility of our solutions enables and accelerates the introduction of new insurance products, entry into new geographies, use of new distribution channels and delivery of additional differentiated services.

Our Growth Strategy

We intend to extend our leadership as a provider of core system software to the global P&C insurance industry. The key elements of our strategy include:

- ***Continue to innovate and extend our technology leadership.*** Our long-term vision is to be the leading end-to-end software platform for all core processes of P&C insurance carriers. We intend to enhance the functionality of our industry-leading software through continued focus on product innovation and continued investment in research and development. For example, we continue to invest significant resources in enhancing and broadening our PolicyCenter product to establish it as the leading underwriting and policy administration product in the industry. In addition, we will continue to leverage the insights and best practices drawn from our large, multinational customer base of insurance carriers to further improve the functionality of our solutions.
- ***Expand our customer base.*** We intend to continue to aggressively pursue new customers by specifically targeting key accounts, expanding our sales and marketing organization and leveraging current customers as references. We target new customers with our complete InsuranceSuite solution or by selling one or more of our applications, based on their initial needs. We believe that there is considerable opportunity to expand our customer base within the United States and Canada, and also to increase our presence within our current international markets, such as Europe and Asia-Pacific, as well as to extend our geographic reach.
- ***Upsell our existing customer base.*** We intend to increase revenues from existing customers by selling additional products, targeting additional business units and pursuing broad enterprise deployments of our solutions. For example, since our ClaimCenter application was our initial product release and has seen strong customer adoption, we believe there is a significant opportunity to upsell our PolicyCenter and BillingCenter applications into our existing customer base. We intend to build upon our strong customer relationships and track record of successful implementations to sell additional products and to sell our products to additional business units within our customer base.
- ***Deepen and expand strategic relationships with our system integration partners***. We maintain relationships with most of the leading system integration providers, such as Capgemini Group, Ernst & Young Global Limited, IBM Global Services and PricewaterhouseCoopers LLP, to help accelerate the adoption of our software solutions and help us grow our business more efficiently. We intend to deepen and expand strategic relationships with our network of system integration partners. We will continue to collaborate with, and seek to increase the value that our solutions generate for, our strategic partners. We believe these efforts will encourage our partners to drive awareness and adoption of our software solutions throughout the P&C insurance industry.

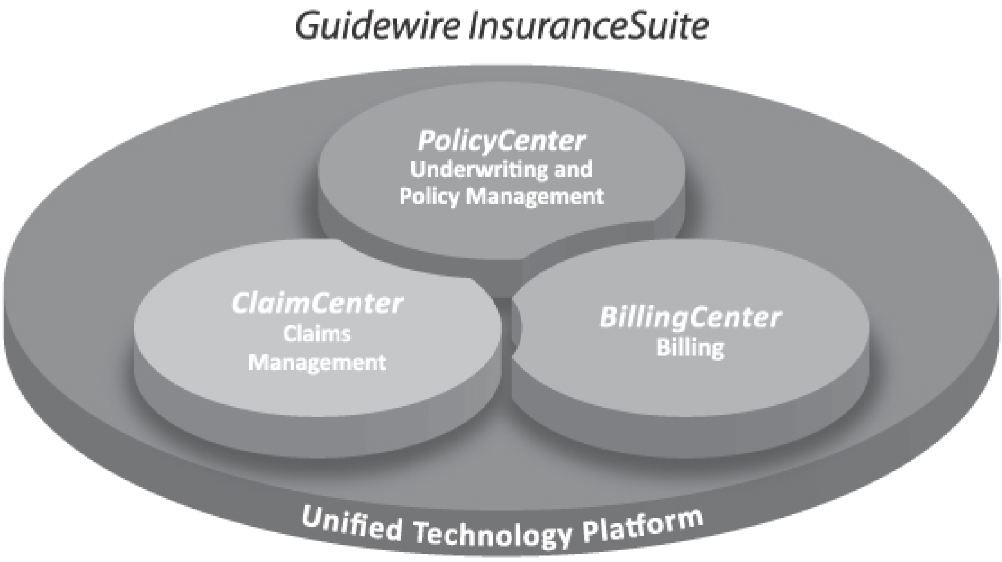
- *Increase market awareness of our brand and solutions*. We intend to continue to use our key partnerships, customer references and marketing efforts to strengthen our brand and reputation, enhance market awareness of our PolicyCenter solution and integrated InsuranceSuite and establish ourselves as the leading provider of core system software to the P&C insurance industry. For example, our annual user conference, Connections, provides us an opportunity to discuss the benefits of our solutions with existing and potential customers and partners.

Our Products

We provide an integrated suite of software applications built on a unified platform that address the core processes for P&C insurance carriers: underwriting and policy administration, claims management and billing. We offer our solutions on-premise and, if required by a customer, they can be deployed in a cloud environment. Our customers buy our software applications separately or in combination as a suite.

Guidewire InsuranceSuite

Guidewire InsuranceSuite includes each of our individual applications: PolicyCenter, ClaimCenter and BillingCenter. We have built our suite of applications on a unified technology platform, providing enhanced workflow and functionality between applications. Our application suite is designed for personal, commercial and workers' compensation insurance.



Guidewire PolicyCenter

Guidewire PolicyCenter is our flexible underwriting and policy administration application that serves as a comprehensive system-of-record that supports the entire policy lifecycle, including product definition, underwriting, quoting, binding, issuances, endorsements, audits, cancellations and renewals.

PolicyCenter integrates the underwriting process of evaluating risks and establishing the appropriate policy terms and pricing. By improving access to information, automating low-level tasks and enforcing consistent adherence to underwriting guidelines, we believe PolicyCenter enables P&C insurance carriers to reduce underwriting costs while also improving the quality of the risks they insure. PolicyCenter provides visibility into the policy portfolio, enabling P&C insurance carriers to proactively manage their business mix, increase communication with channel partners and improve responsiveness to agents. This, in turn, enables underwriters to shift their time from low-value tasks to managing portfolio relationships.

We believe PolicyCenter enables our customers to more effectively meet the needs of their customers and channel partners with products tailored to specific market segments. With the ability to make rapid changes to insurance products, PolicyCenter helps our customers respond to evolving market demand and new regulatory requirements. PolicyCenter supports the entire policy lifecycle for the range of P&C insurance products, enabling cost savings by consolidating multiple business processes and replacing disparate legacy systems with our unified application.

Guidewire ClaimCenter

Guidewire ClaimCenter is our claims management application for claim intake, assessment, settlement and processing of claim-related financial transactions. According to Gartner, as of January 2011, ClaimCenter is the P&C insurance industry's most widely used web-based claims system. ClaimCenter enables claims lifecycle management improvements including dynamic, intuitive loss report intake, advanced adjudication processes and integrated operational reporting. ClaimCenter provides P&C insurance carriers with modern productivity tools built within a sophisticated business rules-based claims application.

ClaimCenter's flexibility to manage all aspects of the claims lifecycle enables P&C insurance carriers to more effectively and efficiently execute the complex multi-party interactions required to resolve claims. By allowing adjusters to focus on evaluation and negotiation activities, ClaimCenter enables claims operations to realize quantifiable reductions in claims payments, which are the largest outflow for P&C insurance carriers, and we believe often represent over 60 cents of every premium revenue dollar. This reduction in claims leakage translates into improved profitability for our customers.

We have continually expanded the functional footprint of ClaimCenter through seven major releases since 2003. Capabilities such as Claims Performance Monitoring provide actionable information that enables better decision-making with automatic risk indicators on individual claims, while configurable business rules evaluate claims for fraud potential. Another key ClaimCenter feature area is proactive catastrophe management, allowing P&C insurance carriers to visualize the scope and severity of natural disasters and to respond more quickly during these crises. ClaimCenter also assists claims departments in avoiding and managing litigation costs through litigation-specific calendars and workflows and by accelerating claim resolution. ClaimCenter's automated rules and tracking help P&C insurance carriers increase funds recovered from other insurers, reinsurers and third parties to offset loss payments.

Guidewire BillingCenter

Guidewire BillingCenter is our billing and receivables management application. It automates the billing lifecycle, enables the design of a wide variety of billing and payment plans, manages agent commissions and integrates with external payment systems. BillingCenter handles direct and agency billing for all P&C insurance lines of business, and its dual-entry accounting core integrates with a P&C insurance carrier's general ledger to ensure accurate records.

BillingCenter enhances P&C insurance carriers' flexibility to provide greater options to their customers, such as letting them choose their payment schedule and how they receive and pay their bills, such as combining invoices across multiple policies or distributing invoices to disparate locations covered by a single policy. We believe this flexibility is critical to offer to policyholders, whose billing preferences are highly varied based on their personal or business requirements. BillingCenter also manages the collection of delinquent payments and communicates with other systems. For example, BillingCenter communicates with PolicyCenter, allowing policies to be automatically cancelled if invoices are not paid.

BillingCenter includes sophisticated tools that enable customer service representatives to quickly investigate and address policyholders' issues. Because BillingCenter was designed specifically to address the needs of P&C insurance carriers, it efficiently handles the unique complexities of billing through agents or brokers, as well as mortgage-holders and groups.

InsuranceSuite Add-on Modules

We also offer the following add-on modules for InsuranceSuite:

Guidewire Rating Management. Guidewire Rating Management enables P&C insurance carriers to manage the pricing of their insurance products. Rating Management supports the highly complex pricing calculations required in policy transactions, while also enabling business users to readily implement the most common types of pricing changes.

Guidewire Reinsurance Management. Guidewire Reinsurance Management enables P&C insurance carriers to execute their reinsurance strategy through their underwriting and claims processes. Reinsurance Management provides rule-based business logic to ensure appropriate risk management and processes to recover reinsurers' portions of claim payments. Reinsurance Management provides structured, automated processes to enforce consistency and reduce errors in this complex and traditionally highly-manual area.

Guidewire Client Data Management. Guidewire Client Data Management helps P&C insurance carriers capitalize on customer information more coherently, overcoming traditional siloed practices that impair efficiency and customer service. The integrated customer view and information form the foundation for P&C insurance carriers' cross-sell and upsell initiatives.

Our Technology

We developed our suite of applications on our unified technology platform, which combines standards-based elements and proprietary components. We based our platform on the most common software industry standard, Java EE, to provide flexibility and deployability into P&C insurance carrier enterprise environments worldwide. P&C insurance carrier IT departments can manage and administer our applications through their development, test and production environments by leveraging the broad set of supporting infrastructure and proprietary tools we have built around the Java EE framework. Our unified technology platform design enables our applications to be deployed concurrently or sequentially depending on the adoption strategy of our customers.

Java EE alone is not sufficient to support core insurance systems of the caliber that our customers demand. Our customers need software that is scalable, reliable, flexible, integratable and secure. We have invested significantly in the development of our platform so that it may deliver each of these requirements while permitting a clean technical separation between our solutions and the configuration changes tailoring them to each of our customers' specific needs.

Because our extensive, specialized platform components are built on top of the Java EE framework, our software is readily deployable into the high-reliability environments that most P&C insurance carriers manage and maintain today. Most of our customers own and administer their own deployments within their existing infrastructure. In the event that our customers seek to shift their enterprise environments to a cloud infrastructure in the future, our technology will accommodate this transition. In addition, our technology platform includes a broad set of APIs that can be used to enable access to our applications through mobile devices supporting HTML5 and AJAX enhancements.

Our customers can configure many dimensions of our solutions, from the underlying data models and the business rules and workflows to the design of their policy products, claims handling strategies and billing procedures to the user interfaces presented to their users and end customers. By maintaining a single code base, we are able to support this level of configurability in conjunction with an upgrade process for our software that generally allows our customers to preserve their specific configuration changes to our applications.

Our Services

We provide implementation and integration services to help our customers realize benefits from our software solutions. Guidewire implementation teams assist customers in building implementation plans, integrating our software solutions with their existing systems and defining business rules and specific requirements unique to each customer and installation. Typically, we deploy a dedicated two to six person implementation team. We also partner with several leading system integration consulting firms, certified on our software, to achieve scalable, cost-effective implementations for our customers.

Our services team is comprised of Guidewire product specialists with technical and functional expertise and strong industry credentials, averaging over ten years of experience in one or more of insurance, enterprise software and financial services systems. We have developed an efficient, repeatable methodology that is closely aligned with the unique capabilities of our solutions. This methodology applies our experience from nearly a decade of successful implementations of our solutions to better predict the time and cost associated with our implementations. Our ability to establish expectations and meet those commitments has created strong customer relationships and references from our customers.

The transfer of knowledge to our customers is at the core of our services approach. We work side-by-side with customer teams throughout the implementation process to enable our customers to become self-sufficient in system administration, reducing their need for long-term support. This approach increasingly helps us develop strategic relationships with our customers, enhances information exchange and deepens our understanding of the needs of companies within the P&C insurance industry. For our customers, this reduces future costs associated with servicing and maintaining our software by limiting the need for consultants post-implementation and reducing system down-time.

Our Customers

We market and sell our products to a wide variety of global P&C insurance carriers ranging from some of the largest global insurers to national carriers to regional carriers. We believe strong customer relationships are a key component of our success given the long-term nature of our contracts and importance of customer references for new sales. We focus on developing and maintaining our customer relationships through customer service and account management. As of October 31, 2011, we had 103 customers in 12 countries using one or more of our products. We count as customers distinct buying entities, which in a few cases includes multiple national or regional subsidiaries of large, global

P&C insurance carriers. For the years ended July 31, 2009, 2010 and 2011, no single customer, separately or combined with its affiliates, accounted for more than 10% of our revenues.

The following is a select list of our top customers by aggregate revenues for the years ended July 31, 2009, 2010 and 2011:

- American Family Mutual Insurance Company
- The Amica Mutual Insurance Company
- Continental Casualty Company
- The Co-operators Group Limited
- The Hanover Insurance Company
- Mercury Casualty Company
- QBE Management Services (UK) Limited
- Rosgosstrakh Limited Company
- Sentry Insurance a Mutual Company
- Suncorp-Metway Ltd.
- Tokio Marine and Nichido Fire Insurance Co., Ltd.

The following case studies illustrate how our customers have benefited from the use of our products:

Amica

The Amica Mutual Insurance Company is the oldest mutual insurer of automobiles in the United States. Amica initially contacted us because it wanted to move from a paper-based claims system in order to improve its claims handling process. Amica deployed our ClaimCenter application to upgrade its technology foundation and claims handling capabilities. With our ClaimCenter solution in place, Amica has reported to us that it has:

- simplified its loss reporting process;
- eliminated redundant data entry processes;
- improved workflow routing between staff and branches;
- enhanced customer service capabilities; and
- increased visibility into its claims operation.

Based on the initial success experienced with ClaimCenter, Amica decided to expand its relationship with us and implement our PolicyCenter solution. Amica is currently implementing PolicyCenter and expects that it will allow them to:

- more easily complete customer applications over the phone;
- reduce customer service training times;
- make product changes more quickly; and
- capture higher-quality data to allow it to make improved underwriting decisions.

Mercury

Mercury General Corporation, the parent entity of our customer Mercury Casualty Company, is a leading regional underwriter of automobile and homeowners insurance, with almost two million customers across 13 states. Mercury became interested in our solution because its legacy system did not possess the flexibility required to allow Mercury to expand its product offerings and more into new geographic regions on a cost-effective basis. Mercury selected our InsuranceSuite solution in July 2009 as its new system environment for underwriting and policy administration, claim management and billing solution. Mercury began with its homeowners insurance business and was able to deploy our entire suite for the first state in 13 months. Mercury reported the following key benefits associated with our InsuranceSuite solution:

- improved ability to expand geographically and introduce new products;
- reduction in underwriting time and effort;
- operational efficiency gain in claims handling;
- improvement in data quality and integrity;
- increased flexibility and ease-of-use for agents;
- improved utilization of IT professionals as a result of our common technology platform;
- quicker response times to business requests; and
- reduced maintenance costs.

Zurich

Zurich Financial Services Group Ltd., the parent entity of our customers Zurich Japan, Zurich Canada and Zurich UK, is one of the world's largest insurance groups, serving customers in more than 170 countries worldwide. Through its general insurance segment, Zurich provides a variety of automobile, home and commercial products and services for individuals, as well as for small and large businesses. Zurich sought a solution for more efficient claims handling in several of its geographies. Zurich Japan and Zurich Canada implemented our ClaimCenter solution in 2008 and 2010, respectively. Zurich has reported the following key benefits associated with our ClaimCenter solution:

- faster claims settlement;
- improved customer service; and
- lower total cost of ownership.

Recently, Zurich decided to implement ClaimCenter for its U.K. operating unit.

Suncorp

Suncorp-Metway Ltd. is Australia's largest P&C insurance carrier. Suncorp identified the need to migrate from 11 disparate legacy claims systems to a single common claims platform. Suncorp selected our ClaimCenter solution in 2006 in its transition from legacy systems and processes across its 25 brands to a single claims solution across P&C insurance. Suncorp has reported the following key benefits associated with our ClaimCenter solution:

- significant cost savings as Suncorp consolidated its core systems;
- improved customer service;
- increased simplicity across the organization; and
- configurability of the solution to meet the varied needs of Suncorp's diverse operations.

Our Strategic Relationships

We have extensive relationships with system integration, consulting and industry partners. Our network of partners has expanded as the interest in and adoption of our solutions has grown. We focus on enabling our partners to realize new economic opportunities through the implementation and integration of our solutions as well as by providing related consulting services. Our customers' implementations of our solutions generally coincide with broader business process and IT transformation initiatives within our customers, which represent a significant economic opportunity for our partners. As our partners develop practices around our solutions, they can help us add customers and expand our solutions within our existing customer base.

We encourage our partners to co-market, pursue joint sales initiatives and drive broader adoption of our technology, helping us grow our business more efficiently and enabling us to focus our engineering resources on continued innovation and further enhancement of our solutions. We partner with system integrators including Capgemini, Ernst & Young, IBM Global Services and PricewaterhouseCoopers. Some of our system integrator partners have representatives who have been certified as Guidewire experts and have formed specific practices devoted to implementing our solutions for their insurance customers. This has led to a significant increase in the number of partner-led implementations over the last two years. The endorsement of and collaboration with our partners have further enhanced the awareness, reputation and adoption of our software solutions.

Sales and Marketing

Consistent with our industry focus and the mission-critical needs our solutions address, our sales and marketing efforts are tailored to communicate effectively to senior executives within the P&C industry. Our sales, marketing, and executive teams work together to cultivate long-term relationships with our current and prospective customers in each of the geographies in which we are active.

As of October 31, 2011, we employed 20 direct sales representatives with, on average, over 20 years of experience in software sales or the insurance industry, organized by geographic region across the U.S., Canada, U.K., France, Germany, Australia, Japan and Hong Kong. This team serves as both our exclusive sales channel and our account management function. We augment our sales professionals with a pre-sales team possessing insurance domain and technical expertise, who engage customers in sessions to understand their specific business needs and then represent our products through demonstrations tailored to address those needs. We formally analyze the operations of prospective customers through focused engagements that provide business insight prior to an official vendor selection process. Our assessments are differentiated by quantitative benchmarks built on comparative data obtained from our installed customers with their permission.

Our marketing team, based in San Mateo, California, supports sales with competitive analysis and sales tools, while investing to strengthen our brand name and reputation. We participate at industry conferences, are published frequently in the industry press and have active relationships with all of the major industry analysts. We also host Connections, an annual user conference where customers both participate in and deliver programs on a host of Guidewire and insurance technology topics. We invite potential customers and partners to our user conference, as we believe customer references are a key component of driving new sales.

Our strong relationships with leading system integrators, including Capgemini, Ernst & Young, IBM Global Services and PricewaterhouseCoopers, enhance our direct sales through co-marketing efforts and providing additional market validation of our products' distinctiveness and quality.

Research and Development

Our solutions serve as the transactional systems-of-record for our customers. As a result, our research and development efforts reflect the extensive IT needs of P&C insurance carriers. These systems are required to perform millions of complex transactions that must balance on a daily basis. This accuracy must be maintained not only during normal business operations, but also during extraordinary events such as catastrophes, which may result in extremely high transaction volume in a short period of time. We spend considerable resources ensuring that our platform is scalable, flexible and reliable.

We entered the P&C insurance industry software market ten years ago in the belief that the industry was being poorly served by legacy technology providers and a lack of innovation. Our research and development efforts focus on enhancing our solutions to meet the increasingly complex requirements of P&C insurance carriers and broadening our suite of applications to form an end-to-end software solution for P&C insurance carriers. Our investment in developing our applications has enabled us to expand our reach into customer organizations and manage the entire policy lifecycle, creating long-term customer relationships. We are committed to creating innovative products that combine modern software development tools with deep customer and industry knowledge.

As of October 31, 2011, our research and development department had 214 employees. We incurred $22.4 million, $28.3 million and $34.8 million in research and development expenses for the fiscal years 2009, 2010 and 2011, respectively.

Competition

The market to provide core system software to the P&C insurance industry is highly competitive and fragmented. This market is subject to changing technology, shifting client needs and introductions of new products and services. Our competitors vary in size and in the breadth and scope of the products and services offered. Our current principal competitors include:

Internally developed software	Many large insurance companies have sufficient IT resources to maintain and augment their own proprietary internal systems, or consider developing new custom systems;
IT services firms	Firms such as Accenture, Computer Sciences Corporation, MajescoMastek and Tata Consultancy Services Limited offer software and systems or develop custom, proprietary solutions for the P&C insurance industry;
P&C insurance software vendors . . .	Vendors such as AQS, Inc., Duck Creek Technologies (recently acquired by Accenture), OneShield, Inc. and StoneRiver, Inc. provide software solutions that are specifically designed to meet the needs of P&C insurance carriers; and
Horizontal software vendors	Vendors such as Oracle Corporation, Pegasystems Inc. and SAP AG offer software that can be customized to address the needs of P&C insurance carriers.

The principal competitive factors in our industry include total cost of ownership, product functionality, flexibility and performance, customer references and in-depth knowledge of the P&C insurance industry. We believe that we compete favorably with our competitors on the basis of each of these factors. However, many of our current or potential competitors have greater financial and other resources, greater name recognition and longer operating histories than we do.

Intellectual Property

Our success and ability to compete depend in part upon our ability to protect our proprietary technology and to establish and adequately protect our intellectual property rights. To accomplish these objectives, we rely on a combination of patent, trademark, copyright and trade secret laws in the United States and other jurisdictions, as well as license agreements and other contractual protections.

As of October 31, 2011, we owned 6 issued U.S. patents. Our issued patents are scheduled to expire between 2013 and 2026. Four of these patents are subject to an option in favor of the party from which we purchased such patents; these patents can be re-purchased from us during a 60-day period starting December 14, 2011. We have also filed 18 U.S. patent applications. Our patents and patent applications generally apply to our suite and applications. We do not know whether any of our patent applications will result in the issuance of a patent or whether the examination process will require us to narrow our claims. In addition, we may not receive competitive advantages from the rights granted under our patents and other intellectual property. Our existing patents, and any patents granted to us or that we otherwise acquire in the future may be contested, circumvented or invalidated, and we may not be able to prevent third parties from infringing these patents. Therefore, the exact effect of the protection of these patents cannot be predicted with certainty. We anticipate continuing to file patent applications to protect our rights in our proprietary technologies, and will pursue such applications, as well as applications for registrations for other intellectual property rights in the future. In addition, given the costs, effort, risks and downside of obtaining patent protection, including the requirement to ultimately disclose the invention to the public, we may choose not to seek patent protection for certain innovations; however, such patent protection could later prove to be important to our business.

We also rely on several registered and unregistered trademarks to protect our brand. We have registered the trademarks Guidewire, Guidewire PolicyCenter, Guidewire ClaimCenter and Guidewire BillingCenter in the United States and Canada. We also own a U.S. trademark registration, an International Registration (with protection extended to Australia and the European Community) and a Canada trademark for the Gosu trademark. Additionally, we own an Australia trademark registration, a Hong Kong trademark registration, and a pending Japan trademark application for the Guidewire trademark. Nevertheless, competitors may adopt service names similar to ours, or purchase our trademarks and confusingly similar terms as keywords in Internet search engine advertising programs, thereby impeding our ability to build brand identity and possibly leading to confusion in the marketplace. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our trademarks. Any claims or customer confusion related to our trademarks could damage our reputation and brand and substantially harm our business and results of operations.

In addition, we seek to protect our intellectual property rights by generally requiring our employees and independent contractors involved in development to enter into agreements acknowledging that all inventions, trade secrets, works of authorship, developments, concepts, processes, improvements and other works generated by them on our behalf are our property, and assigning to us any rights, including intellectual property rights, that they may claim in those works.

Despite our efforts to protect our proprietary technologies and our intellectual property rights, unauthorized parties may attempt to copy aspects of our products or obtain and use our trade secrets or other confidential information. We generally enter into confidentiality agreements with our employees, consultants, vendors and customers, and generally limit access to and distribution of our confidential information and proprietary technology. These agreements may not effectively prevent unauthorized use or disclosure of our intellectual property or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our intellectual property or technology. In addition, others may independently discover our trade secrets and confidential information, and in such cases we could not assert any trade secret rights against such parties. We cannot assure you that the steps taken by us will prevent misappropriation of our trade secrets or technology. In addition, the laws of some foreign countries do not protect our intellectual property rights to as great an extent as the laws of the United States, and many foreign countries do not enforce these laws as diligently as government agencies and private parties in the United States.

Costly and time-consuming litigation could be necessary to enforce and determine the scope of our trade secret rights and related confidentiality and nondisclosure provisions, and failure to obtain or maintain trade secret protection, or our competitors' obtainment of our trade secrets or independent development of unpatented technology similar to ours or competing technologies, could adversely affect our competitive business position.

Litigation or proceedings before the U.S. Patent and Trademark Office, or USPTO, or other governmental authorities and administrative bodies in the United States and abroad may be necessary in the future to enforce our intellectual property rights, to protect our patent rights, trademarks, and trade secrets and to determine the validity and scope of the intellectual property rights of others. Our efforts to enforce or protect our intellectual property rights may be ineffective and could result in substantial costs and diversion of resources and management time, and could substantially harm our results of operations.

The software industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patent and other intellectual property rights. In particular, leading companies in the software industry have extensive patent portfolios. From time-to-time, third parties, including certain of these leading companies, may assert patent, copyright, trademark or other intellectual property claims against us or our customers. In this regard, we were previously sued by Accenture, a competitor, in the U.S. District Court for the District of Delaware. Our patent litigation with Accenture has been settled and is further described in "—Legal Proceedings." Successful claims of infringement by a third party could prevent us from distributing certain products or performing certain services or require us to pay substantial damages (including treble damages if we are found to have willfully infringed patents or copyrights), royalties or other fees. Even if third parties may offer a license to their technology or intellectual property rights, the terms of any offered license may not be acceptable and the failure to obtain a license or the costs associated with any license could cause our business, results of operations or financial condition to be materially and adversely affected. Any claim of infringement from a third party, even those without merit, could cause us to incur substantial costs defending against such claims, and could distract our management from running our business.

Employees

As of October 31, 2011, we had 684 employees, including 103 in sales and marketing, 302 in services and support, 214 in research and development and 65 in a general and administrative capacity. As of October 31, 2011, we had 544 employees in the United States and 140 employees internationally. None of our employees is represented by a labor union with respect to his or her employment with us. We have not experienced any work stoppages and we consider our relations with our employees to be good.

Facilities

Our corporate headquarters is located in San Mateo, California, where we currently lease approximately 102,045 square feet of space under lease agreements that expire on July 31, 2012. On December 5, 2011, we entered into a new 7-year lease for a facility to serve as our corporate headquarters, located in Foster City, California, for approximately 97,674 square feet of space commencing August 1, 2012. We also lease facilities for our distributed sales and international operations in Dublin, Ireland; Edina, Minnesota; London, United Kingdom; Mississauga, Ontario, Canada; Munich, Germany; Paris, France; Sydney, Australia and Tokyo, Japan.

We believe that our facilities are suitable to meet our current needs. We intend to expand our facilities or add new facilities as we add employees and enter new geographic markets, and we believe that suitable additional or alternative space will be available as needed to accommodate any such growth. However, we expect to incur additional expenses in connection with such new or expanded facilities.

Legal Proceedings

In December 2007, Accenture Global Services GmbH and Accenture LLP, a competitor, filed a lawsuit against us in the U.S. District Court for the District of Delaware, or the Delaware Court (Accenture Global Services GmbH and Accenture LLP v. Guidewire Software, Inc., Case No 07-826-SLR). Accenture alleged infringement of U.S. Patent No. 7,013,284, or the ‘284 patent, among others, by our products; trade-secret misappropriation; and tortious interference with business relations. Accenture sought damages and an injunction. We denied Accenture’s claims, and we asserted counterclaims seeking a declaration that our products do not infringe the patents, that the patents are invalid and that the ’284 patent is unenforceable. We also asserted counterclaims against Accenture for breach of contract and trade secret misappropriation.

In March 2011, the USPTO granted a third re-examination against the ‘284 patent, after having rejected all claims in the ‘284 patent on two prior re-examinations. On May 31, 2011, the Delaware Court granted our motion for summary judgment finding that Accenture’s ‘284 patent is invalid. In July 2011, Accenture filed an appeal to the Federal Circuit Court of Appeals of the Delaware Court’s judgment of invalidity of the ‘284 patent. We believe that the Delaware Court was correct in finding the ‘284 patent invalid and we intend to vigorously defend the Delaware Court’s judgement in the appeal. However, at this time, we are unable to predict the likelihood of success of Accenture’s appeal.

In October 2011, we agreed with Accenture to resolve all outstanding patent litigation concerning our respective insurance claims management software. In connection with the settlement, we paid $10.0 million to Accenture with a potential additional payment based on the final outcome of Accenture’s pending appeal regarding the validity of its ‘284 patent. If Accenture is successful in its appeal, we have agreed to pay them an additional $20.0 million. At any time prior to an initial determination by the appeals court, we may instead pay Accenture $15.0 million to discharge this potential obligation. If Accenture is not successful in its appeal, no further payments would be due in connection with the settlement. As part of the settlement, we have also agreed to a cross license of all current patents and patent applications with Accenture.

In addition to the matters described above, from time-to-time, we are involved in various other legal proceedings arising from the normal course of business activities.

MANAGEMENT

Executive Officers and Directors

The following table sets forth the names, ages and positions of our executive officers and directors as of November 30, 2011:

Name	Age	Position
Marcus S. Ryu	38	President, Chief Executive Officer, Co-Founder and Director
Karen Blasing	55	Chief Financial Officer
John True	47	Senior Vice President, Field Operations
Jeremy Henrickson	37	Vice President, Product Development
Alexander C. Naddaff	56	Vice President, Professional Services
Kenneth W. Branson	39	Director of Product Strategy, Co-Founder and Director
Craig Conway(1)(2)(3)	57	Director, Executive Chairman
Neal Dempsey(2)	70	Director
Steven M. Krausz(1)(3)	57	Director
Craig Ramsey(2)	65	Director
Clifton Thomas Weatherford(1)(3)	65	Director

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Nominating and Corporate Governance Committee

Marcus S. Ryu co-founded Guidewire and has served as our President and Chief Executive Officer since 2010 and as a member of our board of directors since 2001. Prior to that, he served as our Vice President of Products from 2008 to 2010 and our Vice President of Strategy from 2001 to 2008. Prior to founding Guidewire, from 2000 to 2001, Mr. Ryu was Vice President of Strategy at Ariba, Inc., a software-as-a-service provider of collaborative business commerce solutions for buying and selling goods and services. Mr. Ryu also worked as an Associate and Engagement Manager at McKinsey & Company from 1998 until 2000. Mr. Ryu holds an A.B. from Princeton University and a B.Phil. from New College, Oxford University.

The board of directors believes that Mr. Ryu is qualified to serve as a director based on his experience as Co-Founder, President and Chief Executive Officer of Guidewire and his extensive service across a broad spectrum of Guidewire functions, including strategy, business development, operations, engineering and marketing.

Karen Blasing has served as our Chief Financial Officer and Treasurer since 2009. Prior to joining Guidewire, from 2006 to 2009, Ms. Blasing was Chief Financial Officer at Force10 Networks, Inc., a network solutions provider recently acquired by Dell Inc. From 2002 to 2005, Ms. Blasing was Chief Financial Officer at Nuance Communications, Inc., a speech and imaging software developer. Ms. Blasing holds a B.A. in Economics and a B.A. in Business Administration, Finance from the University of Montana and an M.B.A. from the University of Washington.

John True has served as our Senior Vice President of Field Operations since November 2011. Prior to joining Guidewire, from 2008 to 2011, Mr. True was Chief Operating Officer at Fortify Software, a software security assurance company acquired by Hewlett-Packard Company in 2010. From 2007 to 2008, Mr. True was a Vice President of Sales at EqualLogic, a storage area network solutions provider acquired by Dell Inc. in 2008. From 2006 to 2008, Mr. True served as Chief Executive Officer of Agilis Systems, a mobile resource management company. Mr. True currently serves as a director of Agilis. Mr. True holds a B.S. in Computer Science from the University of Missouri-Rolla.

Jeremy Henrickson has served as our Vice President of Product Development since 2008. Prior to that, he served as our Director of Product Management and Program Manager from 2006 to 2008 and our Senior Product Manager from 2003 to 2005. He was also a founding member of our European sales team. Prior to joining Guidewire, Mr. Henrickson was Director of Technology Services at Reactivity, Inc., a developer of XML processing applications. Mr. Henrickson holds a B.S. and an M.S. in Computer Science from Stanford University.

Alexander C. Naddaff has served as our Vice President of Professional Services since 2002. Prior to joining Guidewire, from 1998 to 2002, Mr. Naddaff worked as Vice President of Claims Technology at The Hartford Insurance Company. Mr. Naddaff holds a B.S. in Accounting from Wagner College.

Kenneth W. Branson co-founded Guidewire and has served as our Director of Product Strategy and on our board of directors since 2010. Prior to that, from 2008 until 2010, Mr. Branson served as our Functional Architect, from 2003 to 2008, as our Vice President of Product Development and, from 2001 to 2003, as our Director of Product Management. Mr. Branson also served as our Treasurer from 2001 until 2009. Mr. Branson holds a B.S. in Electrical Engineering from Princeton University and an M.B.A. from the Stanford Graduate School of Business.

The board of directors believes that Mr. Branson is qualified to serve as a director based on his experience as a Co-Founder of Guidewire and his responsibility for directing its product strategy, which affords him a unique understanding of Guidewire's customers, products and plans.

Craig Conway has served as the executive chairman of our board of directors since 2010. From 1999 to 2004, Mr. Conway served as President and Chief Executive Officer of PeopleSoft, Inc., an enterprise application software company. Mr. Conway also served as President and Chief Executive Officer of One Touch Systems, Inc., a virtual distance learning provider, and TGV Software, Inc., a web applications developer. Mr. Conway currently serves as a director of salesforce.com, inc. and Advanced Micro Devices, Inc. During the past five years, Mr. Conway has served as a director of Pegasystems Inc. and Unisys Corporation. Mr. Conway holds a B.S. in Computer Science and Mathematics from the State University of New York at Brockport.

The board of directors believes that Mr. Conway is qualified to serve as a director based on his extensive and broad background in business management, including his experience as president and chief executive officer of three technology companies, as well as his service on the boards of other publicly held companies.

Neal Dempsey has served on our board of directors since 2006. Mr. Dempsey has held various roles at venture capital firm Bay Partners since 1989 and is currently a General Partner. Prior to joining Bay Partners, Mr. Dempsey was the Chief Executive Officer of Qubix Graphics Systems, a technical illustration manufacturer, and Envision Technology, a text-to-speech software developer. In addition to his service on our board, Mr. Dempsey was a director of Brocade Communications Systems, Inc., from 1996 until 2007. Mr. Dempsey currently sits on the boards of numerous private companies. He holds a B.S. in General Business from the University of Washington.

The board of directors believes that Mr. Dempsey is qualified to serve as a director based on his prior service as a chief executive officer of two technology companies, service on public and private company boards, and knowledge of the software industry.

Steven M. Krausz has served on our board of directors since 2010. Since 1985, Mr. Krausz has held various roles at venture capital firm U.S. Venture Partners, or USVP, and is currently a Managing Member. Prior to joining USVP, Mr. Krausz held various operating roles at BTI Computers, Inc., Daisy Systems Corporation, Direct Inc. and NASA. Mr. Krausz currently serves as a member of the board of directors of Imperva, Inc. From 2000 to 2011, Mr. Krausz served on the board of directors of Occam Networks, Inc., until its acquisition by Calix, Inc. Mr. Krausz is also currently a director for a number of private companies. Mr. Krausz holds a B.S. in Electrical Engineering from Stanford University and an M.B.A. from the Stanford Graduate School of Business.

The board of directors believes that Mr. Krausz is qualified to serve as a director based on his prior service on public and private company boards and extensive financial knowledge and expertise.

Craig Ramsey has served on our board of directors since 2005. From 2003 to 2004, Mr. Ramsey served as Chief Executive Officer of Solidus Networks. From 1995 until 2000, Mr. Ramsey served as Senior Vice President of Worldwide Sales at Siebel Systems, Inc., a provider of eBusiness applications. Prior to that, Mr. Ramsey held various positions with nCube Corporation, Oracle Corporation, Amdahl Corporation and IBM. Mr. Ramsey currently serves as a member of the board of directors of salesforce.com, inc. He also currently serves as a director of the Glide Memorial Foundation. Mr. Ramsey received a B.A. in Economics and Communications from Denison University.

The board of directors believes that Mr. Ramsey is qualified to serve as a director based on his prior executive leadership roles, sales and marketing experience, and service on public and private company boards.

Clifton Thomas Weatherford has served on our board of directors since 2007. Since 2003, Mr. Weatherford has served as a board member and financial consultant to several companies. From 1997 until 2003, he was Executive Vice President and Chief Financial Officer of Business Objects S.A., a provider of business intelligence software. Mr. Weatherford currently serves on the board of directors and is the chair of the audit committee of each of Mellanox Technologies, Ltd., Tesco Corporation, and Spansion, Inc., and has served as a member of the SEC Advisory Committee on Accounting Standards. Within the past five years, Mr. Weatherford has also served on the board of directors of Advanced Analogic Technologies, Inc., InfoGroup, Inc., SMART Modular Technologies, Inc., Synplicity Inc., Saba Software, Inc. and ILOG S.A. Mr. Weatherford holds a B.B.A. from the University of Houston.

The board of directors believes that Mr. Weatherford is qualified to serve as a director based on his service on other public company boards and audit committees, broad industry expertise, extensive financial leadership experience, and insight into SEC reporting and compliance.

Board Composition

Upon completion of this offering, our board of directors will be composed of seven members. Five of our directors are independent within the meaning of the independent director guidelines of the New York Stock Exchange. Our amended and restated certificate of incorporation, which will be effective immediately prior to the closing of this offering, will provide for a classified board of directors divided into three staggered classes of directors. At each annual meeting of stockholders, a class of directors will be elected for a three-year term to succeed the same class whose terms are then expiring. The terms of the directors will expire upon the election and qualification of successor directors at the first annual meeting of stockholders to be held after the completion of this offering for the Class I directors, the second annual meeting of stockholders to be held after the completion of this offering for the Class II directors and the third annual meeting of stockholders to be held after the completion of this offering for the Class III directors.

- Our Class I directors will be Messrs. Branson, Ramsey and Ryu.

- Our Class II directors will be Messrs. Dempsey and Krausz.
- Our Class III directors will be Messrs. Conway and Weatherford.

Our amended and restated certificate of incorporation and bylaws will also provide that the number of our directors shall be fixed from time-to-time by a resolution of the majority of our board of directors. Each officer serves at the discretion of the board of directors and holds office until his or her successor is duly elected and qualified or until his or her earlier resignation or removal. There are no family relationships among any of our directors or executive officers.

The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change of control. See "Description of Capital Stock—Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws" for a discussion of other anti-takeover provisions found in our certificate of incorporation.

Director Independence

Upon the completion of this offering, our common stock will be listed on the New York Stock Exchange. Under the rules of the New York Stock Exchange, independent directors must comprise a majority of a listed company's board of directors within a specified period of time following the completion of this offering. In addition, the rules of the New York Stock Exchange require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and corporate governance committees be independent. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended. Under the rules of the New York Stock Exchange, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee: (1) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries.

In September 2011, our board of directors undertook a review of its composition, the composition of its committees and the independence of each director. Based upon information requested from and provided by each director concerning his background, employment and affiliations, including family relationships, our board of directors has determined that none of Messrs. Conway, Dempsey, Krausz, Ramsey and Weatherford, representing five of our seven directors, has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the rules of the New York Stock Exchange. Our board of directors also determined that Messrs. Conway, Krausz and Weatherford, who comprise our audit committee, Messrs. Conway, Dempsey and Ramsey, who comprise our compensation committee, and Messrs. Conway, Krausz and Weatherford, who comprise our nominating and corporate governance committee, satisfy the independence standards for those committees established by applicable SEC rules and the rules of the New York Stock Exchange. In making this determination, our board of directors considered the relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

Board Committees

Our Board has an audit committee, a compensation committee and a nominating and corporate governance committee, each of which operates pursuant to a separate charter adopted by our board of directors and has the composition and the responsibilities described below.

Audit Committee. Our audit committee oversees our corporate accounting and financial reporting process and assists the board of directors in monitoring our financial systems and our legal and regulatory compliance. Our audit committee is responsible for, among other things:

- appointing, compensating and overseeing the work of our independent auditors;
- approving engagements of the independent auditors to render any audit or permissible non-audit services;
- reviewing the qualifications and independence of the independent auditors;
- monitoring the rotation of partners of the independent auditors on our engagement team as required by law;
- reviewing our financial statements and reviewing our critical accounting policies and estimates;
- reviewing the adequacy and effectiveness of our internal controls; and
- reviewing and discussing with management and the independent auditors the results of our annual audit, our quarterly financial statements and our publicly filed reports.

The members of our audit committee are Messrs. Conway, Krausz and Weatherford. Mr. Weatherford is our audit committee chairman, and our board of directors has designated Mr. Weatherford as an "audit committee financial expert," as defined under the rules of the SEC, and has the requisite financial sophistication as defined under the applicable rules and regulations of the New York Stock Exchange. Our board of directors has concluded that the composition of our audit committee meets the requirements for independence under the current requirements of the New York Stock Exchange and SEC rules and regulations. We believe that the functioning of our audit committee complies with the applicable requirements of the New York Stock Exchange and SEC rules and regulations.

Compensation Committee. Our compensation committee oversees our corporate compensation policies, plans and programs. The compensation committee is responsible for, among other things:

- reviewing and recommending policies, plans and programs relating to compensation and benefits of our directors, officers and employees;
- reviewing and approving compensation and the corporate goals and objectives relevant to compensation of our Chief Executive Officer;
- reviewing and approving compensation and corporate goals and objectives relevant to compensation for executive officers other than our Chief Executive Officer;
- evaluating the performance of our executive officers in light of established goals and objectives; and
- administering our equity compensations plans for our employees and directors.

The members of our compensation committee are Messrs. Conway, Dempsey and Ramsey. Mr. Dempsey is the chairman of our compensation committee. Our board of directors has determined that each member of our compensation committee is independent within the meaning of the independent director guidelines of the New York Stock Exchange. We believe that the composition of our compensation committee meets the requirements for independence under, and the functioning of our compensation committee complies with, any applicable requirements of the New York Stock Exchange and SEC rules and regulations.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee oversees and assists our board of directors in reviewing and recommending corporate governance policies and nominees for election to our board of directors. The nominating and corporate governance committee is responsible for, among other things:

- evaluating and making recommendations regarding the organization and governance of the board of directors and its committees;
- assessing the performance of members of the board of directors and making recommendations regarding committee and chair assignments;
- recommending desired qualifications for board of directors membership and conducting searches for potential members of the board of directors; and
- reviewing and making recommendations with regard to our corporate governance guidelines.

The members of our nominating and corporate governance committee are Messrs. Conway, Krausz and Weatherford. Mr. Conway is the chairman of our nominating and corporate governance committee. Our board of directors has determined that each member of our nominating and corporate governance committee is independent within the meaning of the independent director guidelines of the New York Stock Exchange.

Our board of directors may from time to time establish other committees.

Code of Business Conduct and Ethics

Prior to the completion of this offering, we will adopt a code of business conduct that is applicable to all of our employees, officers and directors. In addition, we will adopt a code of ethics that is applicable to our chief executive and senior financial officers.

Compensation Committee Interlocks and Insider Participation

During fiscal year 2011, our compensation committee was comprised of Messrs. Conway, Dempsey and Ramsey. Mr. Conway joined our compensation committee in December 2010.

None of the members of our compensation committee is an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

On May 17, 2011 and June 27, 2011, Marcus S. Ryu, our President and Chief Executive Officer, Jai Ryu, father of Marcus S. Ryu, John V. Raguin, our former Chief Executive Officer, Daniel Raguin, brother of John V. Raguin, and certain of our other stockholders sold an aggregate of 279,666 shares of common stock and 35,692 shares of Series A convertible preferred stock to entities affiliated with Bay Partners for $7.50 per share, or an aggregate purchase price of $2,365,185. Mr. Dempsey is a General Partner of Bay Partners. This transaction was approved by disinterested members of our board of directors.

COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides information about the material components of our executive compensation program for:

- Marcus S. Ryu, our President, Chief Executive Officer and Co-Founder, our CEO;
- Karen Blasing, our Chief Financial Officer, our CFO;
- Peter A. Espinosa, our Vice President, Worldwide Sales;
- Alexander C. Naddaff, our Vice President, Professional Services;
- Jeremy Henrickson, our Vice President, Product Development; and
- John V. Raguin, our former President and Chief Executive Officer.

In September 2010, Mr. Raguin resigned as our President and Chief Executive Officer, as well as a member of our board of directors, and accepted a position as a Vice President of the company. On December 21, 2010, Mr. Ryu, our then Vice President, Strategy, was appointed as our President and Chief Executive Officer.

We refer to these executive officers collectively in this Compensation Discussion and Analysis and the related compensation tables as the Named Executive Officers.

Specifically, this Compensation Discussion and Analysis provides an overview of our executive compensation philosophy, the overall objectives of our executive compensation program, and each element of compensation that we provide. In addition, we explain how and why the compensation committee of our board of directors, or the Committee, arrived at the specific compensation policies and decisions involving our executive officers during fiscal year 2011.

This Compensation Discussion and Analysis contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation plans and arrangements. The actual compensation plans and arrangements that we adopt may differ materially from currently anticipated plans and arrangements as summarized in this Compensation Discussion and Analysis.

Executive Compensation Philosophy and Objectives

We operate in a highly competitive business environment, which is characterized by frequent technological advances, rapidly changing market requirements and the emergence of new market entrants. To succeed in this environment, we need to attract a highly talented and seasoned team of technical, sales, marketing, operations and other business professionals.

We compete with many other companies in seeking to attract and retain a skilled management team. To meet this challenge, we have embraced a compensation philosophy of offering our executive officers compensation and benefits packages that are fair and reasonable, competitive within our market, focused on long-term value creation, and reward the achievement of our strategic, financial and operational objectives.

Accordingly, we have oriented our executive compensation program to observe the following basic principles and objectives:

- provide total compensation opportunities that enable us to recruit and retain executive officers with the experience and skills to manage the growth of the company and lead us to the next stage of development;

- provide total compensation opportunities that are affordable and consistent with our business goals;
- provide cash compensation that is market-based and, in the case of cash-based incentives, establishes a direct and meaningful link between business results, individual performance and rewards;
- provide equity-based compensation that enables our executive officers to share in our company's financial results and that establish a clear alignment between their interests and the interests of our stockholders;
- provide a core level of welfare and other benefits; and
- maintain compensation policies and practices that reinforce a culture of ownership, excellence and responsiveness.

Compensation Program Design

To date, the compensation of our executive officers, including the Named Executive Officers, has typically consisted of base salary, a cash bonus opportunity and equity compensation in the form of stock options and RSUs. Of these components, only base salary is fixed while the other components are variable based on the performance of both the company and the individual executive officer, measured against objectives that are determined in advance.

The key component of our executive compensation program has been equity awards in the form of stock options to purchase shares of our common stock and, more recently, RSUs. As a privately-held company, we have emphasized the use of equity to incent our executive officers to focus on the growth of our overall enterprise value and, correspondingly, to create value for our stockholders. Going forward, we may use stock options, restricted stock, RSUs and other types of equity-based awards, as we deem appropriate, to offer our employees, including our executive officers, long-term equity incentives that align their interests with the long-term interests of our stockholders.

We also have offered cash compensation in the form of base salaries to reward individual contributions and compensate our executive officers for their day-to-day responsibilities, and annual cash bonuses to drive and incentivize our executive officers to achieve our short-term strategic and operational objectives. Typically, the determination of bonus payouts has been made by the Committee on a discretionary basis based on an evaluation of our financial and operational results as well as each executive officer's performance against his individual performance objectives after the end of the year.

As we transition from being a privately-held company to a publicly-traded company, we will evaluate our philosophy and compensation programs as circumstances require and we intend to review executive compensation annually. As part of this review process, we expect to apply our values and the objectives outlined above, together with consideration for the levels of compensation that we would be willing to pay to ensure that our compensation remains competitive, that we are meeting our retention objectives and the cost to us if we were required to find a replacement for a key employee.

Compensation-Setting Process

Role of the Compensation Committee

The Committee is responsible for overseeing our executive compensation program and for formulating recommendations with respect to the compensation of our executive officers, including the Named Executive Officers, for the approval of our board of directors. In addition, the Committee provides strategic direction to management regarding the overall strategic direction of our compensation philosophy. The Committee operates pursuant to a written charter that has been approved by our board of directors.

Typically, in the first fiscal quarter of each fiscal year, the Committee reviews the compensation of our executive officers, decides whether to recommend any adjustments to their base salaries, designs an executive bonus plan for the current fiscal year, including the corporate and individual performance measures and objectives to be used for purposes of determining their annual cash bonuses, and determines whether to recommend any equity awards. In addition, at that time, the Committee evaluates the performance of the company, as well as the individual performance of each executive officer, to determine whether to recommend cash bonuses for the previous fiscal year and, if so, the amount of any such bonuses. These recommendations are then submitted to our board of directors, which decides whether to approve the recommendations.

In determining executive compensation for fiscal year 2011, the Committee reviewed and considered market data based on the Committee members' own understanding of pay practices at other companies, as well as our overall financial plan. The Committee did not engage in any benchmarking or targeting of any specific levels of pay. Instead, any market data was used primarily as a reference point and one factor among others in the decision-making process.

Role of Senior Management

Typically, the Committee seeks the input of our CEO when discussing the performance of and compensation for our other executive officers, including the other Named Executive Officers. In this regard, our CEO reviews the performance of the other executive officers, including the other Named Executive Officers, annually and presents to the Committee his conclusions and other input as to their compensation, including base salary adjustments, cash bonus payouts, and equity awards. The Committee uses this input as one factor in its deliberations to formulate recommendations with respect to the compensation of our executive officers for submission to our board of directors.

While our CEO typically attends meetings of the Committee, the Committee meets outside the presence of our CEO when discussing his compensation. Decisions with respect to our CEO's compensation are made by the independent members of our board of directors, based on the recommendations of the Committee.

The Committee also works with our CFO and human resources department in evaluating the financial, accounting, tax and retention implications of our executive compensation plans and arrangements.

Role of Compensation Consultant

In October 2009, we engaged Compensia, Inc., a national compensation consulting firm, to review our executive compensation practices. Subsequently, Compensia's engagement was expanded to include a general review of non-executive employee compensation.

The Committee is authorized to retain the services of one or more executive compensation advisors, as it sees fit, in connection with the oversight of our executive compensation program. In April 2011, Compensia was engaged by the Committee to provide it with information, recommendations, and other advice relating to executive compensation on an ongoing basis. Accordingly, Compensia now serves at the discretion of the Committee.

In fiscal year 2011, Compensia performed the following projects for the Committee:

- a review of our compensation philosophy and objectives and development of an updated strategy and guiding principles in anticipation of an initial public offering of our equity securities;
- the development of a comparative framework, including a group of peer companies, for assessing our executive compensation program against the competitive market;

- Ÿ an assessment of our executive officers' total compensation, as well as each individual compensation component, including an analysis of target pay positioning, pay mix and the performance orientation of individual pay components;
- Ÿ assistance with a review of our equity compensation strategy, including the development of award guidelines and an aggregate spending budget;
- Ÿ an assessment of director compensation;
- Ÿ an analysis of severance and change in control benefits;
- Ÿ assistance in preparing the compensation-related disclosure in connection with this offering; and
- Ÿ general assistance in enhancing our executive compensation program in anticipation of an initial public offering of our equity securities.

Compensia was engaged by, and serves solely at the discretion of, the Committee. Compensia did not provide any non-compensation-related services to us during fiscal year 2011.

The Committee intends to review Compensia's studies and recommendations in early fiscal year 2012, and may make adjustments to compensation as a result. In the future, we expect that the Committee, as part of its annual review of our executive officers' compensation, will instruct its executive compensation advisor to perform an analysis of our executive compensation program to ensure alignment with our compensation strategy and competitive market practices.

Executive Compensation Program Elements

The following describes each element of our executive compensation program, the rationale for each and how compensation amounts and awards are determined.

Base Salary

We provide our executive officers, including the Named Executive Officers, with base salaries to compensate them for their day-to-day responsibilities. Generally, the initial base salaries of our executive officers are established through arm's-length negotiation at the time the individual executive officer is hired, taking into account his or her qualifications, experience and prior salary level.

Thereafter, the Committee reviews and recommends adjustments, as necessary or appropriate, to the base salaries of our executive officers to our board of directors on an annual basis. In making its recommendations, the Committee exercises its judgment and discretion and considers several factors, including our company's overall financial and operational results for the prior fiscal year, the performance and ranking of the individual executive officer, the executive officer's potential to contribute to our long-term strategic goals, his or her role and scope of responsibilities within our company, his or her individual experience and skills, the Committee's sense of competitive market practices for base salary and the input of our CEO.

In November 2010, the Committee reviewed the base salaries of our executive officers, including the Named Executive Officers, and made recommendations to our board of directors to adjust the base salaries for Messrs. Ryu, Naddaff and Henrickson in view of their performance during fiscal year 2010 and the increased scope of their job responsibilities. Subsequently, our board of directors approved increases to their annual base salaries as follows: in the case of Mr. Ryu, from $175,000 to $250,000, in the case of Mr. Naddaff, from $195,000 to $205,000 and in the case of Mr. Henrickson, from $188,655 to $203,656. In August 2011, the Committee recommended to our board of directors an additional adjustment to Mr. Ryu's base salary in recognition of his increased responsibilities and performance to date. Subsequently, our board of directors approved an increase to Mr. Ryu's base salary from $250,000 to $300,000, effective August 1, 2011. In making these increases, our board of directors exercised its judgment and discretion and considered the factors described in the preceding paragraph.

The base salaries paid to the Named Executive Officers during fiscal year 2011 are set forth in the Summary Compensation Table below.

Annual Cash Bonuses

We use cash bonuses to motivate our executive officers to achieve our short-term financial and operational objectives while making progress towards our longer-term strategic and growth goals. At the beginning of each fiscal year, the Committee designs, and our board of directors reviews and adopts, a bonus plan for that fiscal year which identifies the plan participants and establishes the target cash bonus opportunity for each participant, the performance measures and related target levels and the potential payouts based on actual performance for the year.

Unless required to pay a contractually agreed-upon bonus, typically cash bonuses for our executive officers are determined after the end of the fiscal year in the sole discretion of our board of directors based on its assessment of our company's performance against one or more pre-established financial or operational performance objectives for the year and its evaluation of each individual executive officer's performance and contributions to the achievement of those objectives.

While the decision to pay bonuses and any amounts payable are made in the sole discretion of our board of directors, in making its recommendations for bonus payouts the Committee considers input from our CEO on the actual performance of the other executive officers, as well as its own evaluation of the expected and actual performance of each executive officer and his or her individual contributions.

In December 2010, our board of directors adopted the Fiscal 2011 Employee Bonus Plan, or the Fiscal 2011 Bonus Plan, which was based on our annual operating plan for the fiscal year.

Target Bonus Opportunities

Under the Fiscal 2011 Bonus Plan, the target bonus opportunities for our executive officers, including the Named Executive Officers (other than Mr. Espinosa), were established as a percentage of each executive officer's base salary. Mr. Espinosa participates in our 2011 Sales Commission Plan, which is discussed below. The target bonus opportunities for the Named Executive Officers (other than Mr. Espinosa) were as follows:

Named Executive Officer	Fiscal 2011 Base Salary	Target Cash Bonus Opportunity (as a percentage of base salary)	Target Cash Bonus Opportunity
Mr. Ryu	$ 250,000	40%	$ 100,000
Ms. Blasing	$ 250,000	34%	$ 85,000
Mr. Naddaff	$ 205,000	46%	$ 95,000
Mr. Henrickson	$ 203,656	17%	$ 35,000

In setting these target bonus opportunities, the Committee exercised its judgment and discretion and considered several factors, including our company's overall financial and operational results for the prior fiscal year, the performance of the individual executive officer, the executive officer's potential to contribute to our long-term strategic goals, his or her role and scope of responsibilities within our company, his or her individual experience and skills, the Committee's sense of competitive market practices for annual bonuses and the recommendations of our CEO.

Award Design

One-half of each executive officer's bonus was based on our company's performance during fiscal year 2011 as measured against the corporate financial and operational metrics described below, or the Company Performance Factor, and one-half was based on an assessment of his or her individual performance during fiscal year 2011 as evaluated by our CEO as described below, or the Individual Performance Factor. Our board of directors determined these allocations to be appropriate because they linked each executive officer's potential bonus opportunity to corporate performance, thereby motivating him or her to focus his or her efforts on successfully executing our annual operating plan, while also providing a significant financial incentive to accomplish individual objectives critical to our long-term growth and development. The formula for the bonus calculation was as follows:

Base Salary x Target Cash Bonus Opportunity x Company Performance Factor x Individual Performance Factor

Company Performance Factor

Under the Fiscal 2011 Bonus Plan, the bonuses of our executive officers, including the Named Executive Officers, were based, in part, on the performance of our company during fiscal year 2011 as measured against the following pre-established corporate financial and operational metrics, which our board of directors deemed to be critical to enhancing stockholder value:

- Net Annual Recurring Revenues;
- Customer References; and
- Non-GAAP Operating Income (as defined below).

The target level for each of the metrics comprising the Company Performance Factor (as well as the threshold and maximum payout levels) and the weighting of each metric were as follows:

Metric	Threshold Level	Target Level	Maximum Level	Weighting	Metric Cap
Net Annual Recurring Revenues	$21 million	$25 million	$33 million	50%	175%
Customer References	—	100%	—	25%	100%
Non-GAAP Operating Income[1]	$13 million	$18 million	$23 million	25%	150%

(1) For purposes of the Fiscal 2011 Bonus Plan, Non-GAAP Operating Income means our company's operating income for fiscal year 2011 as determined under GAAP, less the effect of any stock-based compensation expense and intellectual property and special legal costs.

In the case of the Net Annual Recurring Revenues metric, if our company's actual net recurring revenues were (i) less than $21 million, the performance factor for this metric was zero, (ii) between $21 million and $25 million, the performance factor was equal to the actual amount achieved in excess of $21 million divided by $4 million, (iii) $25 million, the performance factor was 100%, (iv) between $25 million and $33 million, the performance factor was 100% plus the actual amount achieved in excess of $25 million divided by $8 million and multiplied by 75%, and (v) greater than $33 million, the performance factor was 175%.

In the case of the Customer References metric, the target performance level was 100%, subject to reduction by 25% for each customer that, at the end of the fiscal year, our CEO determined could not be used as a reference.

In the case of the Non-GAAP Operating Income metric, if our actual non-GAAP operating income was (i) less than $13 million, the performance factor for this metric was zero, (ii) between $13 million and $18 million, the performance factor was equal to the actual amount achieved in excess of $13 million divided by $5 million, (iii) $18 million, the performance factor was 100%, (iv) between $18 million and $23 million, the performance factor was 100% plus the actual amount achieved in excess of $18 million divided by $5 million and multiplied by 50%, and (v) greater than $23 million, the performance factor was 150%.

For purposes of the Fiscal 2011 Bonus Plan, the Company Performance Factor was the sum of the performance factor for each of the three metrics described above.

Individual Performance Factor

Under the Fiscal 2011 Bonus Plan, the bonuses of our executive officers, including the Named Executive Officers, were based, in part, on their individual performance during fiscal year 2011 as determined by our CEO, in his sole discretion, and expressed as a percentage between 0% and 150%.

Fiscal 2011 Bonus Decisions

After the conclusion of the fiscal year, the Committee evaluated our financial and operational performance for fiscal year 2011 and determined that we had achieved a Company Performance Factor of 116%, which was the sum of our actual performance against the Net Actual Recurring Revenues metric (106% weighted 50%), against the Customer Reference metric (100% weighted 25%), and against the Non-GAAP Operating Income metric (150% weighted 25%).

In addition, our CEO evaluated the individual performance of our executive officers, including the other Named Executive Officers, and recommended to the Committee an Individual Performance Factor for each executive officer. After reviewing these recommendations, the Committee approved the Individual Performance Factors for each executive officer. Based on the Committee's recommendations, our board of directors approved cash bonuses for the Named Executive Officers (other than Mr. Espinosa) as follows:

Named Executive Officer	Target Cash Bonus Opportunity	Company Performance Factor	Individual Performance Factor	Cash Bonus
Mr. Ryu	$ 100,000	116%	100%	$ 106,333
Ms. Blasing	$ 85,000	116%	100%	$ 98,600
Mr. Naddaff	$ 95,000	116%	100%	$ 102,647
Mr. Henrickson	$ 35,000	116%	100%	$ 36,733

Sales Compensation Plan for Mr. Espinosa

As the head of our company's worldwide sales operations, during fiscal year 2011 Mr. Espinosa was eligible to participate in our fiscal year 2011 Sales Commission Plan. Under the fiscal year 2011 Sales Commission Plan, Mr. Espinosa was eligible to receive a commission payment equal to a specified percentage rate for the license and support revenues generated by the company during fiscal year 2011, with such specified percentage rate designed to increase as revenues levels increased between pre-established dollar levels. Mr. Espinosa's target commission payment for achieving the target level of performance for license and support revenues was $162,400. For performance below the target level of performance for license and support revenues, Mr. Espinosa was eligible to receive the *pro rata* portion of his target commission payment that was equal to the actual license and support revenues attained for fiscal year 2011. For performance above the target level of performance for license and support revenues, Mr. Espinosa was eligible to receive a multiple of his target commission payment as follows:

License and Support Revenues (as a percentage of target)	100%	125%	150%	175%	200%
Percentage of Target Commission Payable	100%	200%	300%	400%	500%

We are not disclosing the target level of performance for license and support revenues for fiscal year 2011 because we believe that such information would provide competitors and others with insights into our company's operational strengths and weaknesses that would be harmful to our company. In setting Mr. Espinosa's initial target commission opportunity for fiscal year 2011 at the beginning of the year, the Committee believed it would be difficult to achieve this target level because the target level of performance for license and support revenues was significantly higher than in fiscal year 2010.

Although Mr. Espinosa's sales commission arrangement was approved at the beginning of fiscal year 2011, the Committee and our CEO periodically reviewed his arrangement to ensure that it was operating appropriately and that his targets were properly aligned with the company's projected performance.

Mr. Espinosa's total commission earned for fiscal year 2011 was $296,463 or 182% of his target commission.

The cash bonuses paid to the Named Executive Officers for fiscal year 2011 are set forth in the Summary Compensation Table below.

Equity Compensation

We use equity awards to incentivize and reward our executives officers, including the Named Executive Officers, for long-term corporate performance based on the value of our common stock and, thereby, to align their interests with those of our stockholders.

As a privately-held company, we have used stock options and RSUs as our principal equity award vehicles. We believe that stock options provide a strong reward for growth in the market price of our common stock as the entire value of stock options depends on future stock price appreciation, as well as a strong incentive for our executive officers to remain employed with the company as they require continued employment through the vesting period. We also believe that RSUs provide a strong retention incentive for our executive officers, provide a moderate reward for growth in the market price of our common stock, and, because they use fewer shares than stock options, are less dilutive to our stockholders. Consistent with our compensation objectives, we believe this approach aligns our executive officers' efforts and contributions with our long-term interests and allows them to participate in any future appreciation in value of our common stock. We also believe that stock options and RSUs serve as effective retention tools due to vesting requirements that are based on continued service with the company.

Typically, the size and form of the initial equity awards for our executive officers have been established through arm's-length negotiation at the time the individual executive officer was hired. In formulating these awards, our board of directors has considered, among other things, the prospective role and responsibility of the executive officer, the amount of equity-based compensation held by the executive officer at his or her former employer, the cash compensation received by the executive officer, the Committee's sense of the competitive market for similar positions, and the need to create a meaningful opportunity for reward predicated on the creation of long-term stockholder value.

Thereafter, the Committee has reviewed the equity holdings of our executive officers annually and periodically recommended to our board of directors the grant of equity awards in the form of stock options and/or RSUs to our executive officers to ensure that their overall equity position was consistent with our compensation objectives. The Committee has not applied a rigid formula in determining the size of these equity awards. In conducting this review and making award recommendations in fiscal year 2011, the Committee exercised its judgment and discretion and considered several factors, including our overall financial and operational results for the prior fiscal year, the performance of the individual executive officer, the executive officer's potential to contribute to our long-term strategic goals, his or her role and scope of responsibilities within the company, his or her individual experience and skills, the amount of equity-based compensation already held by the executive officer (and the amount that was vested and unvested), the Committee's sense of competitive market practices for equity compensation, and, if applicable, the recommendations of our CEO.

In December 2010, the Committee recommended, and our board of directors approved, awards of RSUs to certain of our executive officers, including certain of the Named Executive Officers, in recognition of our financial and operational results and their individual performance for the preceding fiscal year. In determining the amount of each executive officer's RSU award, the Committee exercised its subjective judgment after taking into consideration each executive officer's potential to contribute to our long-term strategic goals, his role and scope of responsibilities within the company, his individual experience and skills, the amount of equity-based compensation already held by the executive officer (as well as the amount that was still unvested), the Committee's sense of competitive market practices for equity compensation, and the recommendations of our CEO (except with respect to his own award). At this time, Messrs. Ryu, Espinosa and Naddaff were granted RSU awards covering 250,000, 20,000 and 95,000 shares of our common stock, respectively.

In March 2011, in connection with his promotion to the positions of President and Chief Executive Officer, the Committee recommended, and our board of directors approved, the grant to our CEO of RSU awards covering an aggregate total of 878,800 shares of our common stock. This grant was divided into three separate RSU awards to facilitate the Committee's overall purpose for the grant. While each award was subject to both a time-based vesting requirement (that is, the award would vest in 16 equal quarterly installments over the four-year period following the date of grant) and a performance-based condition (that is, the first to occur of (i) the lapse of a 180-day period following an initial public offering of our equity securities or (ii) a change of control of the company), each award was also subject to a further performance-based vesting condition designed to focus Mr. Ryu on achieving the three financial and operational objectives that the Committee considered to be his highest near-term priorities. Accordingly:

- The RSU award covering 502,000 shares of our common stock was subject to satisfaction of the first to occur of either (i) an initial public offering of our equity securities or (ii) a change of control of the company, while employed by the company. In determining the amount of this award, the Committee considered the consummation of a liquidity event to be of paramount importance for us and our stockholders. Therefore, it determined that this award should reflect the largest portion (approximately $2,865,000, or 57%) of the overall value of the grant. The Committee exercised its subjective judgment to set the value of this award at a level that would provide a significant incentive to Mr. Ryu to prepare us for an initial public offering of our equity securities or a change of control of the company within a reasonable timeframe and also provide an equity stake in us approximately equivalent to that of chief executive officers with similar skills and experience at comparable companies.
- The RSU award covering 251,000 shares of our common stock was subject to full and final dismissal or final adjudication of certain Accenture-related litigation to the satisfaction of our board of directors. In determining the amount of this award, the Committee considered the disposition of this litigation to be critical to an initial public offering of our equity securities or a change of control. Therefore, it determined that this award should be sufficient (approximately $1,458,000, or 29% of the overall value of the grant) to serve as an incentive for Mr. Ryu to devote a meaningful portion of his initial activities as chief executive officer to the resolution of the litigation, while, at the same time, negotiating an outcome that was in the best interests of us and our stockholders so as not to be an impediment to a successful subsequent liquidity event. The Committee exercised its subjective judgment to set the value of this award at a level that it believed would provide Mr. Ryu with a meaningful reward for the favorable disposition of

the litigation based on its assessment of our enhanced enterprise value following the resolution of the litigation.

- The RSU award covering 125,500 shares of our common stock was subject to the satisfaction of a pre-established revenues target level for fiscal year 2012. In determining the amount of this award, the Committee recognized the importance of ensuring that Mr. Ryu remained focused on our continued financial performance while, at the same time devoting sufficient attention to our liquidity objective and the resolution of the Accenture-related litigation. Therefore, it determined that a portion of the award (approximately $704,000, or 14% of the overall value of the grant) should be linked to the successful execution of our operating plan for fiscal year 2012, the first year in which our company would be under his leadership for the entire year. The Committee exercised its subjective judgment to set the value of this award at a level that it believed would provide Mr. Ryu with a meaningful reward for producing favorable financial results while also making progress on his other critical priorities. Although the value of this award was approximately three times Mr. Ryu's annual base salary, the Committee believed that the value was reasonable based on its assessment of recent equity awards granted to the chief executive officers with similar skills and experience at comparable companies and further noted that Mr. Ryu would only receive the full value of the award if he continued to be employed by us for four years and we successfully completed a liquidity event.

In addition to the foregoing considerations, in making the March 2011 grant, the Committee also evaluated Mr. Ryu's potential to contribute to our future growth and development, his role and scope of responsibilities relative to our other executive officers, his sustained individual performance in his prior positions within our company, the amount of equity-based compensation already held by him (including the amount that was still unvested), its desire to retain his services through a critical period of our development, and its sense of the competitive market practices for the equity compensation of public company chief executive officers. The Committee believed that the grant should be made in form of restricted stock units to better reflect the interests of our stockholders, as both increases and decreases in the market price of our common stock would have the same effect on Mr. Ryu as on our stockholders. In addition, they serve as a constant incentive, regardless of fluctuations in stock price.

In July 2011, the Committee recommended, and our board of directors approved, awards of RSUs to certain of our executive officers, including certain of the Named Executive Officers, in recognition of their contributions to the company during fiscal year 2011 and to achieve our retention objectives. In determining the amount of each executive officer's RSUs, the Committee took into consideration the factors described above. At this time, Messrs. Ryu, Naddaff, and Henrickson and Ms. Blasing were granted stock options to purchase 150,000, 50,000, 50,000 and 25,000 shares of our common stock, respectively, and Messrs. Naddaff and Henrickson and Ms. Blasing were granted RSUs covering 50,000, 30,000 and 25,000 shares of our common stock, respectively.

The equity awards granted to the Named Executive Officers during fiscal year 2011 are set forth in the Summary Compensation Table and the Grants of Plan-Based Awards Table below.

Welfare and Other Benefits

We have established a tax-qualified Section 401(k) retirement plan for all employees who satisfy certain eligibility requirements, including requirements relating to age and length of service. Under this plan, employees may elect to defer their current compensation by up to the statutory limit ($16,500 in calendar year 2010) and contribute to the plan. We currently match any contributions made to the plan by our employees, including executive officers, up to a maximum of $1,000 per participant. We intend for the plan to qualify under Section 401(a) of the Internal Revenue Code, as amended, or the Code, so that contributions by employees to the plan, and income earned on plan contributions, are not taxable to employees until withdrawn from the plan.

In addition, we provide other employee welfare and benefit programs to our executive officers, including the Named Executive Officers, on the same basis as all of our full-time employees in the country in which they are resident. These benefits include medical, dental, and vision benefits, medical and dependent care flexible spending accounts, short-term and long-term disability insurance, accidental death and dismemberment insurance and basic life insurance coverage.

We design our employee welfare and benefit programs to be affordable and competitive in relation to the market, as well as compliant with applicable laws and practices. We adjust our employee welfare and benefit programs as needed based upon regular monitoring of applicable laws and practices and the competitive market.

We do not provide perquisites to our executive officers, except historically in limited situations where we believed it was appropriate to assist an individual in the performance of his or her duties, to make our executive officers more efficient and effective, and for recruitment and retention purposes.

In the future, we may provide perquisites or other personal benefits in limited circumstances, such as where we believe it is appropriate to assist an individual executive officer in the performance of his or her duties, to make our executive officers more efficient and effective, and for recruitment, motivation, or retention purposes. All future practices with respect to perquisites or other personal benefits will be approved and subject to periodic review by the Committee.

Employment Offer Letters

The initial terms and conditions of employment of each of the Named Executive Officers were originally set forth in a written employment offer letter. Each of these arrangements was approved by our board of directors. We believe that these employment offer letters were necessary to induce these individuals to forego other employment opportunities or leave their current employer for the uncertainty of a demanding position in a new and unfamiliar organization.

In filling these executive positions, we recognized that, with the exception of our CEO, who is one of our founders, it would be necessary to recruit candidates from outside the company with the requisite experience and skills to manage a dynamic, growing business. Accordingly, we recognized that we would need to develop competitive compensation packages to attract qualified candidates in a dynamic labor market. At the same time, we were sensitive to the need to integrate new executives into the executive compensation structure that we were seeking to develop, balancing both competitive and internal equity considerations.

Each of these employment offer letters provided for an initial base salary, an annual cash bonus opportunity, and a recommended equity award in the form of a stock option to purchase shares of our common stock.

Appointment Letter with Mr. Ryu

On December 21, 2010, Mr. Ryu, our then Vice President, Products, was named our President and Chief Executive Officer. The terms and conditions of his appointment to this position were reviewed and recommended for approval by the Committee, and approved by our board of directors.

In promoting Mr. Ryu, our board of directors approved an appointment letter setting forth the principal terms and conditions of his employment, including an initial annual base salary of $250,000, an initial target cash bonus opportunity of $100,000, and a recommended award of RSUs equal to approximately 0.5% of our capital stock on a fully-diluted basis. Mr. Ryu's employment is "at will" and for no specific period of time.

Also in connection with his promotion, on March 9, 2011 the Committee granted to Mr. Ryu a series of three awards of RSUs covering an aggregate total of 878,800 shares of our common stock. Each of these RSUs is subject to a time-based vesting requirement (that is, the award vests in 16 equal quarterly installments over the four-year period following the date of grant), or the Time Condition, and a performance-based vesting condition (that is, the first to occur of (i) the lapse of a 180-day period following an initial public offering of our equity securities or (ii) a change of control of the company), or the Performance Condition. In addition, each of the RSUs is subject to a separate performance condition, or the Performance Vesting Conditions, as follows:

- The RSU covering 502,200 shares of our common stock is subject to satisfaction of the first to occur of (i) an initial public offering of our equity securities or (ii) a change of control of the company, while employed by the Company;
- The RSU covering 251,100 shares of our common stock is subject to full and final dismissal or final adjudication of certain Accenture-related litigation to the satisfaction of our board of directors; and
- The RSU covering 125,500 shares of our common stock is subject to satisfaction of a pre-established revenues target level for fiscal year 2012.

On July 21, 2011, our board of directors determined that the Performance Vesting Condition for the RSU covering 251,100 shares of our common stock had been satisfied.

Offer Letter with Ms. Blasing

In connection with hiring Ms. Blasing, on May 13, 2009, we entered into an offer letter that set forth the material terms of her employment. Her starting base salary was $250,000 and her initial target bonus was $85,000. She was granted an initial stock option award for 473,057 shares. In addition, Ms. Blasing was required to enter into a Proprietary Information and Inventions Agreement. The provisions in Ms. Blasing's offer letter regarding post-employment compensation are described under "Post-Employment Compensation."

Offer Letter with Mr. Espinosa

In connection with hiring Mr. Espinosa, on December 7, 2007, we entered into an offer letter that set forth the material terms of his employment. His starting base salary was $250,000 and his initial target bonus was $150,000. He was granted an initial stock option award for 441,883 shares. In addition, Mr. Espinosa was required to enter into a Proprietary Information and Inventions Agreement.

Offer Letter with Mr. Henrickson

In connection with hiring Mr. Henrickson, on November 5, 2003, we entered into an offer letter that set forth the material terms of his employment. His starting base salary was $95,000. He was granted an initial stock option award for 30,000 shares. In addition, Mr. Henrickson was required to enter into a Proprietary Information and Inventions Agreement.

Offer Letter with Mr. Naddaff

In connection with hiring Mr. Naddaff, on November 15, 2002, we entered into an offer letter that set forth the material terms of his employment. His starting base salary was $125,000 and his initial target bonus was $75,000. He was granted an initial stock option award for 75,000 shares. In addition, Mr. Naddaff was required to enter into a Proprietary Information and Inventions Agreement.

For a summary of the material terms and conditions of the post-employment compensation terms applicable to our Named Executive Officers, see "—Post-Employment Compensation" below.

New Executive Agreements

In August 2011, our compensation committee recommended, and our board of directors approved, new executive agreements with Messrs. Ryu and Espinosa and Ms. Blasing. These agreements will take effect upon the effectiveness of this offering and will replace the employment offer letters currently in place with Ms. Blasing and Mr. Espinosa and the appointment letter currently in place with Mr. Ryu.

The new executive agreements, which have an initial term of three years from the effective date followed by subsequent one-year renewal periods, set forth each of Messrs. Ryu's and Espinosa's and Ms. Blasing's current title, base salary and target incentive compensation. The agreements also provide for post-employment compensation as described below under "—Post-Employment Compensation."

Other Compensation Policies

Stock Ownership Guidelines

Currently, we have not implemented a policy regarding minimum stock ownership requirements for our executive officers, including the Named Executive Officers.

Compensation Recovery Policy

Currently, we have not implemented a policy regarding retroactive adjustments to any cash or equity-based incentive compensation paid to our executive officers and other employees where the payments were predicated upon the achievement of financial results that were subsequently the subject of a financial restatement. We intend to adopt a general compensation recovery, or clawback, policy covering our annual and long-term incentive award plans and arrangements once the SEC adopts final rules implementing the requirement of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Derivatives Trading and Hedging Policy

Currently, we have not implemented a policy regarding the trading of derivatives or the hedging of our equity securities by our executive officers, including the Named Executive Officers, employees, and directors. In connection with this offering, we intend to adopt an insider trading policy that, among other things, will prohibit our employees and directors from engaging in derivatives trading and hedging transactions.

Tax and Accounting Considerations

Deductibility of Executive Compensation

Section 162(m) of the Code generally disallows public companies a tax deduction for federal income tax purposes of remuneration in excess of $1 million paid to the chief executive officer and each of the three other most highly compensated executive officers (other than the chief financial officer) in any taxable year. Generally, remuneration in excess of $1 million may only be deducted if it is “performance-based compensation” within the meaning of the Code. In this regard, the compensation income realized upon the exercise of stock options granted under a stockholder-approved stock option plan generally will be deductible so long as the options are granted by a committee whose members are non-employee directors and certain other conditions are satisfied. On the other hand, compensation income realized upon the vesting of a restricted stock award or RSU generally will not be deductible unless the award qualifies as “performance-based compensation.”

As we are not currently publicly-traded, the Committee has not previously taken the deductibility limit imposed by Section 162(m) into consideration in setting compensation for our executive officers. In approving the amount and form of compensation for our executive officers in the future, however, the Committee will consider all elements of the cost to us of providing such compensation, including the potential impact of Section 162(m). In the future, the Committee may, in its judgment, authorize compensation payments that do not comply with an exemption from the deductibility limit when it believes that such payments are appropriate to attract and retain executive talent.

Taxation of “Parachute” Payments

Sections 280G and 4999 of the Code provide that executive officers and directors who hold significant equity interests and certain other service providers may be subject to significant additional taxes if they receive payments or benefits in connection with a change in control of the company that exceeds certain prescribed limits, and that the company (or a successor) may forfeit a deduction on the amounts subject to this additional tax. We have not agreed to provide any executive officer, including any Named Executive Officer, with a “gross-up” or other reimbursement payment for any tax liability that the executive officer might owe as a result of the application of Sections 280G or 4999.

Accounting for Stock-Based Compensation

We follow FASB Accounting Standards Codification Topic 718, or ASC Topic 718, for our stock-based compensation awards. ASC Topic 718 requires companies to measure the compensation expense for all stock-based payment awards made to employees and directors, including stock options, restricted stock awards, and RSU awards, based on the grant date “fair value” of these awards. This calculation is performed for accounting purposes and reported in the compensation tables below, even though our executive officers may never realize any value from their awards. ASC Topic 718 also requires companies to recognize the compensation cost of their stock-based compensation awards in their income statements over the period that an executive officer is required to render service in exchange for the option or other stock-based award.

Compensation Risk Assessment

We believe that although a portion of the compensation provided to our executive officers and other employees is performance-based, our executive compensation program does not encourage excessive or unnecessary risk taking. This is primarily due to the fact that our compensation programs are designed to encourage our executive officers and other employees to remain focused on both short-term and long-term strategic goals, in particular in connection with our pay-for-performance compensation philosophy. As a result, we do not believe that our compensation programs are reasonably likely to have a material adverse effect on the company.

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Summary Compensation Table—Fiscal Year 2011

The following table provides information regarding the compensation of our principal executive officer and each of our other executive officers during our fiscal year ended July 31, 2011.

Name and Principal Position	Base Salary ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)(2)	Total ($)
Marcus S. Ryu President and Chief Executive Officer	$234,615	$6,036,736	$519,612	$ 106,333	$ 1,494	$6,898,790
Karen Blasing Chief Financial Officer	$250,000	$ 187,500	$ 86,597	$ 98,600	$ 1,195	$ 623,892
Peter A. Espinosa Vice President, Worldwide Sales	$250,000	$ 80,000	—	$ 296,463	$ 1,284	$ 627,747
Jeremy Henrickson Vice President, Product Development	$206,489	$ 467,400	$173,147	$ 36,733	$ 1,378	$ 885,147
Alexander C. Naddaff Vice President, Professional Services	$209,551	$ 758,800	$173,195	$ 102,647	$ 408	$1,244,601
John V. Raguin Former President and Chief Executive Officer	$ 74,153	—	$261,159(3)	—	$ 336,536(4)	$ 671,848

(1) This column reflects the aggregate grant date fair value of equity awards granted in fiscal year 2011 and calculated in accordance with ASC Topic 718, excluding the effect of estimated forfeitures. See Note 9 of "Notes to Consolidated Financial Statements" for a discussion of the assumptions made by the company in determining the valuation of equity awards.

(2) The amounts reported in the "All Other Compensation" column consist of life insurance premiums and 401(k) matching contributions paid by the company on behalf of each Named Executive Officer.

(3) Mr. Raguin resigned as the company's Chief Executive Officer on September 21, 2010 and, in connection with his resignation, the board of directors accelerated his stock option award in full and extended the exercise period through February 28, 2012. The value reported in this column represents the incremental fair value of this modification computed in accordance with ASC Topic 718.

(4) In connection with his resignation, Mr. Raguin was paid a $300,000 severance payment and became eligible for company paid health benefits through September 30, 2012.

Grants of Plan-Based Awards—Fiscal Year 2011

The following table presents information concerning grants of plan-based awards to each of the Named Executive Officers during our fiscal year ended July 31, 2011.

Grants of Plan-Based Awards

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1) Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards Target (#)	All Other Option Awards: Number of Securities Underlying Options(#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards($)
Marcus S. Ryu	12/8/2010	—	—	—	250,000	—	—	$1,010,000(2)
President and Chief Executive Officer	3/9/2011	—	—	—	878,800	—	—	$5,026,736(2)
	7/21/2011	—	—	—	—	150,000	$ 7.50	$ 519,612(3)
		—	$100,000	$ 225,000	—	—	—	—
Karen Blasing	7/21/2011	—	—	—	25,000	—	—	$ 187,500(2)
Chief Financial Officer	7/21/2011	—	—	—	—	25,000	$ 7.50	$ 86,597(3)
		—	$ 85,000	$ 191,250	—	—	—	—
Peter A. Espinosa	12/8/2010	—	—	—	20,000	—	—	$ 80,800(2)
Vice President, Worldwide Sales		—	$162,400(4)	—	—	—	—	—
Jeremy Henrickson	12/8/2010	—	—	—	60,000	—	—	$ 242,400(2)
Vice President, Product Development	7/21/2011	—	—	—	30,000	—	—	$ 225,000(2)
	7/21/2011	—	—	—	—	50,000	$ 7.50	$ 173,147(3)
		—	$ 35,000	$ 78,750	—	—	—	—
Alexander C.Naddaff	12/8/2010	—	—	—	95,000	—	—	$ 383,800(2)
Vice President, Professional Services	7/21/2011	—	—	—	50,000	—	—	$ 375,000(2)
	7/21/2011	—	—	—	—	50,000	$ 7.50	$ 173,195(3)
		—	$ 95,000	$ 213,750	—	—	—	—
John V. Raguin	9/21/2010	—	—	—	—	—	—	$ 261,159(5)
Former President and Chief Executive Officer								

(1) Amounts in the "Estimated Possible Payouts Under Non-Equity Incentive Plan Awards" column relate to amounts payable under our Fiscal 2011 Employee Bonus Plan at the time the grants of awards were made. The target column assumes the maximum achievement for both the corporate and individual performance components at the target level. The actual amounts paid to our Named Executive Officers are set forth in the "2011 Summary Compensation Table" above and the calculation of the actual amounts paid is discussed more fully in "—Compensation Discussion and Analysis—Executive Compensation Program Elements—Annual Cash Bonuses" above.

(2) Amounts reflect the fair value of RSUs issued to the Named Executive Officer on the date of grant, calculated in accordance with ASC Topic 718 for stock-based compensation transactions. These awards are subject to time-based vesting and one or more performance-based vesting components, as described in detail in "—Compensation Discussion and Analysis—Executive Compensation Program Elements—Equity Compensation" above. The amounts in the table assume that all of the vesting conditions to the awards are met. For a discussion of the valuation of the common stock as of the grant date of the RSUs, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Stock-Based Compensation."

(3) The grant date fair value of each award is computed in accordance with ASC Topic 718. See Note 9 of "Notes to Consolidated Financial Statements" for a discussion of the assumptions made in determining the valuation of option awards.

(4) Amounts also assume the target achievement for performance under our fiscal 2011 Sales Commission Plan. The actual amount paid to Mr. Espinosa under our fiscal year 2011 Sales Commission Plan is set forth in the "Summary Compensation Table—2011" above and the calculation of the actual amount paid is discussed more fully in "—Compensation Discussion and Analysis—Executive Compensation Program Elements—Annual Cash Bonuses" above.

(5) Mr. Raguin resigned as our Chief Executive Officer on September 21, 2010 and, in connection with his resignation, the board of directors accelerated his stock option award in full and extended the exercise period through February 28, 2012. The value reported in this column represents the incremental fair value of this acceleration computed in accordance with ASC Topic 718.

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Outstanding Equity Awards at July 31, 2011

The following table presents certain information concerning equity awards held by the Named Executive Officers for our fiscal year ended July 31, 2011.

Outstanding Equity Awards at July 31, 2011

	Option Awards[1]			Stock Awards[2]	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Exercise Price ($)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Marcus S. Ryu	190,000[3]	$ 0.50	1/5/2016	—	—
	179,317[4]	$ 2.74	8/16/2017	—	—
	20,683[5]	$ 2.74	8/16/2017	—	—
	160,000[6]	$ 3.92	12/21/2019	—	—
	150,000[7]	$ 7.50	7/21/2021	—	—
	—	—	—	250,000[8]	$ 1,875,000
	—	—	—	878,800[9]	$ 6,591,000
Karen Blasing	473,057[10]	$ 3.73	7/28/2019	—	—
	25,000[11]	$ 7.50	7/21/2021	—	—
	—	—	—	25,000[12]	$ 187,500
Peter A. Espinosa	441,883[13]	$ 3.50	2/1/2018	—	—
	—	—	—	20,000[8]	$ 150,000
Jeremy Henrickson	62,574[14]	$ 3.73	12/2/2018	—	—
	50,000[11]	$ 7.50	7/21/2021	—	—
	—	—	—	60,000[8]	$ 450,000
	—	—	—	30,000[12]	$ 225,000
Alexander C. Naddaff	30,000[3]	$ 0.16	12/9/2014	—	—
	100,000[3]	$ 0.50	1/5/2016	—	—
	75,000[15]	$ 2.74	8/16/2017	—	—
	40,000[16]	$ 3.73	12/2/2018	—	—
	50,000[11]	$ 7.50	7/21/2021	—	—
	—	—	—	95,000[8]	$ 712,500
	—	—	—	50,000[12]	$ 375,000
John V. Raguin	190,000[3]	$ 0.50	2/28/2012	—	—
	280,000[3]	$ 3.92	2/28/2012	—	—

(1) Unless otherwise noted, all outstanding options vest monthly over four years following the vesting commencement date and contain an early exercise feature subject to the company's right of repurchase pursuant to the 2006 Stock Plan.

(2) All awards in this column are RSUs. Unless otherwise noted, RSUs vest over four years in 16 equal quarterly installments following the vesting commencement date, or the Time Condition, and upon the earlier of (i) 180 days following the effective date of our initial public offering, or (ii) a change in control event, or the Performance Condition.

(3) This option is fully vested.

(4) The vesting commencement date of this award is August 16, 2007. As of July 31, 2011, 175,150 of the shares underlying this option were vested.

(5) The vesting commencement date of this award is August 16, 2007. As of July 31, 2011, this option was fully vested.

(6) The vesting commencement date of this award is December 21, 2009. As of July 31, 2011, 63,333 of the shares underlying this option were vested.

(7) The vesting commencement date of this award is July 21, 2011. As of July 31, 2011, none of the shares underlying the option were vested.

(8) The vesting commencement date of this award is December 15, 2010.

(9) The vesting commencement date of this award is March 15, 2011. In addition to the Time Condition and the Performance Condition, these RSUs have an additional performance vesting component satisfied (i) with respect to 502,200 RSUs, upon the earlier of the company's initial public offering or a change in control, (ii) with respect to 251,100 RSUs, upon the settlement of litigation relating to Accenture and (iii) with respect to 125,500 RSUs, upon meeting certain revenues goals for fiscal year 2012, in each case, provided Mr. Ryu remains employed on such date.

(10) This stock option vests at the rate of 25% of the total number of shares subject to the option on the first anniversary of the vesting commencement date of July 21, 2009, and then monthly thereafter for the next three years, and contains an early exercise feature subject to the company's right of repurchase pursuant to the 2006 Stock Plan. As of July 31, 2011, 236,528 of the shares underlying the option were vested.

(11) The vesting commencement date of this award is July 21, 2011. As of July 31, 2011, none of the shares underlying the option were vested.

(12) The vesting commencement date of this award is September 15, 2011.

(13) This stock option vests at the rate of 25% the total number of shares subject to the option on the first anniversary of the vesting commencement date of January 15, 2008, and then monthly thereafter for the next three years, and, except for 59,616 shares subject to the award, contains an early exercise feature subject to the company's right of repurchase pursuant to the 2006 Stock Plan. As of July 31, 2011, 386,647 of the shares underlying the option were vested.

(14) The vesting commencement date of this award is December 2, 2008. As of July 31, 2011, 34,240 of the shares underlying the option were vested.

(15) This stock option vests at the rate of 25% of the total number of shares subject to the option on the first anniversary of the vesting commencement date of August 16, 2007, and then monthly thereafter for the next three years, and contains an early exercise feature subject to the company's right of repurchase pursuant to the 2006 Stock Plan. As of July 31, 2011, 73,437 of the shares underlying the option were vested.

(16) The vesting commencement date of this award is December 2, 2008. As of July 31, 2011, 25,833 of the shares underlying the option were vested.

Option Exercises and Stock Vested at July 31, 2011

The following table presents certain information concerning the exercise of options by each of the Named Executive Officers during our fiscal year ended July 31, 2011, as well as information regarding stock awards that vested during the fiscal year.

Option Exercises and Stock Vested at July 31, 2011

	Option Awards	
Name of Executive Officer	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)
Marcus S. Ryu	—	—
Karen Blasing	—	—
Peter A. Espinosa	—	—
Jeremy Henrickson	35,342	$ 159,860
Alexander C. Naddaff	—	—
John V. Raguin	—	—

(1) The value realized on exercise is the difference between the fair market value of the underlying stock at the time of exercise and the exercise price of the option.

Pension Benefits and Nonqualified Deferred Compensation

We do not provide a pension plan for our employees and none of our Named Executive Officers participated in a nonqualified deferred compensation plan during our fiscal year ended July 31, 2011.

Post-Employment Compensation

Except as described in this section, we do not have any agreements or other arrangements with any of our executive officers, including the Named Executive Officers, providing for payments or benefits in the event of a termination of employment or in connection with a change in control of the company.

Severance Arrangements

Mr. Ryu's Appointment Letter and RSU Agreements

Mr. Ryu's appointment letter (discussed above under "—Employment Offer Letters") does not provide for any cash severance arrangements. If Mr. Ryu's employment with the company is terminated for any reason (including death or disability), then any portion of the RSUs granted to him in December 2010 that has satisfied the Time Condition of the award will remain outstanding and subject to the Performance Condition of the award. Further, if Mr. Ryu's employment with the company is terminated for any reason (including death or disability), then any portion of the RSUs granted to him on March 9, 2011 that have satisfied the Time Condition and the applicable Performance Vesting Condition will remain outstanding and subject to the Performance Condition.

Ms. Blasing's Offer Letter

Under the terms of Ms. Blasing's employment offer letter, if we terminate her employment for any reason other than cause, death or permanent disability, then, subject to her execution of a general release of claims against the company, Ms. Blasing is eligible to receive continuation of her then-current base salary for a period of six months, a cash payment equal to six months of her then-current target bonus opportunity, and continued payment of monthly COBRA premiums until the earlier of the expiration of six months or the date she becomes eligible for substantially equivalent health insurance coverage in connection with any new employment.

Change in Control of Company

Mr. Ryu's Appointment Letter and RSU Agreements

Mr. Ryu's appointment letter does not provide for any cash severance arrangements if his employment is terminated in connection with a change in control. In the event that we terminate Mr. Ryu's employment without "cause" (as defined in his appointment letter) or he terminates his employment with "good reason" (as defined in his appointment letter) within 18 months after a change of control of the company, then the time-based vesting condition will be deemed satisfied with respect to the RSUs granted to him in December 2010 and the award will become immediately vested in full. Further, under the terms of his appointment letter, if we terminate his employment without "cause" (as defined in his appointment letter) or he terminates his employment with "good reason" (as defined in his appointment letter) within 18 months after a change of control of the company, then the Time Condition and the applicable Performance Condition will be deemed satisfied with respect to the RSUs granted to Mr. Ryu on March 9, 2011 and those RSUs will become immediately vested in full.

Ms. Blasing's and Mr. Espinosa's Offer Letters

Under the terms of the employment offer letters with Ms. Blasing and Mr. Espinosa, if their employment is involuntarily terminated within 12 months after a change in control of the company, then:

- in the case of Ms. Blasing, she will receive continuation of her then-current base salary for a period of 12 months, a cash payment equal to 12 months of her then-current target bonus opportunity for the fiscal year in which the involuntary termination of employment occurs, continued payment of monthly COBRA premiums until the earlier of the expiration of 12 months or the date she becomes eligible for substantially equivalent health insurance coverage in connection with any new employment, and any outstanding and unvested portion of the stock option to purchase shares of our common stock granted to her at the time she joined the company will immediately vest in full; and
- in the case of Mr. Espinosa, he will receive 12 months of vesting credit (in addition to the actual vesting credit based on his actual service with us as of the date of the change in control) with respect to the stock option to purchase shares of our common stock granted to him at the time he joined the company and the RSUs granted to him in December 2010.

We believe that these protections were necessary to induce these individuals to forego other opportunities or leave their current employment for the uncertainty of a demanding position in a new and unfamiliar organization and to meet our retention objectives. We also believe that entering into these arrangements will help these executive officers maintain continued focus and dedication to their responsibilities to help maximize stockholder value if there is a potential transaction that could involve a change in control of the company.

New Severance and Change in Control Arrangements

Under the new executive agreements with Messrs. Ryu and Espinosa and Ms. Blasing that will take effect upon the effectiveness of this offering (which are referenced above under "—Compensation Discussion and Analysis—Employment Offer Letters—New Executive Agreements"), each of these officers is entitled to certain payments and benefits in connection with specified terminations of employment.

In the event that the employment of Messrs. Ryu or Espinosa or Ms. Blasing is terminated without cause (as defined in the new executive agreements), and subject to such officer delivering a fully effective release of claims, he or she will be entitled to cash severance equal to one times in the case of Mr. Ryu and 0.5 times in the case of Mr. Espinosa and Ms. Blasing, the sum of the officer's then current base salary and target annual incentive compensation, payable over 12 months in the case of Mr. Ryu and six months in the case of Mr. Espinosa and Ms. Blasing, plus a monthly payment equal to our contribution towards health insurance for 12 months in the case of Mr. Ryu and six months in the case of Mr. Espinosa and Ms. Blasing.

In the event that the employment of Messrs. Ryu or Espinosa or Ms. Blasing is terminated without cause or for good reason (as defined in the new executive agreements) in the two month period prior to or 12 month period after (18 month period after in the case of Mr. Ryu) a change in control, then in lieu of the severance described above, and subject to such officer delivering a fully effective release of claims, he or she will be entitled to cash severance equal to 1.5 times in the case of Mr. Ryu, 0.75 times in the case of Mr. Espinosa, and one times in the case of Ms. Blasing, the sum of the officer's then current base salary and target annual incentive compensation, payable in a single lump sum, plus a monthly payment equal to our contribution towards health insurance for 18 months in the case of Mr. Ryu, nine months in the case of Mr. Espinosa, and 12 months in the case of Ms. Blasing. In addition, all stock options, RSUs and other stock based awards held by Mr. Ryu and the stock option granted to Ms. Blasing on July 28, 2009 will immediately accelerate and become fully vested upon such termination, and all other stock options, RSUs and other stock based awards held by Ms. Blasing as well as all stock options, RSUs and other stock based awards held by Mr. Espinosa will be accelerated as if such executive had completed an additional 12 months of service with us. If the payments or benefits payable to Messrs. Ryu or Espinosa or Ms. Blasing in connection with a change in control would be subject to the excise tax on golden parachutes imposed under Section 4999 of the Internal Revenue Code, then those payments or benefits will be reduced if such reduction would result in a higher net after-tax benefit to such officer.

Mr. Raguin's Transition Agreement

On September 28, 2010, it was mutually agreed with Mr. Raguin that he would resign from his positions as our President and Chief Executive Officer and as a member of our board of directors, effective as of September 21, 2010. In consideration of these actions, we agreed to make a cash payment of $300,000 to Mr. Raguin. We also agreed to vest immediately in full all unvested shares of our common stock subject to outstanding stock options held by Mr. Raguin as of September 21, 2010 and to extend the exercise period of such options until the first anniversary of the last day of his employment as a Vice President of the company (as described in the following paragraph).

To facilitate the transition to a new chief executive officer, Mr. Raguin was appointed as a Vice President of the company for a one-year period from September 21, 2010 (unless such employment was earlier terminated by either party). In consideration for his continued employment, Mr. Raguin was entitled to receive compensation at the rate of $1,000 per week through December 31, 2010 and at the rate of $1,000 per month thereafter, and continued coverage in our group health plan and/or payment of COBRA premiums for him and his eligible dependents through September 30, 2012. Mr. Raguin resigned his position as a Vice President of the company effective February 28, 2011.

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Potential Payments Upon Termination or Change in Control

The table below reflects, as applicable, cash severance, equity acceleration and continuation of health benefits payable to our Named Executive Officers under the agreements then in place with each Named Executive Officer in connection with (1) the termination of his or her employment relationship without cause (or for "good reason" or in connection with an "involuntary termination," as applicable), (2) upon a change in control of us and (3) in connection with a termination of employment described in (1) above following a change in control, and assuming, in each case, that the applicable triggering event(s) occurred on July 31, 2011. See "—Post-Employment Compensation."

Name	Benefit	Termination without Cause Not in Connection with a Change in Control(1)	Change in Control (1)(2)	Involuntary Termination in Connection with a Change in Control(1)
Marcus S. Ryu	Equity Acceleration	—		(3)
	Total	—		
Karen Blasing	Cash Severance	$ 167,500(4)	—	$ 335,000(5)
	Equity Acceleration	—		(6)
	Health Benefits	$ 7,780(7)	—	$ 15,560(8)
	Total	$ 175,280		
Peter A. Espinosa	Equity Acceleration	—		(9)
	Total	—		
Jeremy Henrickson	Equity Acceleration	—		—
	Total	—		—
Alexander C. Naddaff	Equity Acceleration	—		—
	Total	—		—
John V. Raguin	Cash Severance	$ 300,000(10)	—	—
	Equity Acceleration	$ 0(11)	—	—
	Health Benefits	$ 35,974(12)	—	—
	Total	$ 335,974	—	—

(1) There was no public market for our common stock at July 31, 2011. Accordingly, the value of accelerated equity awards (unless otherwise noted below) has been estimated based on an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the front cover of this prospectus.
(2) Represents the value of the RSUs that have already satisfied the Time Condition and that will satisfy the Performance Condition upon a change in control.
(3) Represents the value of the acceleration of 100% of Mr. Ryu's unvested RSUs if he is terminated without cause or for good reason within 18 months following a change in control.
(4) Represents 6 months continuation of Ms. Blasing's base salary and payment of 6 months of her target bonus opportunity in the event her employment is terminated by us other than for cause, death or disability.
(5) Represents 12 months continuation of Ms. Blasing's base salary and payment of 12 months of her target bonus opportunity if her employment is involuntarily terminated within 12 months following a change in control.
(6) Represents the value of the acceleration of (i) 100% of Ms. Blasing's unvested option awards and (ii) the portion of Ms. Blasing's RSUs that would have vested if Ms. Blasing had provided an additional 12 months of service, in the event she is subject to an involuntary termination within 12 months following a change in control.
(7) Represents 6 months of payment of COBRA premiums in the event Ms. Blasing's employment is terminated by the Company other than for cause, death or disability.
(8) Represents 12 months of payment of COBRA premiums if Ms. Blasing is subject to an involuntary termination within 12 months following a change in control.
(9) Represents the value of the acceleration of the portion of Mr. Espinosa's outstanding options and RSUs that would have vested if Mr. Espinosa had provided an additional 12 months of service, in the event he is subject to an involuntary termination within 12 months following a change in control.
(10) Represents $300,000 in cash severance paid to Mr. Raguin pursuant to his Transition Agreement.

(11) Although the unvested portion of Mr. Raguin's option award was accelerated in connection with his resignation on September 21, 2010, the per share exercise price of his unvested option award ($3.92) exceeded the fair market value of our common stock on September 21, 2010 ($3.65).

(12) Represents continued coverage and/or payment of COBRA premiums for Mr. Raguin and his eligible dependents from January 2011 through September 30, 2012.

Although the new executive agreements with Messrs. Ryu and Espinosa and Ms. Blasing (which are referenced above under "Compensation Discussion and Analysis—Post-Employment Compensation—New Severance and Change in Control Arrangements") will not take effect until the effectiveness of this offering, the table below reflects, as applicable, cash severance, equity acceleration and continuation of health benefits payable to these three Named Executive Officers under the new executive agreements in connection with (1) the termination of his or her employment relationship without cause (or for "good reason"), (2) in connection with a termination of employment described in (1) following a change in control, and assuming, in each case that the applicable triggering event(s) occurred on July 31, 2011 and assumes that the new executive agreements were in place at that time.

Name	Benefit	Termination without Cause Not in Connection with a Change in Control(1)	Change in Control (1)(2)	Involuntary Termination in Connection with a Change in Control(1)
Marcus S. Ryu	Cash Severance	$ 450,000(3)		$ 675,000(4)
	Equity Acceleration	—		(5)
	Health Benefits	$ 15,850(6)		$ 23,770(7)
	Total			
Karen Blasing	Cash Severance	$ 167,500(8)	—	$ 335,000(9)
	Equity Acceleration	—		(10)
	Health Benefits	$ 8,490(11)	—	$ 16,980(12)
	Total			
Peter A. Espinosa	Cash Severance	$ 272,000(13)		$ 408,000(14)
	Equity Acceleration	—		(15)
	Health Benefits	$ 9,070(16)		$ 13,600(17)
	Total			

(1) There was no public market for our common stock at July 31, 2011. Accordingly, the value of accelerated equity awards (unless otherwise noted below) has been estimated based on an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the front cover of this prospectus.

(2) Represents the value of the RSUs that have already satisfied the time condition and that will satisfy the performance condition upon a change in control.

(3) Represents 12 months of Mr. Ryu's base salary and target annual incentive amount.

(4) Represents 1.5 times Mr. Ryu's annual base salary and target annual incentive amount.

(5) Represents the value of the acceleration of 100% of Mr. Ryu's unvested equity awards if he is terminated without cause or for good reason within two months before or 18 months following a change in control.

(6) Represents 12 months of group health premiums.

(7) Represents 18 months of group health premiums.

(8) Represents 0.5 times Ms. Blasing's annual base salary and target annual incentive amount.

(9) Represents 12 months of Ms. Blasing's annual base salary and target annual incentive amount.

(10) Represents the value of the acceleration of (i) 100% of Ms. Blasing's initial option grant and (ii) the portion of Ms. Blasing's other equity awards that would have vested if Ms. Blasing had provided an additional 12 months of service.

(11) Represents 6 months group health premiums.

(12) Represents 12 months of group health premiums.

(13) Represents 0.5 times Mr. Espinosa's annual base salary and target annual incentive amount.

(14) Represents 0.75 times Mr. Espinosa's annual base salary and target annual incentive amount.

(15) Represents the value of the acceleration of the portion of Mr. Espinosa's equity awards that would have vested if Mr. Espinosa had provided an additional 12 months of service

(16) Represents 6 months group health premiums.

(17) Represents 9 months of group health premiums.

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Director Compensation

The following table sets forth information concerning compensation paid or accrued for services rendered to us by members of our board of directors for the year ended July 31, 2011. The table excludes Mr. Ryu, who is a named executive officer and did not receive any compensation from us in his role as a director for the year ended July 31, 2011. The table also excludes Mr. Branson, who is an officer of the company and received option awards with an aggregate value of $103,855 during the fiscal year ended July 31, 2011, but did not receive any compensation from us in his role as a director.

Name	Fees Earned or Paid in Cash	Stock Awards ($)(1)	Option Awards ($)(1)	Total ($)
Tim Connors(2)	—	—	—	—
Craig Conway(3)	$ 187,200	$2,484,600	—	$2,671,800
Neal Dempsey	—	—	—	—
Steven M. Krausz(4)	—	—	—	—
Chris Noble(5)	—	—	$ 12,642(5)	$ 12,642
Craig Ramsey(6)	—	—	—	—
Clifton Thomas Weatherford(7)	$ 36,000	$ 403,840	—	$ 439,840

(1) This column reflects the aggregate grant date fair value of equity awards granted during the year ended July 31, 2011 and calculated in accordance with ASC Topic 718, excluding the effect of estimated forfeitures. See Note 9 of “Notes to Consolidated Financial Statements” for a discussion of the assumptions made by the company in determining the valuation of equity awards.

(2) Mr. Connors resigned from the Board on November 9, 2010.

(3) As of July 31, 2011, Mr. Conway held 615,000 unvested RSUs. In the event of a change of control of the company, the time-based vesting condition and the applicable performance condition will be deemed satisfied with respect to the RSUs held by Mr. Conway and those RSUs will become vested in full. Mr. Conway is paid a monthly retainer of $20,800 as compensation for his role as executive chairman in leading our board of directors.

(4) Mr. Krausz was elected to the Board on December 8, 2010.

(5) Mr. Noble resigned from the Board on December 6, 2010. Upon his resignation, the Board accelerated the vesting of 37,771 shares of his stock option and the value reported in this column represents the incremental fair value of this acceleration computed in accordance with ASC Topic 718.

(6) As of July 31, 2011, Mr. Ramsey held an option to purchase 166,944 shares of common stock.

(7) As of July 31, 2011, Mr. Weatherford held an option to purchase 100,000 shares of common stock and 80,000 unvested RSUs. In the event of a change of control of the company, the time-based vesting condition and the applicable performance condition will be deemed satisfied with respect to the RSUs held by Mr. Weatherford and those RSUs will become vested in full.

Upon completion of this offering, non-employee directors will receive an annual retainer of $. The chair of the audit committee will be paid an additional annual retainer of $, and members of the audit committee other than the chair will be paid an additional annual retainer of $. The chair of the compensation committee will be paid an additional annual retainer of $, and members of the compensation committee other than the chair will be paid an additional annual retainer of $. The chair of the nominating and corporate governance committee will be paid an additional annual retainer of $, and members of the nominating and corporate governance committee other than the chair will be paid an additional annual retainer of $.

Under the policy, each non-employee director, who first becomes a non-employee director following the effective date of the first registration statement filed by us and declared effective with respect to any class of our securities, will be automatically granted a stock option to purchase shares of our common stock on the date such person first becomes a non-employee director. A director who is an employee and who ceases to be an employee, but who remains a director will not receive such an initial award.

In addition, each non-employee director will be automatically granted an annual stock option to purchase shares of our common stock on the date of each annual meeting beginning on the date of the first annual meeting that is held at least six months after such non-employee director received his or her initial award. In connection with the pricing of this initial public offering, each non-employee director serving on our board of directors at the time of this offering will be automatically granted an option to purchase shares of our common stock at the price per share at which such common stock is sold in this offering.

The exercise price of all stock options granted pursuant to the policy will be equal to the fair market value of our common stock on the date of grant. The term of all stock options will be ten years. Subject to the adjustment provisions of our Equity Incentive Plan, initial awards will vest annually over years, provided such non-employee director continues to serve as a director through each such date. Subject to the adjustment provisions of our Equity Incentive Plan, the annual awards, including such awards granted in connection with this offering, will vest on the first anniversary of the date of grant, provided such non-employee director continues to serve as a director through such date.

The administrator of our Equity Incentive Plan in its discretion may change or otherwise revise the terms of awards granted under the outside director equity compensation policy.

Senior Executive Incentive Bonus Plan

On November 9, 2011, our board of directors adopted the Senior Executive Incentive Bonus Plan, or the Bonus Plan, which applies to certain key executives including the Named Executive Officers, or the Executives, as selected by the Committee. The Bonus Plan provides for bonus payments based upon the attainment of performance targets established by the Committee and related to financial and operational metrics with respect to the company or any of its subsidiaries, or the Performance Goals, which would include the achievement of specified financial or operational metrics or objectives. The Performance Goals from which the Committee may select include the following: cash flow (including, but not limited to, operating cash flow and free cash flow), revenue, corporate revenue, earnings before interest, taxes, depreciation and amortization, net income (loss) (either before or after interest, taxes, depreciation and/or amortization), changes in the market price of our common stock, economic value-added, acquisitions or strategic transactions, operating income (loss), return on capital, assets, equity, or investment, stockholder returns, return on sales, gross or net profit levels, productivity, expense, margins, operating efficiency, customer satisfaction, working capital, earnings (loss) per share of our common stock, sales or market shares, number of customers, number of new customers or customer references, operating income and net annual recurring revenue, any of which may be measured in absolute terms or compared to any incremental increase, measured in terms of growth, compared to another company or companies or to results of a peer group, measured against the market as a whole and/or according to applicable market indices, measured against our performance as a whole or a segment of the company and/or measured on a pre-tax or post-tax basis (if applicable).

Any bonuses paid under the Bonus Plan shall be based upon objectively determinable bonus formulas that tie such bonuses to one or more performance targets relating to the Performance Goals. The bonus formulas shall be adopted in each performance period by the Committee and communicated to each Executive. No bonuses shall be paid under the Bonus Plan unless and until the Committee makes a determination with respect to the attainment of the performance objectives. Notwithstanding the foregoing, we can adjust or pay bonuses under the Bonus Plan based on achievement of individual performance goals or pay bonuses (including, without limitation, discretionary bonuses) to Executives under the Bonus Plan based upon such other terms and conditions as the Committee may in its discretion determine.

Each Executive shall have a targeted bonus opportunity set for each performance period. The Performance Goals will be measured at the end of each performance period after our financial reports have been published or such other appropriate time as the Committee shall determine. If the Performance Goals are met, payments will be made as soon as practicable following the end of each performance period. Subject to the rights contained in any agreement between the Executive and the company, an Executive must be employed by the company on the bonus payment date in order to be eligible to receive a bonus payment.

2006 Stock Plan

Our 2006 Stock Plan, or the 2006 Plan, was adopted by our board of directors and approved by our stockholders in February 2007 and was subsequently amended and restated. As of October 31, 2011, we have reserved 13,892,637 shares of our common stock for issuance under our 2006 Plan. This number is subject to adjustment in the event of a stock split, stock dividend or other changes in our capitalization.

Our 2006 Plan is administered by our board of directors, which has full authority and discretion to take any action it deems necessary or advisable for the administration of the 2006 Plan. Our board of directors also has the authority to delegate certain powers and authority to one or more committees of the board, subject to the provisions of the 2006 Plan.

The 2006 Plan permits us to make grants of incentive stock options and non-qualified stock options and the direct award or sale of shares of restricted common stock to employees, directors and consultants. Stock options granted under the 2006 Plan have a maximum term of ten years from the date of grant and an exercise price of no less than the fair market value of our common stock on the date of grant. Shares awarded or sold under the 2006 Plan have a purchase price of no less than 85% of the fair market value of our common stock on the date of grant. Upon a sale event in which all awards are not continued, assumed or substituted by the successor entity, the 2006 Plan and awards issued thereunder will be subject to accelerated vesting and, in the case of stock options, full exercisability, followed by the cancellation of such awards.

All stock option awards that are granted to the Named Executive Officers are covered by a stock option agreement. Generally, under the stock option agreements for the initial grant, 25% of the shares vest on the first anniversary of the grant date and the remaining shares vest monthly over the following three years. Our board of directors may approve other vesting schedules or may accelerate the vesting in its sole discretion.

2009 Stock Plan

Our 2009 Stock Plan, or the 2009 Plan, which provides for awards of stock options to employees located in France, was adopted by our board of directors and approved by our stockholders in 2009. As of October 31, 2011, we have reserved 32,000 shares of our common stock for issuance under our 2009 Plan and these shares reduce the number of shares available for grant under our 2006 Plan. This number is also subject to adjustment in the event of a stock split, stock dividend or other changes in our capitalization.

Our 2009 Plan is administered by our board of directors, which has full authority and discretion to take any action it deems necessary or advisable for the administration of the 2009 Plan. Our board of directors also has the authority to delegate certain powers and authority to one or more committees of the board, subject to the provisions of the 2009 Plan.

The 2009 Plan permits us to make grants of non-qualified stock options to employees. Stock options granted under the 2009 Plan have a maximum term of ten years from the date of grant and an exercise price of no less than the fair market value of our common stock on the date of grant. Upon a sale event in which all awards are not continued, assumed or substituted by the successor entity, the 2009 Plan and awards issued thereunder will be subject to accelerated vesting and full exercisability, followed by the cancellation of such awards.

All stock option awards that are granted to the Named Executive Officers are covered by a stock option agreement. Generally, under the stock option agreements, 25% of the shares vest on the first anniversary of the grant date and the remaining shares vest quarterly over the following three years. Our board of directors may accelerate the vesting schedule in its discretion.

2010 Restricted Stock Unit Plan

Our 2010 Restricted Stock Unit Plan, or the 2010 Plan, was adopted by our board of directors and approved by our stockholders in 2010. As of October 31, 2011, we have reserved 4,905,000 shares of our common stock for issuance under our 2010 Plan. This number is subject to adjustment in the event of a stock split, stock dividend or other changes in our capitalization.

Our 2010 Plan is administered by our board of directors. Our board of directors has the authority to delegate full power and authority to one or more committees of the board to select the individuals to whom awards will be granted, to make any combination of awards to participants, to accelerate the exercisability or vesting of any award, to provide substitute awards and to determine the specific terms and conditions of each award, subject to the provisions of the 2010 Plan.

The 2010 Plan permits us to make grants of RSUs to employees, directors and consultants. Upon a sale event in which all awards are not continued, assumed or substituted by the successor entity, the 2010 Plan and awards issued thereunder will be subject to accelerated vesting followed by the immediate settlement of such awards.

All RSUs that are granted to the Named Executive Officers are covered by an RSU award agreement. Generally, under the RSU agreements, the RSUs are subject to both time-based vesting and a performance-based condition, both of which must be satisfied in order for the RSUs to fully settle. Achievement of the performance-based condition is not subject to employment.

2011 Stock Plan

On September 14, 2011, our board of directors, upon the recommendation of the Committee adopted our 2011 Stock Plan, or the 2011 Plan, which will be subsequently approved by our stockholders. Our 2011 Plan provides flexibility to the Committee to use various equity-based incentive awards as compensation tools to motivate our workforce.

We have initially reserved 7,500,000 shares of our common stock for the issuance of awards under the 2011 Plan, subject to and effective upon the closing of this offering. In addition, the number of shares remaining available for grant under our 2006 Plan and 2010 Plan will be added to the shares available under our 2011 Plan. The 2011 Plan provides that the number of shares reserved and available for issuance under the plan will automatically increase each January 1, beginning on the first January 1 after this offering, by 5% of the outstanding number of shares of our common stock on the immediately preceding December 31. This number is subject to adjustment in the event of a stock split, stock dividend or other change in our capitalization.

The shares we issue under the 2011 Plan will be authorized but unissued shares or shares that we reacquire. The shares of common stock underlying any awards under the 2011 Plan, 2010 Plan or

2006 Plan that are forfeited, canceled, held back upon exercise or settlement of an award to satisfy the exercise price or tax withholding, reacquired by us prior to vesting, satisfied without any issuance of stock, expire or are otherwise terminated (other than by exercise) are added back to the shares of common stock available for issuance under the 2011 Plan.

The 2011 Plan is administered by the Committee. The Committee has full power to select, from among the individuals eligible for awards, the individuals to whom awards will be granted, to make any combination of awards to participants, and to determine the specific terms and conditions of each award, subject to the provisions of the 2011 Plan. Persons eligible to participate in the 2011 Plan will be those employees, non-employee directors and consultants as selected from time to time by the Committee in its discretion.

The 2011 Plan permits the granting of both options to purchase common stock intended to qualify as incentive stock options under Section 422 of the Code and options that do not so qualify. The option exercise price of each option will be determined by the Committee but may not be less than 100% of the fair market value of the common stock on the date of grant. The term of each option will be fixed by the Committee and may not exceed ten years from the date of grant. The Committee will determine at what time or times each option may be exercised.

The Committee may award stock appreciation rights subject to such conditions and restrictions as it may determine. Stock appreciation rights entitle the recipient to shares of common stock equal to the value of the appreciation in our stock price over the exercise price. The exercise price is the fair market value of the common stock on the date of grant.

The Committee may award restricted shares of common stock and RSUs under the 2011 Plan subject to such conditions and restrictions as it may determine. These conditions and restrictions may include the achievement of certain performance goals and/or continued employment with us through a specified vesting period. The Committee may also grant shares of common stock that are free from any restrictions under the 2011 Plan. Unrestricted stock may be granted to participants in recognition of past services or other valid consideration and may be issued in lieu of cash compensation due to such participant.

The Committee may grant performance share awards to participants which entitle the recipient to receive shares of common stock upon the achievement of certain performance goals and such other conditions as the Committee shall determine.

The Committee may grant cash-based awards under the 2011 Plan to participants, subject to the achievement of certain performance goals.

The Committee may grant awards of restricted stock, RSUs, performance shares or cash-based awards under the 2011 Plan that are intended to qualify as “performance-based compensation” under Section 162(m) of the Code. Those awards would only vest or become payable upon the attainment of performance goals that are established by the Committee and related to one or more performance criteria. The performance criteria that would be used with respect to any such awards include: earnings before interest, taxes, depreciation and amortization, net income (loss) (either before or after interest, taxes, depreciation and/or amortization), changes in the market price of our common stock, economic value-added, funds from operations or similar measure, sales or revenue, acquisitions or strategic transactions, operating income (loss), cash flow (including, but not limited to, operating cash flow and free cash flow), return on capital, assets, equity, or investment, stockholder returns, return on sales, gross or net profit levels, productivity, expense, margins, operating efficiency, customer satisfaction, working capital, earnings (loss) per share of stock, sales or market shares, number of customers, number of new customers or customer references, operating income and net annual recurring revenue, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. From and after the time that we become subject to Section 162(m) of the Code, stock options or stock appreciation rights with respect to no more than shares of common stock may be granted to any individual grantee during any one calendar year period.

The 2011 Plan provides that upon the effectiveness of a "change in control" as defined in the 2011 Plan, all awards will be assumed or continued or substituted by the successor entity. If a successor entity does not assume, continue or substitute awards, then all such awards will accelerate and become fully vested and exercisable and will terminate prior to the effective time of the change in control and will terminate at the time of the change in control. In the event of such termination, such holders of options and stock appreciation rights will be given notice and an opportunity to exercise such awards. Alternatively, we may make or provide for a cash payment to participants holding options and stock appreciation rights equal to the difference between the per share cash consideration payable to stockholders in the sale event and the per share exercise price of the options or stock appreciation rights.

Our board of directors may amend or discontinue the 2011 Plan and the Committee may amend or cancel outstanding awards for purposes of satisfying changes in law or any other lawful purpose, but no such action may adversely affect rights under an award without the holder's consent. Certain amendments to the 2011 Plan require the approval of our stockholders.

No awards may be granted under the 2011 Plan after the date that is 10 years from the effectiveness of the plan. No awards under the 2011 Plan have been made prior to the date hereof. After this offering, no additional awards will be made under the 2006 Plan, 2009 Plan and 2010 Plan.

Limitation on Liability and Indemnification Matters

Our amended and restated certificate of incorporation and bylaws that will become effective upon the completion of this offering contain provisions that limit the personal liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation that will become effective immediately prior to the closing of this offering provides that we indemnify our directors to the fullest extent permitted by Delaware law. In addition, our amended and restated bylaws that will become effective immediately prior to the closing of this offering provide that we indemnify our directors and officers to the fullest extent permitted by Delaware law. Our amended and restated bylaws that will become effective immediately prior to the closing of this offering also provide that we shall advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity, regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by the board of directors. With certain exceptions, these agreements provide for indemnification for related expenses including, among others, attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe that these bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and bylaws that will become effective immediately prior to the closing of this offering may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty of care. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers. At present, there is no pending litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Since August 1, 2008, there has not been, nor is there currently proposed, any transaction or series of related transactions to which we were or will be a party in which the amount involved exceeded or will exceed $120,000 and in which the other parties included or will include any or our directors, executive officers, holders of 5% or more of our voting securities, or any member of the immediate family of any of the foregoing persons, other than compensation arrangements with directors and executive officers, which are described where required in “Management,” and the transactions described below.

Investors’ Rights Agreement

In September 2007, in connection with the closing of our Series C convertible preferred stock financing, we entered into a second amended and restated investors’ rights agreement, as subsequently amended, or investors’ rights agreement, with our preferred stockholders, including Marcus S. Ryu, Kenneth W. Branson, John V. Raguin, Craig Ramsey, entities affiliated with U.S. Venture Partners, entities affiliated with Bay Partners and entities affiliated with Battery Ventures. The investors’ rights agreement grants such stockholders certain registration rights with respect to certain shares of common stock held by them. In December 2010, Craig Conway became a party to the investors’ rights agreement in connection with his joining our board of directors.

For more information regarding the registration rights granted under this agreement, please refer to “Description of Capital Stock—Registration Rights.”

Other Transactions with Our Significant Stockholders

On May 17, 2011, Marcus S. Ryu, our President and Chief Executive Officer, sold an aggregate of 50,000 shares of common stock to entities affiliated with U.S. Venture Partners, entities affiliated with Bay Partners, and entities affiliated with Battery Ventures for $7.50 per share, or an aggregate purchase price of $375,000. On May 17, 2011, Jai Ryu, father of Marcus S. Ryu, sold an aggregate of 50,000 shares of common stock to entities affiliated with U.S. Venture Partners, entities affiliated with Bay Partners, and entities affiliated with Battery Ventures for $7.50 per share, or an aggregate purchase price of $375,000. On May 17, 2011, John V. Raguin, our former Chief Executive Officer, sold an aggregate of 130,000 shares of common stock to entities affiliated with U.S. Venture Partners, entities affiliated with Bay Partners, and entities affiliated with Battery Ventures for $7.50 per share, or an aggregate purchase price of $975,000. On May 17, 2011, Daniel Raguin, brother of John V. Raguin, sold an aggregate of 4,000 shares of common stock to entities affiliated with U.S. Venture Partners, entities affiliated with Bay Partners, and entities affiliated with Battery Ventures for $7.50 per share, or an aggregate purchase price of $30,000. On May 17, 2011 and June 27, 2011, certain of our other stockholders sold an aggregate of 605,000 shares of common stock and 107,075 shares of Series A convertible preferred stock to entities affiliated with U.S. Venture Partners, entities affiliated with Bay Partners, and entities affiliated with Battery Ventures for $7.50 per share, or an aggregate purchase price of $5,340,563.

Transactions with Our Executive Officers and Directors

Stock Option Awards

The grants of certain stock options and RSUs to our directors and executive officers and related equity compensation policies are described above in “Compensation.”

Employment Agreements

We have entered into agreements containing compensation, termination and change of control provisions, among others, with certain of our executive officers as described in “Compensation—Compensation Discussion and Analysis—Employment Offer Letters” and “Compensation—Compensation Discussion and Analysis—Post-Employment Compensation.”

Indemnification of Officers and Directors

We have also entered into indemnification agreements with each of our directors and executive officers. The indemnification agreements and our certificate of incorporation and bylaws require us to indemnify our directors and executive officers to the fullest extent permitted by Delaware law. See “Compensation—Compensation Discussion and Analysis—Limitation on Liability and Indemnification Matters” above.

Policies and Procedures for Related Party Transactions

We have adopted a formal written policy that our executive officers, directors and principal stockholders, including their immediate family members and affiliates, are not permitted to enter into a related party transaction with us without the prior consent of our audit committee or other independent members of our board of directors in the case it is inappropriate for our audit committee to review such transaction due to a conflict of interest. Any request for us to enter into a transaction with an executive officer, director, principal stockholder or any of such persons’ immediate family members or affiliates, in which the amount involved exceeds $120,000, must first be presented to our audit committee for review, consideration and approval. All of our directors, executive officers and employees are required to report to our audit committee any such related party transaction. In approving or rejecting the proposed agreement, our audit committee shall consider the relevant facts and circumstances available to and deemed relevant by the audit committee, including, but not limited to the risks, costs and benefits to us, the terms of the transaction, the availability of other sources for comparable services or products and, if applicable, the impact on a director’s independence. Our audit committee shall approve only those agreements that, in light of known circumstances, are in, or are not inconsistent with, our best interests, as our audit committee determines in the good faith exercise of its discretion.

All of the transactions described above were entered into prior to the adoption of this policy. Accordingly, each was approved by disinterested members of our board of directors after making a determination that the transaction was executed on terms no less favorable than those that could have been obtained from an unrelated third party.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of our common stock as of November 30, 2011 and as adjusted to reflect the shares of common stock to be issued and sold in the offering assuming no exercise of the underwriters' over-allotment option, by:

- each person or group of affiliated persons known by us to be the beneficial owner of more than 5% of our common stock;
- each of our named executive officers;
- each of our directors; and
- all executive officers and directors as a group.

We have determined beneficial ownership in accordance with SEC rules. The information does not necessarily indicate beneficial ownership for any other purpose. Under these rules, the number of shares of common stock deemed outstanding includes shares issuable upon exercise of options and warrants held by the respective person or group which may be exercised or converted within 60 days after November 30, 2011. For purposes of calculating each person's or group's percentage ownership, stock options and warrants exercisable and RSUs that could be settled within 60 days after November 30, 2011 are included for that person or group but not the stock options, warrants or RSUs of any other person or group.

Applicable percentage ownership is based on 40,574,453 shares of our common stock outstanding as of November 30, 2011, assuming the conversion of all outstanding shares of our convertible preferred stock on a one-for-one basis into 25,357,721 shares of common stock. For purposes of the table below, we have assumed that shares of common stock will be outstanding upon completion of this offering.

Unless otherwise indicated and subject to applicable community property laws, to our knowledge, each stockholder named in the following table possesses sole voting and investment power over the shares listed. Unless otherwise noted below, the address of each person listed on the table is c/o Guidewire Software, Inc., 2211 Bridgepointe Parkway, San Mateo, California 94404.

Name and Address of Beneficial Owner	Shares Beneficially Owned Prior to the Offering		Shares Beneficially Owned After the Offering	
	Shares	Percentage	Shares	Percentage
5% or Greater Stockholders:				
Funds affiliated with U.S. Venture Partners(1)	12,136,677	29.91%	12,136,677	
Funds affiliated with Bay Partners(2)	10,036,287	24.74%	10,036,287	
Funds affiliated with Battery Ventures(3)	2,817,004	6.94%	2,817,004	
Named Executive Officers and Directors:				
Marcus S. Ryu(4)	2,166,182	5.22%	2,166,182	
Karen Blasing(5)	498,057	1.21%	498,057	
John True(6)	253,000	*	253,000	
Jeremy Henrickson(7)	180,000	*	180,000	
Alexander C. Naddaff(8)	420,000	1.03%	420,000	
John V. Raguin(9)	1,422,782	3.50%	1,422,782	
Kenneth W. Branson(10)	2,094,732	5.10%	2,094,732	
Craig Conway(11)	—	*	—	
Neal Dempsey(2)	10,036,287	24.74%	10,036,287	
Steven M. Krausz(1)	12,136,677	29.91%	12,136,677	
Craig Ramsey	1,865,598	4.60%	1,865,598	
Clifton Thomas Weatherford(12)	100,000	*	100,000	
All directors and executive officers as a group (12 persons)(13)	31,173,315	72.03%	31,173,315	

(*) Represents beneficial ownership of less than 1%.

(1) Includes 11,878,173 shares held by U.S. Venture Partners VIII, L.P., 111,281 shares held by USVP Entrepreneur Partners VIII-A, L.P., 87,520 shares held by USVP VIII Affiliates Fund, L.P., and 59,703 shares held by USVP Entrepreneur Partners VIII-B, L.P. Presidio Management Group VIII, LLC (PMG VIII) is the general partner of each of the USVP entities. Each of Irwin B. Federman, Winston S. Fu, Steven M. Krausz, David E. Liddle, Jonathan D. Root, Christopher Rust, Casey M. Tansey and Philip M. Young are the managing members of PMG VIII and may be deemed to share voting and dispositive power over the shares held by each of the USVP entities. The mailing address of the individuals and entities affiliated with U.S. Venture Partners is 2735 Sand Hill Road, Menlo Park, CA 94025.

(2) Includes 9,509,648 shares held by Bay Partners X, L.P. and 526,639 shares held by Bay Partners X Entrepreneurs Fund, L.P. Neal Dempsey, a member of our board of directors, and Stuart G. Phillips are Managers of Bay Management Company X, LLC and share voting and dispositive power over shares held by Bay Partners X, L.P. and Bay Partners X Entrepreneurs Fund, L.P. The mailing address of the individuals and entities affiliated with Bay Partners is 490 S. California Avenue Suite 200, Palo Alto, California 94306.

(3) Includes 2,817,004 shares held by Battery Ventures VIII, L.P. Company shares are held by Battery Ventures VIII, L.P. The sole general partner of Battery Ventures VIII, L.P. is Battery Partners VIII, LLC. The managing members of Battery Partners VIII, LLC are Neeraj Agrawal, Michael Brown, Thomas J. Crotty, Sunil Dhaliwal, Richard D. Frisbie, Kenneth P. Lawler, Roger H. Lee, David Tabors and Scott R. Tobin, who may be deemed to have shared voting and dispositive power over the shares which may be deemed to be beneficially owned by Battery Ventures VIII, L.P. The mailing address of the individuals and entities affiliated with Battery Ventures is 930 Winter Street, Suite 2500, Waltham, MA 02451.

(4) Includes options to purchase 900,000 shares of common stock that are exercisable within 60 days of November 30, 2011. Excludes RSUs of 227,274 shares of common stock that have satisfied the time-based vesting condition within 60 days of November 30, 2011 but that will not be fully vested and issued until at least 180 days after the offering.

(5) Includes options to purchase 498,057 shares of common stock that are exercisable within 60 days of November 30, 2011. Excludes RSUs of 1,562 shares of common stock that have satisfied the time-based vesting condition within 60 days of November 30, 2011 but that will not be fully vested and issued until at least 180 days after the offering.

(6) Includes options to purchase 235,000 shares of common stock that are exercisable within 60 days of November 30, 2011.

(7) Includes options to purchase 112,574 shares of common stock that are exercisable within 60 days of November 30, 2011. Excludes RSUs of 16,875 shares of common stock that have satisfied the time-based vesting condition within 60 days of November 30, 2011 but that will not be fully vested and issued until at least 180 days after the offering.

(8) Includes options to purchase 295,000 shares of common stock that are exercisable within 60 days of November 30, 2011. Excludes RSUs of 26,875 shares of common stock that have satisfied the time-based vesting condition within 60 days of November 30, 2011 but that will not be fully vested and issued until at least 180 days after the offering.

(9) Includes options to purchase 43,090 shares of common stock that are exercisable within 60 days of November 30, 2011

(10) Includes options to purchase 520,000 shares of common stock that are exercisable within 60 days of November 30, 2011.

(11) Excludes RSUs of 166,562 shares of common stock that have satisfied the time-based vesting condition within 60 days of November 30, 2011 but that will not be fully vested and issued until at least 180 days after the offering.

(12) Includes options to purchase 100,000 shares of common stock that are exercisable within 60 days of November 30, 2011. Excludes RSUs of 17,000 shares of common stock that have satisfied the time-based vesting condition within 60 days of November 30, 2011 but that will not be fully vested and issued until at least 180 days after the offering.

(13) Includes 28,469,594 shares held of record by the current directors and Named Executive Officers and options to purchase 2,703,721 shares of common stock that are exercisable within 60 days of November 30, 2011. Excludes RSUs of 456,148 shares of common stock that have satisfied the time-based vesting condition within 60 days of November 30, 2011 but that will not be fully vested and issued until at least 180 days after the offering.

DESCRIPTION OF CAPITAL STOCK

General

The following descriptions of our common stock and preferred stock and certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries and are qualified by reference to our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect upon completion of this offering. For more detailed information, please see copies of these documents, which will be filed with the SEC as exhibits to the registration statement of which this prospectus is a part. The descriptions of the common stock and preferred stock give effect to changes to our capital structure that will occur upon the closing of this offering. We refer in this section to our amended and restated certificate of incorporation as our certificate of incorporation, and we refer to our amended and restated bylaws as our bylaws.

Immediately following the completion of this offering, our authorized capital stock will consist of 525,000,000 shares with a par value of $0.0001 per share, of which:

- 500,000,000 shares are designated as common stock, and
- 25,000,000 shares are designated as preferred stock.

As of October 31, 2011, assuming the conversion of all outstanding shares of our convertible preferred stock on a one-for-one basis into common stock, we had 40,042,951 shares of common stock, held of record by 283 stockholders. In addition, as of October 31, 2011, we had outstanding options to purchase 8,181,978 shares of common stock issuable upon the exercise of options, with a weighted average exercise price of $3.16 per share, 4,855,572 shares of common stock issuable upon the vesting of RSUs, and 69,529 shares of common stock issuable upon the exercise of outstanding warrants to purchase convertible preferred stock, assuming conversion of all outstanding shares of our convertible preferred stock upon the closing of this offering, with an exercise price of $5.03 per share.

Common Stock

The holders of our common stock are entitled to one vote per share on all matters to be voted on by the stockholders. Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of common stock are entitled to receive ratably such dividends as may be declared by the board of directors out of funds legally available therefore. In the event we liquidate, dissolve or wind up, holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock. Holders of common stock have no preemptive, conversion or subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are, and all shares of common stock to be outstanding upon completion of this offering will be, fully paid and nonassessable.

Preferred Stock

As of October 31, 2011, there were 25,357,721 shares of our convertible preferred stock outstanding. Immediately prior to the closing of this offering, we expect each outstanding share of our convertible preferred stock will convert into one share of our common stock.

Upon the closing of this offering, our board of directors may, without further action by our stockholders, fix the rights, preferences, privileges and restrictions of up to an aggregate of 25,000,000 shares of preferred stock in one or more series and authorize their issuance. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of our common stock. Any issuance of our preferred stock could adversely affect the voting power of holders of our common stock and the likelihood that such holders would receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change of control or other corporate action. Upon the closing of this offering, no shares of preferred stock will be outstanding, and we have no present plan to issue any shares of preferred stock.

Warrants

As of October 31, 2011, we had outstanding warrants to purchase 69,529 shares of Series C convertible preferred stock at an exercise price of $5.03 per share, which represents 69,529 shares of common stock on an as converted basis. These warrants were issued in connection with loan and security agreements and will expire on March 28, 2015. Each warrant contains provisions for the adjustment of the exercise price and the number of shares issuable upon the exercise of the warrant in the event of certain stock dividends, stock splits, reclassifications and consolidations. Each warrant contains a customary net share exercise feature, which allows the warrant holder to pay the exercise price of the warrant by forfeiting a portion of the exercised warrant shares with a value equal to the aggregate exercise price. In addition, if the fair market value of the warrant at the expiration date is greater than the exercise price, any unexercised warrant will automatically be converted into shares via the net exercise feature. Upon the closing of this offering, the warrants will become exercisable for 69,529 shares of common stock.

Registration Rights

The holders of an aggregate of 29,151,417 shares of our common stock, or their permitted transferees, are entitled to rights with respect to the registration of these shares under the Securities Act. These rights are provided under the terms of an investors' rights agreement between us and the holders of these shares, and include demand registration rights, short-form registration rights and piggyback registration rights. All fees, costs and expenses of underwritten registrations will be borne by us and all selling expenses, including underwriting discounts and selling commissions, will be borne by the holders of the shares being registered.

Demand registration rights. The holders of an aggregate of 29,151,417 shares of our common stock, or their permitted transferees, are entitled to demand registration rights. Under the terms of the investors' rights agreement, we will be required, upon the written request of holders of fifty percent (50%) or more of these shares, to use our best efforts to file a registration statement and use reasonable, diligent efforts to effect the registration of all or a portion of these shares for public resale. We are required to effect only two registrations pursuant to this provision of the investors' rights agreement. We are not required to effect a demand registration prior to 180 days after the completion of this offering.

Short form registration rights. The holders of an aggregate of 29,151,417 shares of our common stock, or their permitted transferees, are also entitled to short form registration rights. If we are eligible to file a registration statement on Form S-3, upon the written request of any of these holders to sell registrable securities at an aggregate price of at least $500,000, we will be required to use our best efforts to effect a registration of such shares. We are required to effect only two registrations pursuant to this provision of the investors' rights agreement.

Piggyback registration rights. The holders of an aggregate of 29,151,417 shares of our common stock, or their permitted transferees, are entitled to piggyback registration rights. If we register any of our securities either for our own account or for the account of other security holders, the holders of these shares are entitled to include their shares in the registration. Subject to certain exceptions, we and the underwriters may limit the number of shares included in the underwritten offering if the underwriters believe that including these shares would adversely affect the offering.

Indemnification. Our investors' rights agreement contains customary cross-indemnification provisions, under which we are obligated to indemnify the selling stockholders in the event of material misstatements or omissions in the registration statement attributable to us, and they are obligated to indemnify us for material misstatements or omissions attributable to them.

Expiration of Registration Rights. The registration rights granted under the investors' rights agreement will terminate on the earlier of (i) the seventh anniversary of the completion of this offering and (ii) with respect to any holder of registrable securities, the date on which all registrable securities held by such holder can be sold in any three month period without registration under Rule 144.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

Certain provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, may have the effect of discouraging coercive takeover practices and inadequate takeover bids. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquiror outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Limits on ability of stockholders to call a special meeting. Our bylaws provide that special meetings of the stockholders may be called only by a majority of the board of directors then in office. These restrictions may delay the ability of our stockholders to force consideration of a proposal or for holders controlling a majority of our capital stock to take any action, including the removal of directors.

Requirements for advance notification of stockholder nominations and proposals. Our bylaws establish advance notice procedures with respect to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our stockholders. These procedures provide that notice of stockholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive office not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting the preceding year. As a result, our bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

No cumulative voting. The Delaware General Corporation Law provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless our amended and restated certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation and amended and restated bylaws do not expressly provide for cumulative voting.

Board Composition and Filling Vacancies. Our certificate of incorporation provides for the division of our board of directors into three classes serving staggered three-year terms, with one class being elected each year. Our certificate of incorporation also provides that directors may be removed only for cause. Furthermore, any vacancy on our board of directors, however occurring, including a vacancy resulting from an increase in the size of our board, may only be filled by the affirmative vote of a majority of our directors then in office even if less than a quorum. The classification of directors, together with the limitations on removal of directors and treatment of vacancies, has the effect of making it more difficult for stockholders to change the composition of our board of directors.

No Written Consent of Stockholders. Our certificate of incorporation provides that all stockholder actions are required to be taken by a vote of the stockholders at an annual or special meeting, and that stockholders may not take any action by written consent in lieu of a meeting. This limit may lengthen the amount of time required to take stockholder actions and would prevent the amendment of our bylaws or removal of directors by our stockholders without holding a meeting of stockholders.

Amendment to Certificate of Incorporation and Bylaws. Any amendment of our certificate of incorporation must first be approved by a majority of our board of directors, and if required by law or our certificate of incorporation, must thereafter be approved by a majority of the outstanding shares entitled to vote on the amendment and a majority of the outstanding shares of each class entitled to vote thereon as a class, except that the amendment of the provisions relating to stockholder action, board composition, limitation of liability and the amendment of our certificate of incorporation must be approved by not less than 66 2/3% of the outstanding shares entitled to vote on the amendment, and not less than 66 2/3% of the outstanding shares of each class entitled to vote thereon as a class. Our bylaws may be amended by the affirmative vote of a majority of the directors then in office, subject to any limitations set forth in the bylaws; and may also be amended by the affirmative vote of a majority of the outstanding shares entitled to vote on the amendment.

Undesignated Preferred Stock. Our certificate of incorporation provides for 25,000,000 authorized shares of preferred stock. The existence of authorized but unissued shares of preferred stock may enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise. For example, if in the due exercise of its fiduciary obligations, our board of directors were to determine that a takeover proposal is not in the best interests of our stockholders, our board of directors could cause shares of preferred stock to be issued without stockholder approval in one or more private offerings or other transactions that might dilute the voting or other rights of the proposed acquirer or insurgent stockholder or stockholder group. In this regard, our certificate of incorporation grants our board of directors broad power to establish the rights and preferences of authorized and unissued shares of preferred stock. The issuance of shares of preferred stock could decrease the amount of earnings and assets available for distribution to holders of shares of common stock. The issuance may also adversely affect the rights and powers, including voting rights, of these holders and may have the effect of delaying, deterring or preventing a change in control of us.

Section 203 of the Delaware General Corporation Law

Upon completion of this offering, we will be subject to the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a three-year period following the time that this stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions:

- before the stockholder became interested, our board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances, but not the outstanding voting stock owned by the interested stockholder; or

- at or after the time the stockholder became interested, the business combination was approved by our board of directors and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, lease, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;
- subject to exceptions, any transaction that results in the issuance of transfer by the corporation of any stock of the corporation to the interested stockholder;
- subject to exceptions, any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; and
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owing 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by the entity or person.

Transfer Agent and Registrar

Upon the completion of this offering, the transfer agent and registrar for our common stock will be Mellon Investor Services LLC. The transfer agent and registrar's address is 480 Washington Boulevard, Jersey City, New Jersey 07310.

Listing

Our common stock has been approved for listing on the New York Stock Exchange under the trading symbol "GWRE."

SHARES ELIGIBLE FOR FUTURE SALE

Before this offering, there has not been a public market for shares of our common stock. Future sales of substantial amounts of shares of our common stock, including shares issued upon the exercise of outstanding options, in the public market after this offering, or the possibility of these sales occurring, could cause the prevailing market price for our common stock to fall or impair our ability to raise equity capital in the future.

Upon the completion of this offering, a total of shares of common stock will be outstanding, assuming that there are no exercises of options after October 31, 2011. Of these shares, all shares of common stock sold in this offering by us, plus any shares sold upon exercise of the underwriters' over-allotment option, will be freely tradable in the public market without restriction or further registration under the Securities Act, unless these shares are held by "affiliates," as that term is defined in Rule 144 under the Securities Act.

The remaining 40,042,451 shares of common stock will be "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act, which are summarized below.

Subject to the lock-up agreements described below and the provisions of Rules 144 and 701 under the Securities Act, these restricted securities will be available for sale in the public market as follows:

Date	Number of Shares
On the date of this prospectus	
180 days after the date of this prospectus, or longer if the lock-up period is extended	

In addition, of the 8,181,978 shares of our common stock that were subject to stock options outstanding as of October 31, 2011, options to purchase 8,002,835 shares of common stock were exercisable as of October 31, 2011 and will be eligible for sale 180 days following the effective date of this offering.

In addition, 4,855,572 shares of our common stock were subject to RSUs outstanding as of October 31, 2011, of which 595,140 shares have satisfied the time-based vesting condition as of October 31, 2011, but none will be eligible for sale within 180 days following the effective date of this offering.

Lock-Up Agreements

We, all of our directors and executive officers, and holders of substantially all of our capital stock outstanding immediately prior to this offering, have agreed that we and they will not, subject to limited exceptions, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exercisable or exchangeable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (ii) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences associated with the ownership of any shares of common stock or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of common stock or such other securities, in case or otherwise, without the prior written consent of J.P. Morgan Securities LLC and Deutsche Bank Securities Inc. for a period of 180 days after the date of this prospectus. Notwithstanding the foregoing, if (1) during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to our company occurs; or (2) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

The lock-up agreements for two of our non-employee directors, Messrs. Conway and Weatherford, do not prohibit the sale or transfer of up to an aggregate of 70,000 shares of common stock solely to cover tax liabilities associated with the vesting of RSUs. Because these shares are not subject to the lock-up agreement described above, they may be sold upon vesting 180 days after the completion of this offering even if the lock-up period is extended as described above.

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates, is entitled to sell such shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell upon expiration of the lock-up agreements described above, within any three-month period beginning 90 days after the date of this prospectus, a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding, which will equal approximately   shares immediately after this offering; or
- the average weekly trading volume of the common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required to wait until 180 days after the date of this prospectus before selling such shares pursuant to Rule 701.

As of October 31, 2011, we have issued 5,490,485 shares of our outstanding common stock in reliance on Rule 701 as a result of exercises of stock options and stock awards. These shares will be eligible for resale in reliance on this rule upon expiration of the applicable lockup agreements.

Stock Options

We intend to file a registration statement on Form S-8 under the Securities Act covering all of the shares of our common stock subject to options outstanding or reserved for issuance under our stock plans and shares of our common stock issued upon the exercise of options by employees. We expect to file this registration statement as soon as practicable after this offering. In addition, we intend to file a registration statement on Form S-8 or such other form as may be required under the Securities Act for the resale of shares of our common stock issued upon the exercise of options that were not granted under Rule 701. We expect to file this registration statement as soon as permitted under the Securities Act. However, the shares registered on Form S-8 will be subject to volume limitations, manner of sale, notice and public information requirements of Rule 144 applicable to affiliates, vesting restrictions with us and the restrictions contained in the lock-up agreements to which they are subject.

Registration Rights

Upon completion of this offering, the holders of 29,151,417 shares of common stock and warrants to purchase 69,529 shares of common stock or their transferees will be entitled to various rights with respect to the registration of these shares under the Securities Act. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. See “Description of Capital Stock—Registration Rights” for additional information.

MATERIAL UNITED STATES FEDERAL INCOME TAX AND ESTATE TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a summary of the material U.S. federal income tax and estate tax consequences of the ownership and disposition of our common stock to non-U.S. holders, but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Code, Treasury regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in U.S. federal income or estate tax consequences different from those set forth below.

This summary does not address the tax considerations arising under the laws of any non-U.S., state or local jurisdiction or under U.S. federal gift and estate tax laws, except to the limited extent below. In addition, this discussion does not address tax considerations applicable to an investor's particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

- banks, insurance companies or other financial institutions;
- persons subject to the alternative minimum tax;
- tax-exempt organizations;
- controlled foreign corporations, passive foreign investment companies and corporations that accumulate earnings to avoid United States federal income tax;
- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons that own, or are deemed to own, more than five percent of our capital stock (except to the extent specifically set forth below);
- certain former citizens or long-term residents of the United States;
- persons who hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction;
- persons who do not hold our common stock as a capital asset within the meaning of Section 1221 of the Code (generally, for investment purposes); or
- persons deemed to sell our common stock under the constructive sale provisions of the Code.

In addition, if a partnership or entity classified as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Accordingly, partnerships that hold our common stock, and partners in such partnerships, should consult their tax advisors.

YOU ARE URGED TO CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE APPLICATION OF THE UNITED STATES FEDERAL INCOME TAX LAWS TO YOUR PARTICULAR SITUATION, AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE UNITED STATES FEDERAL ESTATE OR GIFT TAX RULES OR UNDER THE LAWS OF ANY STATE, LOCAL, NON-U.S. OR OTHER TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Non-U.S. Holder Defined

For purposes of this discussion, you are a non-U.S. holder if you are any holder (other than a partnership or entity classified as a partnership for U.S. federal income tax purposes) that is not:

- an individual citizen or resident of the United States;
- a corporation or other entity taxable as a corporation created or organized in the United States or under the laws of the United States or any political subdivision thereof;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust (x) whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (y) which has made an election to be treated as a U.S. person.

Distributions

We have not made any distributions on our common stock, and we do not plan to make any distributions for the foreseeable future. However, if we do make distributions on our common stock, those payments will constitute dividends for U.S. tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed both our current and our accumulated earnings and profits, they will constitute a return of capital and will first reduce your basis in our common stock, but not below zero, and then will be treated as gain from the sale of stock, subject to the tax treatment described below in "—Gain on Disposition of Common Stock."

Any dividend paid to you generally will be subject to U.S. withholding tax either at a rate of 30% of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty. In order to receive a reduced treaty rate, you must provide us with an IRS Form W-8BEN or other appropriate version of IRS Form W-8 certifying qualification for the reduced rate. A non-U.S. holder of shares of our common stock eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS. If the non-U.S. holder holds the stock through a financial institution or other agent acting on the non-U.S. holder's behalf, the non-U.S. holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to us or our paying agent, either directly or through other intermediaries.

Dividends received by you that are effectively connected with your conduct of a U.S. trade or business (and, if an income tax treaty applies, attributable to a permanent establishment maintained by you in the United States) are exempt from such withholding tax. In order to obtain this exemption, you must provide us with an IRS Form W-8ECI or other applicable IRS Form W-8 properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, are generally taxed at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. In addition, if you are a corporate non-U.S. holder, dividends you receive that are effectively connected with your conduct of a U.S. trade or business may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty.

Gain on Disposition of Common Stock

You generally will not be required to pay U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with your conduct of a U.S. trade or business (and, if an income tax treaty applies, the gain is attributable to a permanent establishment maintained by you in the United States);

- you are an individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met; or
- our common stock constitutes a U.S. real property interest by reason of our status as a "United States real property holding corporation" for U.S. federal income tax purposes, or a USRPHC, at any time within the shorter of the five-year period preceding the disposition or your holding period for our common stock.

In general, we would be a USRPHC if interests in U.S. real property comprised at least 50% of the fair market value of our assets. We believe that we are not currently and will not become a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property relative to the fair market value of our other business assets, there can be no assurance that we will not become a USRPHC in the future. Even if we become a USRPHC, however, as long as our common stock is regularly traded on an established securities market, such common stock will be treated as a U.S. real property interest only if you actually or constructively hold more than five percent of such regularly traded common stock at any time during the applicable period described above.

If you are a non-U.S. holder described in the first bullet above, you will generally be required to pay tax on the gain derived from the sale (net of certain deductions or credits) under regular graduated U.S. federal income tax rates, and corporate non-U.S. holders described in the first bullet above may be subject to branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. If you are an individual non-U.S. holder described in the second bullet above, you will be required to pay a flat 30% tax on the gain derived from the sale, which tax may be offset by U.S. source capital losses (even though you are not considered a resident of the United States). You should consult any applicable income tax or other treaties that may provide for different rules.

Federal Estate Tax

Our common stock beneficially owned by an individual who is not a citizen or resident of the United States (as defined for United States federal estate tax purposes) at the time of death will generally be includable in the decedent's gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Backup Withholding and Information Reporting

Generally, we must report annually to the IRS the amount of dividends paid to you, your name and address, and the amount of tax withheld, if any. A similar report will be sent to you. Pursuant to applicable income tax treaties or other agreements, the IRS may make these reports available to tax authorities in your country of residence.

Payments of dividends or of proceeds on the disposition of stock made to you may be subject to additional information reporting and backup withholding at a current rate of 28% unless you establish an exemption, for example by properly certifying your non-U.S. status on a Form W-8BEN or another appropriate version of IRS Form W-8. Notwithstanding the foregoing, backup withholding and information reporting may apply if either we or our paying agent has actual knowledge, or reason to know, that you are a U.S. person.

Backup withholding is not an additional tax; rather, the U.S. income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may generally be obtained from the IRS, provided that the required information is furnished to the IRS in a timely manner.

Recently Enacted Legislation Affecting Taxation of our Common Stock Held by or Through Foreign Entities

Recently enacted legislation generally will impose a U.S. federal withholding tax of 30% on dividends and the gross proceeds of a disposition of our common stock paid to a "foreign financial institution" (as specially defined under these rules) unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners). The legislation also will generally impose a U.S. federal withholding tax of 30% on dividends and the gross proceeds of a disposition of our common stock paid to a non-financial foreign entity unless such entity provides the withholding agent with a certification identifying the direct and indirect U.S. owners of the entity. Under certain transition rules, any obligation to withhold under this new legislation with respect to dividends on our common stock will not begin until January 1, 2014 and with respect to gross proceeds on a disposition of our common stock will not begin until January 1, 2015. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of this legislation on their investment in our common stock.

THE PRECEDING DISCUSSION OF UNITED STATES FEDERAL TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY. IT IS NOT TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR UNITED STATES FEDERAL, STATE AND LOCAL AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.

UNDERWRITING

We are offering the shares of common stock described in this prospectus through a number of underwriters. J.P. Morgan Securities LLC and Deutsche Bank Securities Inc. are acting as representatives of the underwriters. We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of shares of common stock listed next to its name in the following table:

Name	Number of Shares
J.P. Morgan Securities LLC	
Deutsche Bank Securities Inc.	
Citigroup Global Markets, Inc.	
Stifel, Nicolaus & Company, Incorporated	
Pacific Crest Securities, Inc.	
Total	

The underwriters are committed to purchase all the shares of common stock offered by us if they purchase any shares. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

The underwriters propose to offer the shares of common stock directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per share. After the initial public offering of the shares, the offering price and other selling terms may be changed by the underwriters. Sales of shares made outside of the United States may be made by affiliates of the underwriters. The representatives have advised us that the underwriters do not intend to confirm discretionary sales in excess of % of the shares of common stock offered in this offering.

The underwriters have an option to purchase up to additional shares of common stock from us to cover sales of shares by the underwriters which exceed the number of shares specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this over-allotment option. If any shares are purchased with this over-allotment option, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional shares of common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting discounts and commissions are equal to the public offering price per share of common stock less the amount paid by the underwriters to us per share of common stock. The underwriting discounts and commissions are $ per share. The following table shows the per share and total underwriting discounts and commissions payable by us to the underwriters in connection with this offering assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Without Over-Allotment Exercise	With Full Over-Allotment Exercise
Per Share	$	$
Total	$	$

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately $, all of which is payable by us.

A prospectus in electronic format may be made available on the websites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

We, all of our directors and executive officers and holders of substantially all of our capital stock outstanding immediately prior to this offering have agreed that we and they will not, subject to limited exceptions, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exercisable or exchangeable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (ii) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences associated with the ownership of any shares of common stock or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of common stock or such other securities, in case or otherwise, without the prior written consent of J.P. Morgan Securities LLC and Deutsche Bank Securities Inc. for a period of 180 days after the date of this prospectus. Notwithstanding the foregoing, if (1) during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to our company occurs; or (2) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

The lock-up agreements for two of our non-employee directors, Messrs. Conway and Weatherford, do not prohibit the sale or transfer of up to an aggregate of 70,000 shares of common stock solely to cover tax liabilities associated with the vesting of RSUs. Because these shares are not subject to the lock-up agreement described above, they may be sold upon vesting 180 days after the completion of this offering even if the lock-up period is extended as described above.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act.

Our common stock has been approved for listing on the New York Stock Exchange under the trading symbol “GWRE.”

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, or purchasing and selling shares of, common stock in the open market for the purpose of preventing or retarding a decline in the market price of the common stock while this offering is in progress. These stabilizing transactions may include making short sales of the common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering, and purchasing shares of common stock on the open market to cover positions created by short sales. Short sales may be “covered” shorts, which are short positions in an amount not greater than the underwriters’ over-allotment option referred to above, or may be “naked” shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the over-allotment option. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the common stock, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase common stock in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the common stock or preventing or retarding a decline in the market price of the common stock, and, as a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the New York Stock Exchange, in the over-the-counter market or otherwise.

Prior to this offering, there has been no public market for our common stock. The initial public offering price has been determined by negotiations among us and the representatives of the underwriters. In determining the initial public offering price, we and the representatives of the underwriters considered a number of factors including:

- the information set forth in this prospectus and otherwise available to the representatives;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;
- our prospects for future earnings;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, publicly traded common stock of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

Neither we nor the underwriters can assure investors that an active trading market will develop for our common stock, or that the shares will trade in the public market at or above the initial public offering price.

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the shares of common stock offered by this prospectus in any jurisdiction where action for that purpose is required. The shares of common stock offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such shares of common stock be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any shares of common stock offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

United Kingdom

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or the Order, or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order, all such persons together being referred to as relevant persons. The shares of common stock are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such shares of common stock will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, each, a Relevant Member State, from and including the date on which the European Union Prospectus Directive, or the EU Prospectus Directive, is implemented in that Relevant Member State, or the Relevant Implementation Date, an offer of shares of common stock described in this prospectus may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the EU Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive) subject to obtaining the prior consent of the book-running managers for any such offer; or
- in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of securities to the public” in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State and the expression EU Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Hong Kong

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Switzerland

This document, as well as any other material relating to the shares of our common stock, which are the subject of the offering contemplated by this prospectus, does not constitute an issue prospectus pursuant to Article 652a of the Swiss Code of Obligations. The shares will not be listed on the SIX Swiss Exchange and, therefore, the documents relating to the shares, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

The shares are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the shares with the intention to distribute them to the public. The investors will be individually approached by us from time to time.

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received or will receive customary fees and commissions. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us by Goodwin Procter LLP, Menlo Park, California. Wilson Sonsini Goodrich & Rosati, P.C., Palo Alto, California is representing the underwriters in this offering.

EXPERTS

The consolidated financial statements of Guidewire Software, Inc. and subsidiaries as of July 31, 2010 and 2011, and for each of the years in the three-year period ended July 31, 2011, have been included herein and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We filed a registration statement on Form S-1 with the Securities and Exchange Commission with respect to the registration of the common stock offered for sale with this prospectus. This prospectus does not contain all of the information set forth in the registration statement and the exhibits to the registration statement. For further information about us, the common stock we are offering by this prospectus and related matters, you should review the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus about the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and we refer you to the full text of the contract or other document filed as an exhibit to the registration statement. A copy of the registration statement and the exhibits that were filed with the registration statement may be inspected without charge at the public reference facilities maintained by the Securities and Exchange Commission at 100 F Street, N.E., Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from the Securities and Exchange Commission upon payment of the prescribed fee. Information on the operation of the public reference facilities may be obtained by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission maintains a website that contains reports, proxy and information statements, and other information regarding registrants that file electronically with the Securities and Exchange Commission. The address of the site is http://www.sec.gov.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Securities Exchange Act of 1934, as amended, and, in accordance with such requirements, will file periodic reports, proxy statements, and other information with the Securities and Exchange Commission. These periodic reports, proxy statements, and other information will be available for inspection and copying at the regional offices, public reference facilities, and web site of the Securities and Exchange Commission referred to above. We intend to furnish our stockholders with annual reports containing consolidated financial statements audited by our independent registered accounting firm.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Guidewire Software, Inc.:

We have audited the accompanying consolidated balance sheets of Guidewire Software, Inc. and subsidiaries as of July 31, 2010 and 2011, and the related consolidated statements of operations, stockholders' deficit and comprehensive income (loss), and cash flows for each of the years in the three-year period ended July 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Guidewire Software, Inc. and subsidiaries as of July 31, 2010 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended July 31, 2011, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Mountain View, California
October 27, 2011

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Consolidated Balance Sheets
(in thousands, except share and per share data)

	July 31, 2010	July 31, 2011	October 31, 2011	Pro Forma Stockholders' Equity October 31, 2011
			(unaudited)	(unaudited)
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 37,411	$ 59,625	$ 31,171	
Restricted cash, current portion	513	2,230	3,834	
Accounts receivable	16,422	23,278	30,881	
Deferred tax asset, current portion	—	6,044	3,225	
Other current assets	2,917	3,665	4,168	
Total current assets	57,263	94,842	73,279	
Property and equipment, net	2,764	4,455	4,354	
Restricted cash, net of current portion	—	3,820	2,215	
Deferred tax asset, net of current portion	—	22,073	22,073	
Other assets	28	1,350	874	
TOTAL ASSETS	$ 60,055	$126,540	$ 102,795	
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
CURRENT LIABILITIES:				
Accounts payable	$ 3,668	$ 4,317	$ 5,029	
Accrued employee compensation	17,370	18,112	9,038	
Deferred revenues, current portion	38,967	48,482	43,603	
Litigation provision obligation	—	10,000	—	
Other current liabilities	2,640	1,390	2,148	
Total current liabilities	62,645	82,301	59,818	
Deferred revenues, net of current portion	21,182	25,313	16,030	
Other liabilities	1,373	774	278	
Total liabilities	85,200	108,388	76,126	
Commitments and contingencies (Note 5)				
STOCKHOLDERS' EQUITY (DEFICIT):				
Convertible preferred stock, par value $0.0001 per share—25,643,493 shares authorized as of July 31, 2010, 2011 and October 31, 2011 (unaudited); 25,357,721 shares issued and outstanding as of July 31, 2010, 2011 and October 31, 2011 (unaudited) actual; liquidation preference of $36,586 as of July 31, 2010, 2011 and October 31, 2011 (unaudited); no shares issued and outstanding, pro forma (unaudited)	36,500	36,500	36,500	$ —
Common stock, par value $0.0001 per share—55,000,000 shares authorized as of July 31, 2010, 2011 and October 31, 2011 (unaudited); 13,772,656, 14,422,557 and 14,685,230 shares issued and outstanding as of July 31, 2010, 2011 and October 31, 2011 (unaudited); actual; 40,042,951 shares issued and outstanding as of October 31, 2011, pro forma (unaudited)	1	1	1	4
Additional paid-in capital	12,620	20,231	23,945	60,442
Accumulated other comprehensive loss	(337)	(209)	(218)	(218)
Accumulated deficit	(73,929)	(38,371)	(33,559)	(33,559)
Total stockholders' equity (deficit)	(25,145)	18,152	26,669	$ 26,669
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 60,055	$126,540	$ 102,795	

See accompanying notes to consolidated financial statements.

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Consolidated Statements of Operations
(in thousands, except share and per share data)

	Years Ended July 31,			Three Months Ended October 31,	
	2009	2010	2011	2010	2011
				(unaudited)	
Revenues:					
License	$ 26,996	$ 60,315	$ 73,883	$ 10,153	$ 20,815
Maintenance	9,572	18,702	21,321	4,610	7,106
Services	48,177	65,674	77,268	19,907	24,459
Total revenues	84,745	144,691	172,472	34,670	52,380
Cost of revenues:					
License	349	267	1,264	201	299
Maintenance	2,628	3,685	4,063	886	1,266
Services	38,679	51,519	63,017	14,105	17,925
Total cost of revenues	41,656	55,471	68,344	15,192	19,490
Gross profit:					
License	26,647	60,048	72,619	9,952	20,516
Maintenance	6,944	15,017	17,258	3,724	5,840
Services	9,498	14,155	14,251	5,802	6,534
Total gross profit	43,089	89,220	104,128	19,478	32,890
Operating expenses:					
Research and development	22,356	28,273	34,773	7,519	10,959
Sales and marketing	21,559	26,741	28,950	5,546	7,361
General and administrative	9,646	16,192	23,534	4,628	6,438
Litigation provision	—	—	10,000	—	—
Total operating expenses	53,561	71,206	97,257	17,693	24,758
Income (loss) from operations	(10,472)	18,014	6,871	1,785	8,132
Interest income, net	27	95	156	37	40
Other income (expense), net	(123)	(391)	1,269	193	(316)
Income (loss) before provision for income taxes	(10,568)	17,718	8,296	2,015	7,856
Provision for (benefit from) income taxes	398	2,199	(27,262)	125	3,044
Net income (loss)	$ (10,966)	$ 15,519	$ 35,558	$ 1,890	$ 4,812
Net income (loss) per share:					
Basic	$ (0.83)	$ 0.32	$ 0.83	$ 0.03	$ 0.09
Diluted	$ (0.83)	$ 0.30	$ 0.76	$ 0.03	$ 0.08
Shares used in computing net income (loss) per share:					
Basic	13,284,938	13,535,736	14,064,055	13,873,022	14,554,428
Diluted	13,284,938	15,933,374	17,763,859	16,046,865	21,153,440
Pro forma net income per share (unaudited):					
Basic			$ 0.90		$ 0.12
Diluted			$ 0.82		$ 0.10
Shares used in computing pro forma net income per share (unaudited)					
Basic			39,421,776		39,912,149
Diluted			43,121,580		46,511,161

See accompanying notes to consolidated financial statements.

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity (Deficit) and Comprehensive Income (Loss)

(in thousands, except share data)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance as of July 31, 2008	25,357,721	$ 36,500	13,348,896	$ 1	$ 5,626	$ (419)	$ (78,482)	$ (36,774)
Issuance of common stock upon exercise of stock options	—	—	52,833	—	66	—	—	66
Stock-based compensation	—	—	—	—	2,789	—	—	2,789
Comprehensive income (loss):								
Net loss	—	—	—	—	—	—	(10,966)	(10,966)
Foreign currency translation adjustment	—	—	—	—	—	238	—	238
Total comprehensive loss								(10,728)
Balance as of July 31, 2009	25,357,721	36,500	13,401,729	1	8,481	(181)	(89,448)	(44,647)
Issuance of common stock upon exercise of stock options	—	—	370,927	—	785	—	—	785
Stock-based compensation	—	—	—	—	3,354	—	—	3,354
Comprehensive income (loss):								
Net income	—	—	—	—	—	—	15,519	15,519
Foreign currency translation adjustment	—	—	—	—	—	(156)	—	(156)
Total comprehensive income								15,363
Balance as of July 31, 2010	25,357,721	36,500	13,772,656	1	12,620	(337)	(73,929)	(25,145)
Issuance of common stock upon exercise of stock options	—	—	649,901	—	931	—	—	931
Stock-based compensation	—	—	—	—	6,680	—	—	6,680
Comprehensive income (loss):								
Net income	—	—	—	—	—	—	35,558	35,558
Foreign currency translation adjustment	—	—	—	—	—	128	—	128
Total comprehensive income								35,686
Balance as of July 31, 2011	25,357,721	36,500	14,422,557	1	20,231	(209)	38,371	18,152
Issuance of common stock upon exercise of stock options (unaudited)	—	—	262,673	—	402	—	—	402
Stock-based compensation (unaudited)	—	—	—	—	3,312	—	—	3,312
Comprehensive income (loss):								
Net income (unaudited)	—	—	—	—	—	—	4,812	4,812
Foreign currency translation adjustment (unaudited)	—	—	—	—	—	(9)	—	(9)
Total comprehensive income								4,803
Balance as of October 31, 2011 (unaudited)	25,357,721	$ 36,500	14,685,230	$ 1	$ 23,945	$ (218)	$ (33,559)	$ 26,669

See accompanying notes to consolidated financial statements.

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(in thousands)

	Years Ended July 31, 2009	Years Ended July 31, 2010	Years Ended July 31, 2011	Three Months Ended October 31, 2010	Three Months Ended October 31, 2011
				(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	$(10,966)	$ 15,519	$ 35,558	$ 1,890	$ 4,812
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,306	1,376	2,226	242	679
Provision for doubtful accounts	(695)	(427)	—	—	—
Stock-based compensation	2,789	3,354	6,680	1,023	3,312
Deferred tax assets	—	—	(28,117)	—	2,819
Changes in operating assets and liabilities:					
Accounts receivable	(6,252)	4,957	(6,284)	(7,200)	(7,749)
Prepaid expenses and other assets	(1,167)	(215)	(2,674)	(870)	1,543
Accounts payable	(125)	442	577	(141)	644
Accrued employee compensation	8,894	3,460	413	(9,192)	(9,000)
Other liabilities	1,964	336	7,537	(168)	(10,366)
Deferred revenues	15,631	(19,268)	11,770	1,317	(13,779)
Net cash provided by (used in) operating activities	11,379	9,534	27,686	(13,099)	(27,085)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of property and equipment	(1,169)	(2,238)	(2,776)	(587)	(490)
Decrease (increase) in restricted cash	149	1,198	(5,534)	—	—
Net cash used in investing activities	(1,020)	(1,040)	(8,310)	(587)	(490)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from issuance of common stock upon exercise of stock options	66	785	931	227	402
Costs paid in connection with initial public offering	—	—	—	—	(973)
Net cash provided by (used in) financing activities	66	785	931	227	(571)
Effect of foreign exchange rate changes on cash and cash equivalents	(539)	547	1,907	770	(308)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,886	9,826	22,214	(12,689)	(28,454)
CASH AND CASH EQUIVALENTS—Beginning of period	17,699	27,585	37,411	37,411	59,625
CASH AND CASH EQUIVALENTS—End of period	$ 27,585	$ 37,411	$ 59,625	$ 24,722	$ 31,171
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:					
Cash paid for interest	$ 13	$ 14	$ 53	$ 22	$ —
Cash paid for income taxes	$ 505	$ 1,036	$ 2,207	$ 891	$ 453
Non-cash financing activities:					
Unpaid initial public offering issuance costs	$ —	$ —	$ —	$ —	$ 706

See accompanying notes to consolidated financial statements.

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1. The Company and Summary of Significant Accounting Policies and Estimates

Business

Guidewire Software, Inc. (the "Company") was incorporated under the laws of the State of Delaware on September 20, 2001. The Company provides Internet-based software platforms for core insurance operations, including underwriting and policy administration, claim management and billing. The Company's customers include insurance carriers for property and casualty and workers' compensation insurance. The Company has wholly owned subsidiaries in Australia, Canada, France, Germany, Hong Kong, Italy, Ireland, Japan and the United Kingdom.

The Company offers a suite of applications to enable core P&C insurance operations comprised of the following products: PolicyCenter, ClaimCenter and BillingCenter. The Company also provides maintenance support and provides professional services to the extent requested by its customers.

Basis of Presentation

The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the accounts of the Company and its consolidated subsidiaries. All intercompany transactions and balances have been eliminated during consolidation.

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events that affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Significant items subject to such estimates include revenue recognition, the useful lives of property and equipment, allowance for doubtful accounts, valuation allowance for deferred tax assets, stock-based compensation, income tax uncertainties and contingencies. These estimates and assumptions are based on management's best estimates and judgment. Management regularly evaluates its estimates and assumptions using historical experience and other factors; however, actual results could differ significantly from these estimates.

Foreign Currency Translation

The functional currency of the Company's foreign subsidiaries is their respective local currency. The Company translates all assets and liabilities of foreign subsidiaries to U.S. dollars at the current exchange rate as of the applicable consolidated balance sheet date. Revenues and expenses are translated at the average exchange rate prevailing during the period. The effects of foreign currency translations are recorded in accumulated other comprehensive loss as a separate component of stockholders' deficit in the accompanying consolidated statement of stockholders' equity (deficit). Realized gains and losses from foreign currency transactions are recorded as other income (expense) in the consolidated statements of operations.

Unaudited Interim Financial Information

The accompanying interim consolidated balance sheet as of October 31, 2011, the consolidated interim statements of operations and cash flows during the three months ended October 31, 2010 and 2011 and the interim consolidated statements of stockholders' equity (deficit) and comprehensive income (loss) during the three months ended October 31, 2011 are unaudited. The unaudited interim consolidated financial statements have been prepared on a basis consistent with the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's consolidated financial position as of October 31, 2011 and its consolidated statements of income and cash flows during the three months ended October 31, 2010 and 2011. The financial data and the other financial information disclosed in these notes to the consolidated financial statements related to the three months ended October 31, 2010 and 2011 are also unaudited. The consolidated statements of operations during the three months ended October 31, 2011 are not necessarily indicative of the results to be expected during the year ending July 31, 2012 or for any other future annual or interim period.

Unaudited Pro Forma Stockholders' Equity

The unaudited pro forma stockholders' equity as of October 31, 2011 presents the equity-related components of the Company's consolidated balance sheet assuming the automatic conversion of all outstanding shares of convertible preferred stock into shares of common stock immediately before the completion of an initial public offering. The shares of common stock issuable and the proceeds expected to be received in the initial public offering are excluded from such pro forma information. See Note 6.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less from dates of purchase to be cash equivalents. The Company's cash equivalents are comprised of money market funds and are maintained with high quality financial institutions.

Restricted Cash

Restricted cash includes money market funds or revolving short-term certificates of deposit held as deposits for certain leased offices and as collateral for letters of credit required by certain customers to secure contractual commitments and prepayments.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the related assets. Maintenance and repairs that do not extend the life or improve an asset are expensed in the period incurred.

The estimated useful lives of property and equipment are as follows:

Computer hardware	3 years
Software	3 years
Furniture and fixtures	3 years
Leasehold improvements	Shorter of the lease term or estimated useful life

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Product Development Costs

Certain software development costs incurred subsequent to the establishment of technological feasibility are subject to capitalization and amortized over the estimated lives of the related products. Technological feasibility is established upon completion of a working model. Through October 31, 2011, costs incurred subsequent to the establishment of technological feasibility have been immaterial, and therefore, all software development costs have been charged to research and development expense in the accompanying consolidated statements of income as incurred.

Identified Intangible Assets

Identified intangible assets represent a group of five patents acquired during June 2011 and are amortized over the period representing the weighted average of their remaining patent lives and economic benefit, which is the expected period of related economic benefit. Identified intangible assets are classified within “Other assets” in the Consolidated Balance Sheets.

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets, consisting of property and equipment and patents for indicators of possible impairment when events or changes in circumstances indicate that the carrying amount of certain assets may not be recoverable. Impairment exists if the carrying amounts of such assets exceed the estimates of future net undiscounted cash flows expected to be generated by such assets. Should impairment exist, the impairment loss would be measured based on the excess carrying value of the assets over the estimated fair value of the assets. The Company has not written down any of its long-lived assets as a result of impairment during any of the periods presented.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents with high quality financial institutions with investment grade ratings. The Company markets its products and services in the United States and in foreign countries through its direct sales force. There were no single customers that accounted for 10% or more of the Company’s revenues during the years ended July 31, 2009, 2010, 2011 and the three months ended October 31, 2010 and 2011 or total accounts receivable as of July 31, 2010, 2011 and October 31, 2011.

Accounts Receivable and Allowance for Doubtful Accounts

The Company performs ongoing credit evaluations of its customers. Accounts receivable are recorded at invoiced amounts, net of the Company’s estimated allowances for doubtful accounts. The allowance for doubtful accounts is estimated based on an assessment of the Company’s ability to collect on customer accounts receivable. The Company regularly reviews the allowance by considering certain factors such as historical experience, industry data, credit quality, age of accounts receivable balances and current economic conditions that may affect a customer’s ability to pay. In cases where the Company is aware of circumstances that may impair a specific purchaser’s ability to meet their financial obligations, the Company records a specific allowance against amounts due from the customer and thereby reduces the net recognized receivable to the amount the Company reasonably believes will be collected. There is judgment involved with estimating the Company’s allowance for doubtful accounts and if the financial condition of its customers were to deteriorate, resulting in their inability to make the required payments, the Company may be required to record additional allowances or charges against revenues. The Company writes-off accounts receivable against the allowance when

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it determines a balance is uncollectible and no longer actively pursues collection of the receivable. The Company's accounts receivable are not collateralized by any security. The following table summarizes the accounts receivable allowance activity:

	Balance at Beginning of Period	Additions: Charged to Expense	Deductions: Benefits From Late Collections	Balance at End of Period
		(in thousands)		
Three months ended October 31, 2011 (unaudited):				
Accounts receivable allowance	$ —	$ —	$ —	$ —
Year ended July 31, 2011:				
Accounts receivable allowance	$ —	$ —	$ —	$ —
Year ended July 31, 2010:				
Accounts receivable allowance	$ 427	$ 5	$ 432	$ —
Year ended July 31, 2009:				
Accounts receivable allowance	$ 1,122	$ —	$ 695	$ 427

Fair Value of Financial Instruments

The carrying values of the Company's financial instruments, principally cash equivalents, accounts receivable, restricted cash and accounts payable approximated their fair values due to the short period of time to maturity or repayment. Fair value is defined as the exchange price that would be received for an asset or an exit price paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The current accounting guidance for fair value measurements defines a three-level valuation hierarchy for disclosures as follows:

Level I—Unadjusted quoted prices in active markets for identical assets or liabilities;

Level II—Inputs other than quoted prices included within Level I that are observable, unadjusted quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and

Level III—Unobservable inputs that are supported by little or no market activity, which requires the Company to develop its own assumptions.

The categorization of a financial instrument within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The Company's cash equivalents and restricted cash are classified as Level I because they are valued using quoted market prices.

Revenue Recognition

The Company enters into arrangements to deliver multiple products or services (multiple-elements). The Company applies software revenue recognition rules and allocates the total revenues among elements based on vendor-specific objective evidence, or VSOE, of fair value of each element.

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Revenues are derived from three sources:

(i) License fees, related to term (or time-based) and perpetual software license revenue;

(ii) Maintenance fees, related to email and phone support, bug fixes and unspecified software updates and upgrades released when, and if available during the maintenance term; and

(iii) Services fees, related to professional services related to implementation of our software, reimbursable travel and training.

Revenues are recognized when all of the following criteria are met:

- *Persuasive evidence of an arrangement exists.* Evidence of an arrangement consists of a written contract signed by both the customer and management prior to the end of the period.
- *Delivery or performance has occurred.* The Company's software is delivered electronically to the customer. Delivery is considered to have occurred when the Company provides the customer access to the software along with login credentials.
- *Fees are fixed or determinable.* Arrangements where a significant portion of the fee is due beyond 90 days from delivery are not considered to be fixed or determinable. Revenues from such arrangements is recognized as payments become due, assuming all other revenue recognition criteria have been met. Fees from term licenses are generally due in equal annual installments over the term of the agreement beginning on the effective date of the license. Accordingly, fees from term licenses are not considered to be fixed or determinable until they become due.
- *Collectability is probable.* Collectability is assessed on a customer-by-customer basis, based primarily on creditworthiness as determined by credit checks and analysis, as well as customer payment history. Payment terms generally range from 30 to 90 days from invoice date. If it is determined prior to revenue recognition that collection of an arrangement fee is not probable, revenues are deferred until collection becomes probable or cash is collected, assuming all other revenue recognition criteria are satisfied.

VSOE of fair value does not exist for software licenses; therefore, for all arrangements that do not include services that are essential to the functionality of the software the Company allocates revenues to software licenses using the residual method. Under the residual method, the amount recognized for license fees is the difference between the total fixed and determinable fees and the VSOE of fair value for the undelivered elements under the arrangement.

The VSOE of fair value for elements of an arrangement is based upon the normal pricing and discounting practices for those elements when sold separately. VSOE of fair value for maintenance is established using the stated maintenance renewal rate in the customer's contract. The Company generally enters into term licenses ranging from 3 to 7 years. For term licenses with a duration of one year or less, no VSOE of fair value for maintenance exists. The Company began using stated maintenance renewal rates in customers contracts during fiscal year 2008. Prior to that, customers contracts did not have stated maintenance renewal rates and the Company was unable to establish VSOE of maintenance. VSOE of fair value for services is established if a substantial majority of historical stand-alone selling prices for a service fall within a reasonably narrow price range.

If VSOE of fair value for one or more undelivered elements does not exist, the total arrangement fee is not recognized until delivery of those elements occurs or when VSOE of fair value is established. If the

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undelivered elements are all service elements and VSOE of fair value does not exist for one or more service element, the total arrangement fee is recognized ratably over the longest service period starting at software delivery, assuming all the related services have been made available to the customer.

When implementation services are sold with a license arrangement, we evaluate whether those services are essential to the functionality of the software. Prior to fiscal year 2008, implementation services were determined to be essential to the software because the implementation services were generally not available from other third party vendors. By the beginning of fiscal year 2008, third party vendors were providing implementation services for ClaimCenter and it was concluded that implementation services generally were not essential to the functionality of the ClaimCenter software. By the beginning of fiscal year 2011, third party vendors were providing implementation services for PolicyCenter and BillingCenter and it was concluded that implementation services were no longer essential to the functionality of the PolicyCenter and BillingCenter software.

In cases where professional services are deemed to be essential to the functionality of the software, the arrangement is accounted for using contract accounting until the essential services are complete. If reliable estimates of total project costs and the extent of progress toward completion can be made, the Company applies the percentage-of-completion method in recognizing the arrangement fee. The percentage toward completion is measured by using the ratio of service billings to date compared to total estimated service billings for the consulting services. Service billings approximate labor hours as an input measure since they are billed monthly on a time and material basis. For term licenses with license fees due in equal installments over the term, the license revenues subject to percentage of completion recognition includes only those payments that are due and payable within the reporting period. The fees related to the maintenance are recognized over the period the maintenance is provided.

When VSOE for maintenance has not been established and the arrangement includes implementation services are deemed essential to the functionality of the software and it is reasonably assured that no loss will be incurred under the arrangement, revenues are recognized pursuant to the zero gross margin method. Under this method, revenues recognized are limited to the costs incurred for the implementation services. As a result, billed license and maintenance fees and the profit margin on the professional services are generally deferred until the essential services are completed and then recognized over the remaining term of the maintenance period.

If the Company cannot make reliable estimates of total project implementation and it is reasonably assured that no loss will be incurred under such arrangements, the zero profit margin method is applied whereby an amount of revenues equal to the incurred costs of the project is recognized as well as the incurred costs, producing a zero margin until project estimates become reliable. The percentage-of-completion method is applied when project estimates become reliable, resulting in a cumulative effect adjustment for deferred license revenues to the extent of progress toward completion, and the related deferred professional service margin is recognized in full as revenues.

Such cumulative effect adjustment for license revenues was $2.4 million and $0.4 million for fiscal years 2010 and 2011, respectively, and for service revenues was $2.4 million and $0.3 million for fiscal years 2010 and 2011, respectively. There was no material cumulative effect adjustments for fiscal year 2009 and the three months ended October 31, 2010, and no cumulative effect adjustment for the three months ended October 31, 2011.

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Deferred Revenues

Deferred revenues represents amounts billed to or collected from customers for which the related revenues have not been recognized because one or more of the revenue recognition criteria have not been met. The current portion of deferred revenues represents the amount that is expected to be recognized as revenues within one year from the balance sheet date. The Company generally invoices fees for licenses and maintenance to its customers in annual installments payable in advance. Accordingly, the deferred revenues balance does not represent the total contract value of annual or multi-year, non-cancellable arrangements.

Sales Commissions

Sales commissions are recognized as an expense when earned by the sales representative, generally occurring at the time the customer order is signed. Substantially all of the effort by the sales force is expended through the time of closing the sale, with limited to no involvement thereafter.

Warranties

The Company generally provides a warranty for its software products and services to its customers for periods ranging from 3 to 12 months. The Company's software products are generally warranted to be free of defects in materials and workmanship under normal use and the products are also generally warranted to substantially perform as described in published documentation. The Company's services are generally warranted to be performed in a professional manner and to materially conform to the specifications set forth in the related customer contract. In the event there is a failure of such warranties, the Company generally will correct the problem or provide a reasonable workaround or replacement product. If the Company cannot correct the problem or provide a workaround or replacement product, then the customer's remedy is generally limited to refund of the fees paid for the nonconforming product or services. The Company has not incurred any warranty expenses since inception.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and foreign currency translation adjustments. Total comprehensive income (loss) is presented in the consolidated statements of stockholders' equity (deficit) and comprehensive income (loss).

Advertising Costs

Advertising costs are expensed as incurred and amounted to approximately $159,000, $244,000, $261,000, $31,000 and $60,000 during the years ended July 31, 2009, 2010, 2011 and the three months ended October 31, 2010 and 2011, respectively.

Stock-Based Compensation

The Company recognizes compensation expense related to its stock options and restricted stock units, or RSUs, granted to employees based on the estimated fair value of the awards on the date of grant, net of estimated forfeitures. The RSUs are subject to time-based vesting, which generally occurs over a period of four years, and a performance-based condition, which will be satisfied upon the first to occur of the sale of our business or 180 days after our initial public offering. If an employee terminates employment from the Company prior to the occurrence of the performance-based condition, the employee does not forfeit the RSUs to the extent the time-based vesting requirements were satisfied prior to termination. The awards expire 10 years from the grant date. We estimate the grant date fair value, and the resulting stock-based compensation expense, of our stock options using the Black-Scholes option-pricing model. The grant date fair value of the stock-based awards is generally recognized using the accelerated multiple option approach over the requisite service period, which is generally the vesting period of the respective awards. Compensation cost for RSUs is recognized over the time-based vesting period regardless of the occurrence of the performance-based condition since this condition is not subject to employment.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records a valuation allowance to reduce deferred tax assets to an amount whose realization is more likely than not.

On August 1, 2007, the Company adopted new accounting guidance related to accounting for uncertainties in income taxes. The new guidance provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits of the position. Income tax positions must meet a more likely than not recognition threshold at the effective date to be recognized upon the adoption of the new guidance and in subsequent periods. This interpretation also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company records interest and penalties related to unrecognized tax benefits in income tax expense in its consolidated statement of income.

Net Income (Loss) and Pro Forma Net Income per Share Attributable to Common Stockholders

The Company’s basic net income (loss) per share attributable to common stockholders is calculated by dividing the net income (loss) attributable to common stockholders by the weighted average number of shares of common stock outstanding for the period. The diluted net income (loss) per share attributable to common stockholders is computed by giving effect to all potential dilutive common stock equivalents outstanding for the period. For purposes of this calculation, convertible preferred stock, options to purchase common stock and restricted stock units are considered to be common stock equivalents.

Because the Company has issued securities other than common stock that participate in dividends with the common stock, or participating securities, it is required to apply the two-class method to compute the net income (loss) per share attributable to common stockholders. The Company determined that it has participating securities in the form of noncumulative convertible preferred stock that share in dividends with common stock. The two-class method requires that the Company calculate the net income per share using net income attributable to the common stockholders which will differ from the Company's net income. Net income attributable to the common stockholders is generally equal to the net income less assumed periodic preferred stock dividends with any remaining earnings, after deducting assumed dividends, to be allocated on a pro rata basis between the outstanding common and preferred stock as of the end of each period.

In contemplation of an initial public offering, the Company has presented the unaudited pro forma basic and diluted net income per share attributable to common stockholders which has been computed to give effect to the automatic conversion of the convertible preferred stock into shares of common stock as of the beginning of the respective periods.

Reclassifications

Certain accounts in the Company's financial statements for the years ended July 31, 2009 and 2010 have been reclassified in order to conform to the year ended July 31, 2011 and the three months ended October 31, 2011 presentation. Such reclassifications do not have an impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements

Comprehensive Income

In June 2011 authoritative guidance that addresses the presentation of comprehensive income in interim and annual reporting of financial statements was issued. The guidance is intended to improve the comparability, consistency, and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income by eliminating the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. Such changes in stockholders' equity will be required to be disclosed in either a single continuous statement of comprehensive income or in two separate but consecutive statements. The guidance will be effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, and should be applied retrospectively for all periods presented. Early adoption is permitted. This new guidance impacts how the Company reports its comprehensive income only, and will have no effect on its results of operations, financial position or liquidity upon its required adoption by the Company on August 1, 2012.

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2. Fair Value of Financial Instruments

The following table summarizes the Company's financial instruments measured at fair value on a recurring basis:

	July 31, 2010	July 31, 2011	October 31, 2011 (unaudited)
	(in thousands)		
Money market funds	$ —	$ 5,006	$ 5,005
Certificates of deposit	513	6,049	6,050
Total	$ 513	$11,055	$ 11,055

3. Balance Sheet Components

Other Current Assets

Other current assets consist of the following:

	July 31, 2010	July 31, 2011	October 31, 2011 (unaudited)
	(in thousands)		
Prepaid expenses	$1,712	$ 3,135	$ 1,943
Deferred costs—short term	6	49	—
Initial public offering issuance costs	—	—	1,679
Other receivables	1,199	481	546
Total	$2,917	$ 3,665	$ 4,168

Property and Equipment

Property and equipment consist of the following:

	July 31, 2010	July 31, 2011	October 31, 2011 (unaudited)
	(in thousands)		
Computer hardware	$ 5,127	$ 6,031	$ 6,345
Software	1,025	3,207	3,240
Furniture and fixtures	205	239	291
Leasehold improvements	959	1,026	1,026
Total property and equipment	7,316	10,503	10,902
Less accumulated depreciation and amortization	(4,552)	(6,048)	(6,548)
Property and equipment, net	$ 2,764	$ 4,455	$ 4,354

As of July 31, 2010 and 2011 and the three months ended October 31, 2010 and 2011, no property and equipment was pledged as collateral against borrowings. Amortization of leasehold improvements is included in depreciation expense. Depreciation expense was $1.3 million, $1.4 million, $1.5 million, $0.2 million and $0.6 million during the years ended July 31, 2009, 2010, 2011 and the three months ended October 31, 2010 and 2011, respectively.

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Other Assets

Other assets consist of the following:

	July 31, 2010	July 31, 2011	October 31, 2011 (unaudited)
	(in thousands)		
Patents	$ —	$ 795	$ 705
Deferred costs—long term	—	400	—
Other	28	155	169
Total	$ 28	$ 1,350	$ 874

The Company acquired a group of five patents in June 2011 for $1.5 million with a weighted average remaining useful life determined to be two years. Useful lives were evaluated based on remaining legal lives of the patents. Amortization of these assets is based upon the related revenue streams, both past and future. As a result of this method, the Company took an immediate charge of $0.7 million during the fourth quarter of fiscal year 2011 and recognized $0.1 million during the three months ended October 31, 2011. The Company expects to recognize amortization expenses related to this group of patents of $0.3 million during the remaining nine months of fiscal year 2012 and $0.4 million during fiscal year 2013, and none thereafter.

Accrued Employee Compensation

Accrued employee compensation consists of the following:

	July 31, 2010	July 31, 2011	October 31, 2011 (unaudited)
	(in thousands)		
Accrued bonuses	$ 8,123	$ 9,035	$ 2,259
Accrued commission	2,544	2,780	444
Accrued vacation	4,641	4,712	4,823
Payroll accruals	2,062	1,585	1,512
Total	$17,370	$18,112	$ 9,038

Other Current Liabilities

The components of other current liabilities are as follows:

	July 31, 2010	July 31, 2011	October 31, 2011 (unaudited)
	(in thousands)		
Rent	$1,007	$ 591	$ 452
Sales tax	53	221	155
Professional services	—	210	742
Other accruals	1,580	368	799
Total	$2,640	$1,390	$ 2,148

4. Credit Facility

On March 28, 2008, the Company signed an agreement with lenders related to a credit facility providing the Company with a financing commitment of up to $10.0 million. Under the terms of the facility, $5.0 million was available at closing, and an additional $5.0 million was available on August 1, 2008 pursuant to the Company's achievement of certain financial milestones. The interest rate associated with this credit facility varied between the prime rate and prime plus 1.75%. Certain stock warrants were provided to the lender to purchase Series C convertible preferred stock for a total of 69,529 shares at a strike price of $5.03 per share. These warrants will expire within 7 years from the issue date. There was no outstanding debt associated with the available credit facility. The credit facility expired on March 28, 2010.

5. Commitments and Contingencies

Leases

The Company leases certain facilities and equipment under operating leases. The Company entered into an operating lease agreement in September 2007 for its corporate headquarters in California that expires in July 2012. In connection with the lease, the Company opened a letter of credit currently held with Silicon Valley Bank. On November 23, 2009, the Company entered into a sublease agreement for additional conference space which will expire in July 2012.

Lease expense for all worldwide facilities and equipment, which is being recognized on a straight-line basis over terms of the various leases, was $1.5 million, $1.9 million, $2.3 million, $0.6 million and $0.6 million during the years ended July 31, 2009, 2010, 2011 and the three months ended October 31, 2010 and 2011, respectively. Future commitments and obligations under the operating leases to be satisfied as they become due over their terms, are as follows as of July 31, 2011:

Year Ending July 31:	(in thousands)
2012	$ 2,573
2013	131
2014	73
2015	73
2016 and beyond	69
Total	$ 2,919

In addition, on December 5, 2011, the Company entered into a seven-year lease for a facility to serve as its corporate headquarters commencing August 1, 2012.

Office Sublease

On August 8, 2008, the Company entered into an agreement with a single subtenant to sublease a portion of the leased premises from the lessor of its current corporate headquarters in California consisting of 30,718 rentable square feet. The term of the sublease commenced on September 1, 2008 and will expire on June 30, 2012. Future minimum sublease rental income (net of operating expenses) under the agreement is as follows:

Year Ending July 31:	(in thousands)
2012	$ 1,160
Total	$ 1,160

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Legal Proceedings

In December 2007, Accenture Global Services GmbH and Accenture LLP filed a lawsuit against us in the U.S. Federal District Court for the District of Delaware, or the Delaware Court (Accenture Global Services GmbH and Accenture LLP v. Guidewire Software, Inc., Case No 07-826-SLR). Accenture has alleged infringement of U.S. Patent Nos. 7,013,284 and 7,017,111 by the Company's products; trade-secret misappropriation; and tortious interference with business relations. The Company denied Accenture's claims, and it asserted counterclaims seeking a declaration that our products do not infringe either patent, that both patents are invalid and that U.S. Patent No. 7,013,284 is unenforceable. The Company also asserted counterclaims against Accenture for breach of contract and trade secret misappropriation.

In November 2009, Accenture filed an additional lawsuit against the Company in the Delaware Court (Accenture Global Services GmbH, and Accenture LLP v. Guidewire Software, Inc., Case No. 09-848-SLR) alleging infringement of U.S. Patent No. 7,617,240 by our products. The Company filed a response denying Accenture's allegations and later amended that response to allege inequitable conduct against Accenture in obtaining U.S. Patent No. 7,617,240.

In March 2010, the Delaware Court ruled on claim construction of U.S. Patent No. 7,017,111 and as a result of that ruling Accenture stated that it would not pursue U.S. Patent No. 7,017,111 at trial against the Company, although Accenture retained its rights to appeal the claim construction ruling. In February 2011, the USPTO issued a third and final office re-examination action rejecting all claims in U.S. Patent No. 7,617,240. In March 2011, the USPTO granted a third re-examination against U.S. Patent No. 7,013,284, after having rejected all claims in U.S. Patent No. 7,013,284 on two prior re-examinations. On May 31, 2011, the Delaware Court granted the Company's motion for summary judgment finding that Accenture's U.S. Patent Nos. 7,013,284 and 7,017,111 are invalid based on unpatentable subject matter. On June 22, 2011, the Delaware Court approved the parties Stipulation and Partial Dismissal under which Accenture's claims for U.S. Patent Nos. 7,017,111 and 7,617,240 and all of its other claims were dismissed, with prejudice, excepting claims for U.S. Patent No. 7,013,284, and the Company's claims against Accenture were dismissed, as well. In July 2011, Accenture filed an appeal to the Federal Circuit Court of Appeals of the Delaware Court's judgment of invalidity of U.S. Patent No. 7,013,284.

On June 23, 2011, we filed a lawsuit against Accenture in the U.S. District Court for the Eastern District of Virginia (Guidewire Software, Inc. v. Accenture PLC, Accenture Insurance Services LLC and Accenture LLP, Case No. 1:11-cv-678-CMH/TRJ), or the EDVA Lawsuit seeking injunction and damages, alleging infringement of U.S. Patent Nos. 6,073,109, 6,058,413, 5,630,069 and 5,734,837 by Accenture's Claim Components insurance software product and other Accenture software products that utilize the patented workflow and business process management techniques.

On July 20, 2011, Accenture filed a lawsuit against us in the U.S. District Court for the Northern District of California (Accenture Global Services Ltd. and Accenture LLP v. Guidewire Software, Inc., Case No. 3:11-cv-03563-MEJ) alleging infringement of U.S. Patent No. 7,979,382 by our ClaimCenter software product. No trial date has been set for this case.

On August 16, 2011, Accenture filed an answer in the EDVA Lawsuit and counterclaimed alleging that the Company's ClaimCenter and other unnamed software products infringe two Accenture patents, U.S. Patent Nos. 6,574,636 and 7,409,355 and filed a motion to have the entire EDVA Lawsuit transferred to the U.S. District Court for the Northern District of California. On September 9, 2011 the judge in the EDVA Lawsuit granted Accenture's motion to transfer the EDVA Lawsuit to the U.S. District Court for the Northern District of California.

On October 13, 2011, the Company agreed with Accenture to resolve all outstanding patent litigation concerning their respective insurance claims management software. In connection with the settlement, the Company has paid $10.0 million to Accenture with a potential additional payment based on the final outcome of Accenture's pending appeal regarding the validity of its '284 patent. If Accenture is successful in its appeal, the Company has agreed to pay them an additional $20.0 million. At any time prior to an initial determination by the appeals court, the Company may instead pay Accenture $15.0 million to discharge this potential obligation. If Accenture is not successful in its appeal, no further payments would be due in connection with the settlement. As part of the settlement, the Company has also agreed to a royalty free cross license of all current patents and patent applications with Accenture. The Company expensed the $10.0 million litigation provision as it believes that no future benefit is attributable to the cross license.

In addition to the matters described above, from time to time, the Company is involved in various other legal proceedings arising from the normal course of business activities.

Indemnification

The Company sells software licenses and services to its customers under contracts ("Software License"). Each Software License contains the terms of the contractual arrangement with the customer and generally includes certain provisions for defending the customer against any claims that the Company's software infringes upon a patent, copyright, trademark, or other proprietary right of a third party. The Software License also indemnifies the customer against losses, expenses, and liabilities from damages that may be assessed against the customer in the event the Company's software is found to infringe upon such third party rights.

The Company has not had to reimburse any of its customers for losses related to indemnification provisions and no material claims against the Company are outstanding as of July 31, 2010, 2011 and October 31, 2011. For several reasons, including the lack of prior indemnification claims and the lack of a monetary liability limit for certain infringement cases under the Software License, the Company cannot estimate the amount of potential future payments, if any, related to indemnification provisions.

6. Convertible Preferred Stock

The following table summarizes convertible preferred stock authorized and issued and outstanding as of July 31, 2010, 2011 and October 31, 2011 (unaudited):

	Shares Authorized	Shares Issued and Outstanding	Net Proceeds	Aggregate Liquidation Preference
			(in thousands)	
Series A	15,735,800	15,609,158	$ 4,178	$ 4,214
Series B	4,807,693	4,807,693	7,500	7,500
Series C	5,100,000	4,940,870	24,822	24,872
Total	25,643,493	25,357,721	$ 36,500	$ 36,586

On August 23, 2007, the Company entered into a Note and Warrant Purchase Agreement with existing investors for a total of $2.0 million. The notes carried an interest rate of 8.25% per annum and matured on February 23, 2008. The notes and warrants were subsequently converted to shares of Series C convertible preferred stock, and the Note and Warrant Purchase Agreement was terminated on September 20, 2007 upon the closing of the Series C convertible preferred stock offering.

On September 20, 2007, the Company entered into a Series C convertible preferred stock offering in which it sold 4,791,880 shares of Series C convertible preferred stock to certain investors for $24.0 million. Concurrent with this transaction, the Company repurchased 126,642 shares of Series A convertible preferred stock and 1,281,740 shares of common stock from six of its founders for a total amount of $6.1 million. The Company recorded compensation expenses of $1.0 million, representing the excess of the purchase price over the fair value of the common stock repurchased. On March 28, 2008, the Company entered into another Series C convertible preferred stock offering in which it sold an additional 148,990 shares of Series C convertible preferred stock to certain investors for $750,000 as part of the credit facility (See Note 4).

The rights, preference and privileges of the convertible preferred stock are as follows:

Dividends

The holders of the Series A, B and C convertible preferred stock are entitled to receive, out of any funds legally available, when, as and if declared by the board of directors, noncumulative dividends prior and in preference to any payment of any dividend on the common stock. The dividend rates for Series A, B and C are 9% of the original issuance price of $0.27, $1.56 and $5.03 per share. After the dividend preference of the preferred stock has been paid in full for a given calendar year, the convertible preferred stock will participate pro rata with the common stock in the receipt of any additional dividends on an as converted basis. No dividends have been declared as of July 31, 2010 and 2011 and the three months ended October 31, 2011.

Liquidation

In the event of any liquidation, dissolution or winding up of the Company, the holders of convertible preferred stock are entitled to receive a per share amount equal to the original issue price for each such series of convertible preferred stock, equal to $0.27 per share for Series A, $1.56 per share for Series B and $5.03 per share for Series C as of October 31, 2011, plus an amount equal to all declared but unpaid dividends thereon. If upon the occurrence of such an event, the assets and funds thus distributed among the holders of convertible preferred stock is insufficient to permit the payment to such holders of the full aforementioned amounts, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of convertible preferred stock in proportion to the preferential amount each such holder is otherwise entitled to receive. After the full preference amount on all outstanding shares of convertible preferred stock has been paid, any remaining funds and assets of the Company legally available for distribution to shareholders will be distributed pro rata among the holders of the common stock.

A merger or consolidation of the Company in which its shareholders do not retain a majority of the voting power in the surviving corporation, or a sale of all or substantially all of the Company’s assets, will each be deemed to be a liquidation, dissolution or winding up of the Company.

Conversion

The holders of the preferred stock shall have the right to convert the convertible preferred stock, at any time, into shares of common stock initially at a rate of 1-for-1, subject to adjustments for future dilution. The convertible preferred stock shall be automatically converted into common stock, at the then applicable conversion rate, (i) in the event that the holders of at least a majority of outstanding convertible preferred stock consent to such conversion or (ii) the closing of an underwritten public offering of shares of common stock of the Company at a public offering price of not less than $5.00 per share for a total public offering price of not less than $75.0 million, before payment of underwriters' discounts and commissions. The conversion price of the convertible preferred stock shall be subject to adjustment to prevent dilution in the event that the Company issues additional shares of common stock or securities convertible into or exercisable for common stock at a purchase price less than the then effective conversion price, which is based on the original issue price for each such series of convertible preferred stock equal to $0.27 per share for Series A, $1.56 per share for Series B and $5.03 per share for Series C as of October 31, 2011.

Voting Rights

Each share of convertible preferred stock carries a number of votes equal to the number of shares of common stock then issuable upon its conversion into common stock, which was on a 1-for-1 basis as of October 31, 2011 and prior balance sheet dates. The holder of such votes will have full voting rights and powers equal to holders of common stock, and shall be entitled to notice of any stockholder meeting and shall be entitled to vote with respect to any question upon which holders of common stock have the right to vote.

As for the Company's board of directors, the Company is authorized to have eight directors. Of these directors, two will be designated by the holders of the Series A and B voting together, two will be designated by the holders of the common stock voting together, and the remaining four directors will be designated by the preferred and common stock holders voting together.

Redemption Rights

The Series A, B and C convertible preferred stock is not redeemable.

7. Common Stock Reserved for Issuance

As of October 31, 2011, the Company was authorized to issue 55,000,000 common shares with a par value of $0.0001 per share. As of July 31, 2010, 2011 and October 31, 2011, the Company had reserved shares of common stock, on an as-if-converted basis, for issuance as follows:

	July 31,		October 31,
	2010	2011	2011 (unaudited)
Exercise of stock options to purchase common stock	8,747,198	8,256,678	8,181,978
Issuances of shares available under stock option plans	1,358,588	13,662	25,689
Vesting of restricted stock units	105,231	4,318,996	4,855,572
Issuances of shares available under RSU plan	394,769	11,004	49,428
Conversion of convertible preferred stock	25,357,721	25,357,721	25,357,721
Issuances upon exercise of warrants	69,529	69,529	69,529
	36,033,036	38,027,590	38,539,917

8. Stock Option Plans

2002 Stock Option/Stock Issuance Plan and 2006 Stock Plan

The Company's stockholders approved the 2002 Stock Option/Stock Issuance Plan, as amended (the "2002 Plan"), under which 9,972,994 shares had been reserved for issuance. On February 7, 2007, the Company adopted the 2006 Stock Plan (the "2006 Plan") as an amendment and restatement of the 2002 Plan. During the years ended July 31, 2010 and 2011 an additional 2,000,000 shares and 375,000 shares, respectively, were authorized for issuance under the 2006 Plan. No additional shares were authorized during the year ended July 31, 2009. Under the 2006 Plan, eligible employees may be granted stock options, stock appreciation rights, restricted shares, and stock units. The exercise price for incentive stock options and nonqualified stock options may not be less than 100% and 85%, respectively, of the fair value of the Company's common stock at the option grant date. Options granted are exercisable over a maximum term of 10 years from the date of the grant and generally vest over a period of 4 years. Employees may exercise options granted under the plans prior to vesting and the unvested shares are subject to repurchase by the Company at the lower of the original exercise price or the fair market value of the common stock on the date of repurchase. The shares subject to repurchase pursuant to the repurchase right are immaterial for all periods presented.

2009 Stock Plan

In July 2009, the Company's board of directors and the stockholders approved the 2009 Stock Plan (the "French Plan"). Under the French Plan, 100,000 shares were reserved for issuance. The number of shares exercised and issued under the French Plan reduced the corresponding number the total number of shares available under the 2006 Plan. The exercise price of options granted under the French Plan may not be less than 100% of the fair value of the Company's common stock at the option grant date. Options granted are exercisable over a maximum term of 10 years from the date of the grant and generally vest over a period of 4 years.

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Option activity under the 2002 Plan, the 2006 Plan and the French Plan for the periods presented is as follows:

		Options Outstanding			
	Shares Available for Grant	Number of Stock Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Balance as of July 31, 2008	1,808,837	6,720,709	$ 1.98	8.3	$ 11,748
Granted	(2,059,957)	2,059,957	3.73		
Exercised	—	(52,833)	1.01		
Cancelled	749,999	(749,999)	3.13		
Balance as of July 31, 2009	498,879	7,977,834	2.33	7.8	10,905
Additional shares authorized	2,000,000	—	—		
Granted	(1,681,938)	1,681,938	4.04		
Exercised	—	(370,927)	2.20		
Cancelled	541,647	(541,647)	3.06		
Balance as of July 31, 2010	1,358,588	8,747,198	2.62	7.3	9,657
Additional shares authorized	375,000	—			
Granted	(500,000)	500,000	7.50		
Exercised	—	(652,071)	1.41		
Cancelled	338,449	(338,449)	3.51		
Repurchased	2,170	—	—		
Transfer to 2010 Plan	(1,560,545)	—	—		
Balance as of July 31, 2011	13,662	8,256,678	2.98	6.6	37,353
Additional shares authorized (unaudited)	200,000	—	—		
Granted (unaudited)	(205,000)	205,000	8.65		
Exercised (unaudited)	—	(265,115)	1.68		
Cancelled (unaudited)	14,585	(14,585)	3.72		
Repurchased (unaudited)	2,442	—	—		
Balance as of October 31, 2011 (unaudited)	25,689	8,181,978	3.16	6.5	43,712
Exercisable as of July 31, 2011		8,049,847	2.94	6.0	36,679
Vested and expected to vest as of July 31, 2011		7,839,333	2.89	6.6	36,101
Exercisable as of October 31, 2011 (unaudited)		8,002,835	2.52	5.9	38,499
Vested and expected to vest as of October 31, 2011 (unaudited)		7,844,080	3.08	6.4	44,171

The options exercisable as of July 31, 2011 and October 31, 2011 include options that are exercisable prior to vesting. The weighted average grant date fair value of options granted during the years ended July 31, 2009, 2010, 2011 and the three months ended October 31, 2011 was $1.83, $2.14, $3.46 and $3.73, respectively. Aggregate intrinsic value represents the difference between the estimated fair value of the underlying common stock and the exercise price of outstanding, in-the-money options. The Company's estimated fair value of its common stock was $7.50 and $8.65 as of July 31, 2011 and

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October 31, 2011, respectively. The total intrinsic value of options exercised was $0.1 million, $0.7 million, $2.6 million, $0.7 million and $1.6 million for the years ended July 31, 2009, 2010 and 2011 and the three months ended October 31, 2010 and 2011, respectively. The total estimated grant date fair value of options vested during the years ended July 31, 2009, 2010, 2011 and the three months ended October 31, 2011 was $2.5 million, $2.4 million, $3.1 million and $0.8 million, respectively.

Additional information regarding options outstanding as of July 31, 2011 is as follows:

	Options Outstanding			Options Exercisable	
Exercise Price	Number of Options Outstanding	Remaining Contractual Life (Years)	Exercise Price per Share	Number of Options Exercisable	Exercise Price per Share
$0.05	65,000	2.3	$ 0.05	65,000	$ 0.05
0.16	436,000	3.7	0.16	436,000	0.16
0.50	1,120,000	4.4	0.50	1,120,000	0.50
1.00	126,500	4.8	1.00	126,500	1.00
1.25	208,000	4.8	1.25	208,000	1.25
1.78	222,600	5.1	1.78	222,600	1.78
2.03	8,000	5.4	2.03	8,000	2.03
2.56	121,500	5.4	2.56	121,500	2.56
2.74	1,412,000	6.0	2.74	1,410,958	2.74
3.50	947,614	6.6	3.50	932,221	3.50
3.73	1,824,487	7.7	3.73	1,742,865	3.73
3.92	1,040,927	8.4	3.92	983,371	3.92
4.50	224,050	8.7	4.50	192,832	4.50
7.50	500,000	10.0	7.50	480,000	7.50
	8,256,678			8,049,847	

Additional information regarding options outstanding as of October 31, 2011 is as follows:

	Options Outstanding			Options Exercisable	
Exercise Price	Number of Options Outstanding	Remaining Contractual Life (Years)	Exercise Price per Share	Number of Options Exercisable	Exercise Price per Share
$0.05	40,000	2.1	$ 0.05	40,000	$ 0.05
0.16	366,000	3.5	0.16	366,000	0.16
0.50	1,082,000	4.2	0.50	1,082,000	0.50
1.00	126,500	4.5	1.00	126,500	1.00
1.25	200,000	4.6	1.25	200,000	1.25
1.78	217,600	4.9	1.78	217,600	1.78
2.56	111,000	5.1	2.56	111,000	2.56
2.74	1,393,500	5.7	2.74	1,393,500	2.74
3.50	913,362	6.3	3.50	904,716	3.50
3.73	1,770,810	7.4	3.73	1,702,851	3.73
3.92	1,033,656	8.1	3.92	982,932	3.92
4.50	222,550	8.4	4.50	194,382	4.50
7.50	500,000	9.7	7.50	481,250	7.50
8.65	205,000	9.9	8.65	200,104	8.65
	8,181,978			8,002,835	

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2010 Restricted Stock Unit Plan

In June 2010, the Company adopted the 2010 Restricted Stock Unit Plan (the "2010 Plan") and reserved 500,000 shares for issuance as restricted stock units ("RSUs"). The RSUs are subject to time-based vesting and a performance-based condition, both of which must be satisfied before the RSUs are settled for shares of common stock. The time-based vesting generally occurs over a period of four years. The performance condition is not subject to employment and will be satisfied upon the first to occur of the sale of Company or 180 days after the Company's initial public offering. The awards will expire 10 years from the grant date if not previously issued.

During the year ended July 31, 2011, an additional 3,000,000 shares were authorized under the 2010 Plan, of which 1,492,545 shares were transferred from the 2006 Plan and 68,000 shares were transferred from the French Plan.

Stock Option Exchange

In conjunction with the adoption of the 2010 Plan, the Company implemented a stock option exchange program wherein certain individuals were given the opportunity to exchange the stock options granted to them during the year ended July 31, 2010 for RSUs. The Company completed the option exchange program on July 22, 2010. As a result, the Company agreed to exchange options covering an aggregate of 123,800 shares of common stock from 28 eligible participants in exchange for the grant of RSUs. Upon the terms and conditions set forth in the option exchange program, the Company issued RSUs covering an aggregate of 105,231 shares of common stock in exchange for the options surrendered pursuant to the option exchange program. The RSUs are subject to time-based vesting and a performance condition. The performance condition is not subject to employment and will be satisfied upon the first to occur of 180 days after the Company's initial public offering or a change of control of the Company.

The option exchange program is considered a modification to the surrendered options, which requires the calculation of incremental compensation cost. The incremental compensation cost is calculated by comparing the fair value of each newly issued RSU to the fair value of the corresponding surrendered option, each of which was calculated as of July 22, 2010 using the Black-Scholes option-pricing model. To the extent the fair value of the newly issued RSUs exceeded the fair value of the surrendered option, there is incremental compensation cost. The total incremental compensation cost resulting from the option exchange program was $196,000.

The Company will continue to amortize previously unrecognized compensation expense related to the original grant date fair value of the surrendered options. The Company has elected to combine both the incremental value and the unamortized original grant date fair value of the surrendered options, the total of which will be recognized as compensation expense over the vesting term of the new RSUs.

Performance-based RSUs

On March 9, 2011, the Company granted a series of three awards totaling 878,800 performance-based RSUs to its President and Chief Executive Officer. Each of these RSUs is subject to the time-based vesting and performance condition described above. In addition, each of the RSUs is subject to a separate performance condition, as follows:

- The RSU covering 502,200 shares of our common stock is subject to satisfaction of the first to occur of either an initial public offering of the Company's equity securities prior to termination of employment with the Company or a change of control of the Company;

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- The RSUs covering 251,100 shares of our common stock is subject to full and final dismissal or final adjudication of certain specified litigation to the satisfaction of our Board of Directors; and
- The RSUs covering 125,500 shares of our common stock is subject to satisfaction of a pre-established revenues target level for fiscal year 2012.

Recognition of compensation cost for the RSU grants of 502,200 and 251,100 will commence when the related separate performance conditions are attained.

RSU activity for the periods presented is as follows:

	Number of RSUs Available for Grant	RSUs Outstanding: Number of RSUs Outstanding	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value(1) (in thousands)
Balance as of July 31, 2009	—	—	—	$ —
Additional shares authorized	500,000	—		
Granted	(105,231)	105,231		
Released	—	—		
Cancelled	—	—		
Balance as of July 31, 2010	394,769	105,231	10.0	$ 384
Additional shares authorized	3,830,000	—		
Granted	(4,293,900)	4,293,900		
Released	—	—		
Cancelled	80,135	(80,135)		
Balance as of July 31, 2011	11,004	4,318,996	9.5	$ 32,392
Additional shares authorized (unaudited)	575,000	—		
Granted (unaudited)	(597,595)	597,595		
Released (unaudited)	—	—		
Cancelled (unaudited)	61,019	(61,019)		
Balance as of October 31, 2011 (unaudited)	49,428	4,855,572	9.4	$ 42,001

(1) The aggregate intrinsic value is based on the fair value per share of common stock as determined by the Company's board of directors, which was $4.50 per share, $7.50 per share, and $8.65 per share as of July 31, 2010 and 2011 and October 31, 2011, respectively.

Determining Fair Value of Stock Options

The fair value of each grant of stock options was determined by the Company and its board of directors using the methods and assumptions discussed below. Each of these inputs is subjective and generally requires significant judgment to determine.

Valuation Method—The Company estimates the fair value of its stock options using the Black-Scholes option-pricing model.

Expected Term—The expected term represents the period that the stock-based awards are expected to be outstanding. The Company uses the simplified method to determine the expected term for its option grants as provided by the Securities and Exchange Commission. The simplified method calculates the expected term as the average of the time-to-vesting and the contractual life of the options. The Company uses the simplified method to determine its expected term because of its limited history of stock option exercise activity.

Expected Volatility—The expected volatility is derived from the historical stock volatilities of several comparable publicly listed peers over a period approximately equal to the expected term of the options as the Company has no trading history by which to determine the volatility of its own common stock.

Fair Value of Common Stock—The fair value of the common stock underlying the stock options has historically been determined by the Company's board of directors. Because there has been no public market for the Company's common stock, the board of directors has determined the fair value of the common stock at the time of the option grant by considering a number of objective and subjective factors including valuations of comparable companies, sales of redeemable convertible preferred stock to unrelated third parties, operating and financial performance, lack of liquidity of capital stock and general and industry-specific economic outlook, amongst other factors. The fair value of the underlying common stock shall be determined by the board of directors until such time that the Company's common stock is listed on an established stock exchange or national market system.

Risk-Free Interest Rate—The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero coupon U.S. Treasury notes with maturities approximately equal to the expected term of the options.

Expected Dividend—The expected dividend has been zero as the Company has never paid dividends and has no expectations to do so.

Forfeiture Rate—The Company estimates its forfeiture rate based on an analysis of its actual forfeitures and will continue to evaluate the adequacy of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover behavior, and other factors. The impact from a forfeiture rate adjustment will be recognized in full in the period of adjustment, and if the actual number of future forfeitures differs from that estimated, the Company may be required to record adjustments to stock-based compensation expense in future periods.

Summary of Assumptions—The Company uses the accelerated multiple option approach over the requisite service period, which is generally the vesting period of the respective awards. The fair value of the employee stock options were estimated on the grant dates using a Black-Scholes option-pricing model with the following weighted average assumptions:

	Years Ended July 31,			Three Months Ended October 31,	
	2009	2010	2011	2010[1]	2011
				(unaudited)	
Expected term (in years)	6.08	6.08	6.03	—	5.90 - 6.02
Risk-free interest rate	2.2 - 3.5%	2.7 - 3.1%	1.9%	—	1.1% - 1.2%
Expected volatility	48.5 - 52.3%	50.3 - 54.4%	46.1%	—	44.5%
Expected dividend rate	0%	0%	0%	—	0%

(1) No options were issued during the three months ended October 31, 2010.

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Stock-based compensation expense included in operating results amounted to approximately $2.8 million, $3.4 million, $6.7 million, $1.0 million and $3.3 million during the years ended July 31, 2009, 2010, 2011, and the three months ended October 31, 2010 and 2011, respectively, and this expense was included in cost of revenues and in operating expenses as follows:

	Years Ended July 31,			Three Months Ended October 31,	
	2009	2010	2011	2010	2011
				(unaudited)	
			(in thousands)		
Cost of revenues	$ 780	$ 925	$1,384	$ 306	$ 758
Research and development	688	769	1,372	248	845
Sales and marketing	857	755	903	135	497
General and administrative	464	905	3,021	334	1,212
Total stock-based compensation	$2,789	$3,354	$6,680	$ 1,023	$ 3,312

As of July 31, 2011, and October 31, 2011, total unrecognized compensation cost, adjusted for estimated forfeitures, was as follows:

	As of July 31, 2011		As of October 31, 2011	
	Unrecognized Expense	Average Expected Recognition Period	Unrecognized Expense	Average Expected Recognition Period
			(unaudited)	
	(in thousands)	(in years)	(in thousands)	(in years)
Stock options	$ 2,092	3.3	$ 2,209	3.1
Restricted stock units	11,880	3.7	13,967	3.5
Total unrecognized stock-based compensation expense	$ 13,972		$ 16,176	

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9. Net Income (Loss) per Share

The following table sets forth the computation of the Company's basic and diluted net income (loss) per share under the two-class method attributable to common stockholders during the years ended July 31, 2009, 2010, 2011 and the three months ended October 31, 2010 and 2011:

	Years Ended July 31,			Three Months Ended October 31,	
	2009	2010	2011	2010	2011
				(unaudited)	
	(in thousands, except share and per share data)				
Net income (loss):					
Net income (loss)	$ (10,966)	$ 15,519	$ 35,558	$ 1,890	$ 4,812
Non-cumulative dividends to preferred stockholders	—	(3,291)	(3,291)	(823)	(823)
Undistributed earnings allocated to preferred stockholders	—	(7,924)	(20,568)	(687)	(2,526)
Net income (loss), basic	$ (10,966)	$ 4,304	11,699	380	1,463
Adjustments to net income (loss) for dilutive options and restricted stock units	—	457	1,747	36	356
Net income (loss), diluted	$ (10,966)	$ 4,761	$ 13,446	$ 416	$ 1,819
Net income (loss) per share:					
Basic	$ (0.83)	$ 0.32	$ 0.83	$ 0.03	$ 0.10
Diluted	$ (0.83)	$ 0.30	$ 0.76	$ 0.03	$ 0.09
Weighted average shares used in computing net income (loss) per share:					
Basic	13,284,938	13,535,736	14,064,055	13,873,022	14,554,428
Weighted average effect of dilutive stock options	—	2,397,638	2,682,215	2,012,625	3,630,168
Weighted average effect of dilutive restricted stock units	—	—	1,010,622	161,218	2,937,891
Weighted average effect of dilutive preferred stock warrants	—	—	6,967	—	30,954
Diluted	13,284,938	15,933,374	17,763,859	16,046,865	21,153,441

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The following table sets forth the computation of the Company's unaudited pro forma basic and diluted net income per share during the years ended July 31, 2011 and the three months ended October 31, 2011:

	Years Ended July 31, 2011	Three Months Ended October 31, 2011
		(unaudited)
	(in thousands, except for share and per share amounts	
Numerator:		
Net income	$ 35,558	$ 4,812
Denominator:		
Weighted average shares used in computing pro forma net income per share, basic	14,064,055	14,554,428
Pro forma adjustments to reflect assumed conversion of convertible preferred stock	25,357,721	25,357,721
Weighted average shares used in computing pro forma net income per share, basic	39,421,776	39,912,149
Weighted average effect of dilutive stock options	2,682,215	3,630,168
Weighted average effect of dilutive restricted stock units	1,010,622	2,937,891
Weighted average effect of dilutive preferred stock warrants	6,967	30,954
Weighted average shares used in computing pro forma net income per share, diluted	43,121,580	46,511,162
Pro forma net income per share:		
Basic	$ 0.90	$ 0.12
Diluted	$ 0.82	$ 0.10

The following outstanding shares of common stock equivalents were excluded from the computation of diluted net income (loss) per share for the periods presented because including them would have been antidilutive:

	Years Ended July 31,			Three Months Ended October 31,	
	2009	2010	2011	2010	2011
				(unaudited)	
Convertible preferred stock	25,357,721	—	—	—	—
Stock options to purchase common stock	3,269,353	2,520,855	1,975,982	3,979,718	510,288
Common stock subject to repurchase	34,952	—	—	—	—
Restricted stock units	—	92,636	163,031	282	—
Series C convertible preferred stock warrants	69,529	69,529	—	69,529	—

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10. Income Taxes

The Company's income (loss) before provision for income taxes for the years ended July 31, 2009, 2010 and 2011 is as follows:

	Years Ended July 31,		
	2009	2010	2011
		(in thousands)	
Domestic	$ (10,700)	$ 15,179	$ 1,077
International	132	2,539	7,219
Income (loss) before provision for income taxes	$ (10,568)	$ 17,718	$ 8,296

The provision for income taxes consisted of the following:

	Years Ended July 31,		
	2009	2010	2011
		(in thousands)	
Current:			
U.S. Federal	$ 56	$ (49)	$ 192
State	36	786	259
Foreign	306	1,462	404
Total current	398	2,199	855
Deferred:			
U.S. Federal	—	—	(24,322)
State	—	—	(3,326)
Foreign	—	—	(469)
Total deferred	—	—	(28,117)
Total provision for (benefit from) income taxes	$ 398	$ 2,199	$ (27,262)

The total income tax expense differs from the amounts computed by applying the statutory federal income tax rate of 34% during the year ended July 31, 2009 and 35% during the years ended July 31, 2010 and 2011 as follows:

	Years Ended July 31,		
	2009	2010	2011
		(in thousands)	
Computed tax expense (benefit)	$ (3,593)	$ 6,202	$ 2,906
Nondeductible items and other	968	678	475
State taxes, net of federal benefit	24	445	477
Foreign income taxed at different rates	259	574	(2,593)
Utilization of tax credits	—	—	(1,330)
Net operating loss, tax credit, and carryovers not benefited, net	2,740	—	—
Reduction in valuation allowance	—	(5,700)	(27,197)
Total provision for (benefit from) income taxes	$ 398	$ 2,199	$ (27,262)

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The income tax provision for the three months ended October 31, 2010 and 2011 was $0.1 million and $3.0 million, respectively. The change is primarily due to a full valuation allowance as of October 31, 2010 as compared to no valuation allowance as of October 31, 2011. In addition, the increase in profitability resulted in additional foreign and U.S. federal and state taxes during the three months ended October 31, 2011. The effective tax rate of 38.7% for the three months ended October 31, 2011 differs from the statutory federal income tax rate of 35% mainly due to permanent differences for stock based compensation and the impact of state income taxes, partially offset by the benefit from research and development tax credits ("R&D credit").

The tax effects of temporary differences that gave rise to significant portions of deferred tax assets and liabilities are as follows:

	Years Ended July 31,		
	2009	2010	2011
		(in thousands)	
Accruals and reserves	$ 1,226	$ 2,059	$ 8,307
Deferred revenues	1,144	1,676	2,373
Property and equipment	75	—	—
State taxes	12	238	121
Net operating loss carryforwards	26,232	19,432	12,768
Tax credits	3,437	5,694	6,908
Total deferred tax assets	32,126	29,099	30,477
Valuation allowance	(32,126)	(28,987)	(1,790)
Net deferred tax assets	—	112	28,687
Property, equipment and other	—	(112)	(570)
Total net deferred tax assets	$ —	$ —	$28,117

As of July 31, 2009 and 2010, the Company determined that it is more likely than not that the Company will not realize the benefits of its deferred tax assets and recorded a valuation allowance in each of these years. In assessing the realizability of its deferred tax assets as of July 31, 2009 and 2010 the Company considered the existing negative evidence in the form of cumulative pre-tax losses from operations over the prior three-year period as significant evidence that a valuation allowance was required. During the year ended July 31, 2011, the objective negative evidence in the form of cumulative losses over the prior three years was no longer present and the Company was able to consider positive evidence, including projections for future growth, in its assessment and determined a significant portion of the valuation allowance was no longer required. A corresponding benefit of $27.2 million was recorded for the year ended July 31, 2011. A valuation allowance of $1.8 million remained as of July 31, 2011 for California research and development credits that were not more likely than not realizable.

The Company had net operating loss carryforwards of the following:

	Years Ended July 31,		
	2009	2010	2011
		(in thousands)	
Current:			
U.S. federal	$ 67,861	$47,925	$29,020
California	35,196	35,196	34,655
Other states	22,786	13,687	3,996
Total	$125,843	$96,808	$67,671

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The Company had R&D credits carryforwards of the following:

	Years Ended July 31, 2009	2010	2011
	(in thousands)		
Current:			
U.S. federal	$2,012	$3,320	$5,648
California	2,162	3,530	4,271
Total	$4,174	$6,850	$9,919

The U.S. federal and California net operating loss carryforwards will start to expire in 2028 and 2016, respectively. The U.S. federal R&D credit will start to expire in 2023.

During the year ended July 31, 2011, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 reinstated the U.S. federal R&D credit, retroactive to January 1, 2010. As a result, the Company recorded a $0.5 million U.S. federal R&D credit related to the period from January 1, 2010 through July 31, 2010.

Federal and California laws impose restrictions on the utilization of net operating loss carryforwards and R&D credit carryforwards in the event of a change in ownership of the Company, which constitutes an “ownership change” as defined by Internal Revenue Code Sections 382 and 383. The Company experienced an ownership change in the past that does not materially impact the availability of its net operating losses and tax credits. Nevertheless, should there be an ownership change in the future, the Company’s ability to utilize existing carryforwards could be substantially restricted.

The Company provides U.S. income taxes on the earnings of foreign subsidiaries, unless the subsidiaries’ earnings are considered indefinitely reinvested outside the United States. As of October 31, 2011, U.S. income taxes were not provided for on the cumulative total of $5.0 million undistributed earnings from certain foreign subsidiaries. As of October 31, 2011, the unrecognized deferred tax liability for these earnings was approximately $0.6 million.

Uncertain Tax Positions

During the year ended July 31, 2011, the long-term liability associated with unrecognized tax benefits decreased by $277,000, which was primarily associated with the Company’s operations in Russia. Accordingly, the amount as of July 31, 2011 was $62,000, which included $21,000 of interest and penalties.

The following table summarizes the activity related to unrecognized tax benefits:

	Years Ended July 31, 2009	2010	2011
	(in thousands)		
Unrecognized benefit—beginning of period	$ —	$ —	$ 335
Gross increases (decreases)—prior period tax positions	—	—	1,436
Gross increases (decreases)—current period tax positions	—	335	648
Unrecognized benefit—end of period	$ —	$ 335	$ 2,419

During the year ended July 31, 2011, the unrecognized tax benefits at the beginning of the period decreased by $0.3 million as a result of a lapse in the applicable statute of limitations associated with an uncertain tax position in the Company's operations in Russia. In that same period, the Company's unrecognized tax benefits increased by $2.4 million, associated with the Company's federal and California R&D credits. As of July 31, 2011, the Company had unrecognized tax benefits of $1.5 million, that if recognized, these tax benefits would affect the Company's effective tax rate.

During the three months ended October 31, 2011, the unrecognized tax benefits at the beginning of the period increased by $0.2 million associated with the Company's federal and California R&D credits. Accordingly, as of October 31, 2011, the Company had unrecognized tax benefits of $1.6 million that, if recognized, these tax benefits would affect the Company's effective tax rate.

The Company believes that it is reasonably possible that there will be a significant increase in its unrecognized tax benefits during the next twelve months as a result of the generation of additional R&D credits.

The Company or one of its subsidiaries files income taxes in the U.S. federal jurisdiction and various states and foreign jurisdictions. If the Company utilizes net operating losses or tax credits in future years, the U.S. federal, state and local, and non-U.S. tax authorities may examine the tax returns covering the period in which the net operating losses and tax credits arose. As a result, the Company's tax returns in the U.S. and California remain open to examination from fiscal years 2002 through 2010. Substantially all material foreign income tax matters in Australia have been concluded through the year ended July 31, 2007. The Company has been audited in Canada and substantially concluded all material income tax matters through July 31, 2009.

11. Employee 401(k) Plan

The Company's employee savings and retirement plan is qualified under Section 401 of the Internal Revenue Code. The plan is available to all regular employees on the Company's U.S. payroll and provides employees with tax-deferred salary deductions and alternative investment options. Employees may contribute up to 25% of their salary up to the statutory prescribed annual limit. Commencing January 1, 2011, the Company matches employees' contributions to the plan by up to $1,000 per participant.

12. Segment Information and Information about Geographic Areas

The Company operates in one segment. The Company's chief operating decision maker (the "CODM"), its chief executive officer, manages the Company's operations on a consolidated basis for purposes of allocating resources. When evaluating the Company's financial performance, the CODM reviews separate revenues information for the Company's license, maintenance and professional services offerings, while all other financial information is reviewed on a consolidated basis. All of the Company's principal operations and decision-making functions are located in the United States.

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Revenues

The following table sets forth revenues by country based on the billing address of the customer:

	Years Ended July 31,			Three Months Ended October 31,	
	2009	2010	2011	2010	2011
				(unaudited)	
			(in thousands)		
United States	$57,755	$ 85,680	$ 89,714	$20,220	$32,397
Canada	13,402	15,333	24,632	3,949	4,616
Australia	5,134	7,066	17,388	3,355	6,668
United Kingdom	2,125	14,190	17,362	3,760	3,231
Other	6,329	22,422	23,376	3,386	5,468
Total	$84,745	$144,691	$172,472	$34,670	$52,380

No other country accounted for more than 10% of revenues during the years ended July 31, 2009, 2010, 2011 and the three months ended October 31, 2010 and 2011.

The following table sets forth the Company's property and equipment, net by geographic region:

	July 31,		October 31,
	2010	2011	2011
			(unaudited)
		(in thousands)	
North America	$2,727	$4,379	$ 4,285
Asia Pacific	23	20	18
Europe	14	56	51
	$2,764	$4,455	$ 4,354

13. Subsequent Events

The Company has evaluated subsequent events through October 27, 2011, the date the annual consolidated financial statements were issued. For the issuance of the financial statements for the three months ended October 31, 2011, the unaudited interim period presented herein, such evaluation has been performed through December 13, 2011.

On December 5, 2011, the Company entered into a seven-year lease for a facility to serve as its corporate headquarters, located in Foster City, California, for approximately 97,644 square feet of space commencing August 1, 2012. Future commitments and obligations under the new lease to be satisfied as they become due over its terms are as follows as of December 5, 2011:

Year Ending July 31:	(in thousands)
2012	$ —
2013	2,696
2014	4,165
2015	4,290
2016 and beyond	18,486
Total	$ 29,637

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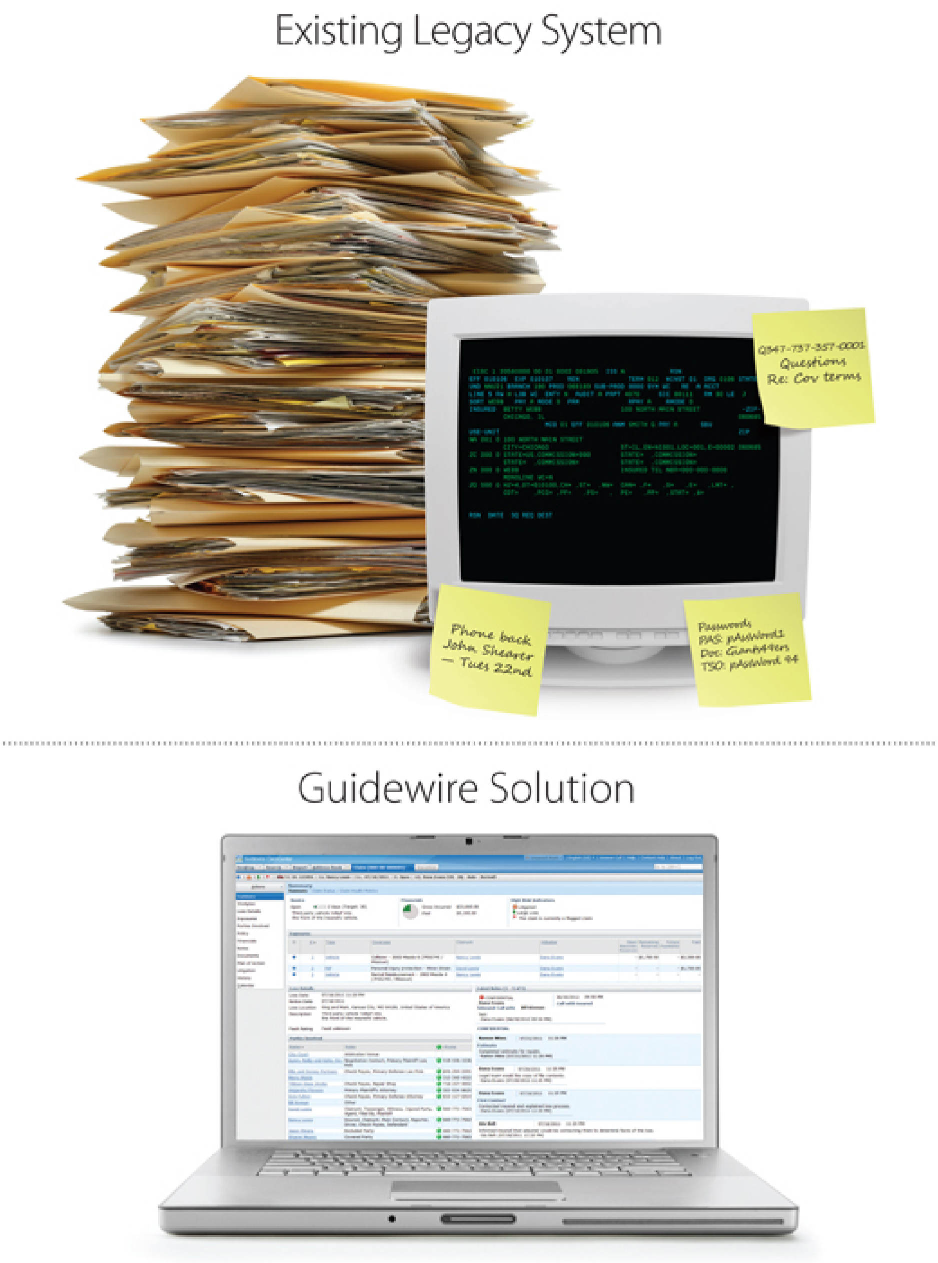

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Shares

Guidewire

Common Stock

Prospectus

J.P. Morgan **Deutsche Bank Securities** **Citigroup**

Stifel Nicolaus Weisel **Pacific Crest Securities**

, 2012

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

Estimated expenses, other than underwriting discounts and commissions, payable by the Registrant in connection with the sale of the common stock being registered under this registration statement are as follows:

SEC registration fee	$11,610
FINRA filing fee	10,500
NYSE Listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees and expenses	*
Miscellaneous	*
Total	$ *

* To be completed by amendment.

Item 14. Indemnification of Directors and Officers.

On completion of this offering, the Registrant's amended and restated certificate of incorporation will contain provisions that eliminate, to the maximum extent permitted by the General Corporation Law of the State of Delaware, the personal liability of the Registrant's directors and executive officers for monetary damages for breach of their fiduciary duties as directors or officers. The Registrant's amended and restated certificate of incorporation and bylaws will provide that the Registrant must indemnify its directors and executive officers and may indemnify its employees and other agents to the fullest extent permitted by the General Corporation Law of the State of Delaware.

Sections 145 and 102(b)(7) of the General Corporation Law of the State of Delaware provide that a corporation may indemnify any person made a party to an action by reason of the fact that he or she was a director, executive officer, employee or agent of the corporation or is or was serving at the request of a corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that, in the case of an action by or in right of the corporation, no indemnification may generally be made in respect of any claim as to which such person is adjudged to be liable to the corporation.

The Registrant has entered into indemnification agreements with its directors and executive officers, in addition to the indemnification provided for in its amended and restated certificate of incorporation and bylaws, and intends to enter into indemnification agreements with any new directors and executive officers in the future.

The Registrant has purchased and intends to maintain insurance on behalf of each and any person who is or was a director or officer of the Registrant against any loss arising from any claim asserted against him or her and incurred by him or her in any such capacity, subject to certain exclusions.

The Underwriting Agreement (Exhibit 1.1 hereto) provides for indemnification by the underwriters of the Registrant and its executive officers and directors, and by the Registrant of the underwriters, for certain liabilities, including liabilities arising under the Securities Act.

See also the undertakings set out in response to Item 17 herein.

Item 15. Recent Sales of Unregistered Securities.

During the three years preceding the filing of this registration statement:

From December 1, 2008 through November 30, 2011, we sold and issued to our employees, consultants or former service providers an aggregate of 1,842,615 shares of common stock pursuant to option exercises under our 2006 Stock Plan, as amended, at prices ranging from $0.05 to $4.50 per share for an aggregate purchase price of $3,475,863. From December 1, 2008 through November 30, 2011, we granted RSUs for 5,294,226 shares to our employees and directors.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering, and the registrant believes that each transaction was exempt from the registration requirements of the Securities Act pursuant to Rule 701 promulgated under the Securities Act as a transaction pursuant to a compensatory benefit plan.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

The exhibits to the Registration Statement are listed in the Exhibit Index to this Registration Statement, and are incorporated herein by reference.

(b) Financial Statement Schedules.

All schedules have been omitted because the information required to be presented in them is not applicable or is shown in the consolidated financials statements or related notes.

Item 17. Undertakings.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933, as amended, and will be governed by the final adjudication of such issue.

We hereby undertake that:

(a) We will provide to the underwriters at the closing as specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) For purposes of determining any liability under the Securities Act of 1933, as amended, the information omitted from a form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933, as amended, shall be deemed to be part of this registration statement as of the time it was declared effective.

(c) For the purpose of determining any liability under the Securities Act of 1933, as amended, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Signatures

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Mateo, State of California, on December 13, 2011.

GUIDEWIRE SOFTWARE, INC.

By: /S/ MARCUS S. RYU
Marcus S. Ryu
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/S/ MARCUS S. RYU Marcus S. Ryu	President, Chief Executive Officer and Director (Principal Executive Officer)	December 13, 2011
/S/ KAREN BLASING Karen Blasing	Chief Financial Officer (Principal Financial and Accounting Officer)	December 13, 2011
* Kenneth W. Branson	Director	December 13, 2011
* Craig Conway	Director (Executive Chairman)	December 13, 2011
* Neal Dempsey	Director	December 13, 2011
* Steven M. Krausz	Director	December 13, 2011
* Craig Ramsey	Director	December 13, 2011
* Clifton Thomas Weatherford	Director	December 13, 2011

*By: /S/ MARCUS S. RYU
Marcus S. Ryu
Attorney-in-fact

Exhibit Index

Exhibit Number	Exhibit Title
1.1*	Form of Underwriting Agreement.
3.1**	Amended and Restated Certificate of Incorporation of the Registrant in effect before the closing of this offering.
3.2**	Certificate of Amendment of the Restated Certificate of Incorporation of the Registrant in effect before the closing of this offering.
3.3**	Form of Amended and Restated Certificate of Incorporation of the Registrant to be effective immediately prior to the closing of this offering.
3.4**	Bylaws of the Registrant in effect before the closing of this offering.
3.5**	Amendment to the Bylaws of the Registrant in effect before the closing of this offering.
3.6**	Form of Amended and Restated Bylaws of the Registrant to be effective immediately prior to the closing of this offering.
4.1*	Form of Common Stock certificate of the Registrant.
4.2**	Second Amended and Restated Investors' Rights Agreement dated as of September 20, 2007 by and between the Registrant and certain stockholders.
4.3	Amendment No. 1 to the Second Amended and Restated Investors' Rights Agreement dated as of December 8, 2010 by and between the Registrant and certain stockholders.
4.4**	Warrant to Purchase Stock dated as of March 28, 2008 issued to Silicon Valley Bank (Revolver).
4.5**	Warrant to Purchase Stock dated as of March 28, 2008 issued to Silicon Valley Bank (Growth Capital).
4.6**	Warrant to Purchase Stock dated as of March 28, 2008 issued to Gold Hill Venture Lending 03, LP.
5.1*	Opinion of Goodwin Procter LLP.
10.1**	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.
10.2†**	2006 Stock Plan and forms of agreements thereunder.
10.3†**	2009 Stock Plan and forms of agreements thereunder.
10.4†**	2010 Restricted Stock Unit Plan and forms of agreements thereunder.
10.5†	2011 Stock Plan and forms of agreements thereunder.
10.6†**	Form of Executive Agreement.
10.7†**	Offer Letter to Jeremy Henrickson dated November 5, 2003.
10.8†**	Offer Letter to Alexander C. Naddaff dated November 15, 2002.
10.9†	Offer Letter to John True dated October 22, 2011.
10.10**	Sublease between Oracle USA, Inc. and the Registrant dated as of July 2, 2007.
10.11**	Sublease between Oracle USA, Inc. and the Registrant dated as of December 20, 2010.
10.12†	Senior Executive Incentive Bonus Plan.
10.13	Lease Agreement between Parkside Towers, L.P. and the Registrant dated as of December 5, 2011.
21.1**	Subsidiaries of the Registrant.
23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm.
23.2*	Consent of Goodwin Procter LLP (contained in Exhibit 5.1).
24.1**	Power of Attorney (contained in the signature page of the original filing of this registration statement).

* To be filed by amendment.
** Previously filed.
† Indicates management contract or compensatory plan or arrangement.

Exhibit 4.3

GUIDEWIRE SOFTWARE, INC. AMENDMENT NO. 1 TO THE

SECOND AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

This Amendment No. 1 TO THE SECOND AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT (this **"Amendment"**) is made as of December 8, 2010 by and among **Guidewire Software, Inc.**, a Delaware corporation (the **"Company"**), the investors of the Company listed on Schedule A of the Rights Agreement (as defined below) (collectively, the **"Investors"**) and Craig Conway (the **"Holder"**).

RECITALS

WHEREAS, the Company and the Investors are parties to that certain Second Amended and Restated Investors' Rights Agreement dated as of September 20, 2007 (the **"Rights Agreement"**);

WHEREAS, Section 1.14 of the Rights Agreement requires the written consent of the holders of a majority of the outstanding Registrable Securities (as defined therein) to approve any subsequent grant of registration rights;

WHEREAS, Section 3.7 of the Rights Agreement provides that any term therein may be amended with the written consent of the Company and the holders of more than fifty percent (50%) of the Registrable Securities (as defined therein) then outstanding;

WHEREAS, the Company and the undersigned holders of a majority of the outstanding Registrable Securities (as defined in the Rights Agreement) hereby agree to amend the Rights Agreement to grant the Holder registration rights with respect to the shares of the Company's Common Stock held by the Holder, and to make the Holder a party to the Rights Agreement for such purposes.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties hereto agree as follows:

1. The definition "Registrable Securities" set forth in **Section 1.1(f)** of the Rights Agreement shall be amended and restated in its entirety as set forth below:

"The term ***"Registrable Securities"*** means: (i) any Common Stock issued or issuable upon conversion of the Preferred Stock of the Company; (ii) any Common Stock held by Craig Conway (***"Conway"***), provided, however, that such Common Stock shall not be deemed Registrable Securities and Conway shall not be deemed a Holder for the purposes of Subsection 1.14, Section 2 and Subsection 3.7 of this Agreement; (iii) for purposes of the rights granted pursuant to Section 1.3 of this Agreement only, any Common Stock held by a Founder (other than Common Stock held by a Founder issued upon conversion of the Preferred Stock held by such Founder, which Common Stock shall be deemed Registrable Securities as set forth in clause (i) above); and (iv) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security that is issued as) a dividend or other distribution with respect to, or in exchange for, or in replacement of, such Preferred Stock or Common Stock, excluding, however, any Registrable Securities sold by a person in a transaction in which such person's rights under this Section 1 are not assigned."

2. This Amendment shall be deemed effective as of the date above as if executed by all parties hereto on such date.

3. This Amendment shall be governed by and construed under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California.

4. This Amendment may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

5. The Rights Agreement as modified by this Amendment shall remain in full force and effect as so modified.

*** * ***

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 to the Second Amended and Restated Investors' Rights Agreement as of the date first written above.

COMPANY:

GUIDEWIRE SOFTWARE, INC.

By: /s/ Marcus Ryu

Name: Marcus Ryu

Title: CEO

Address: 2211 Bridgepointe Parkway, Suite 200
San Mateo, California 94404

Signature Page to Amendment No. 1 to the
Second Amended and Restated Investors' Rights Agreement

INVESTORS:

U.S. VENTURE PARTNERS VIII, L.P.
USVP VIII AFFILIATES FUND, L.P.
USVP ENTREPRENEUR PARTNERS VIII-A, L.P.
USVP ENTREPRENEUR PARTNERS VIII-B, L.P.

By Presidio Management Group VIII, L.L.C.
The General Partner of Each

By: /s/ Michael P. Maher
Name: Michael P. Maher
Title: Attorney-in-Fact

Address:
2735 Sand Hill Road
Menlo Park CA 94025
Facsimile No.: (650) 854-3018
Attn: Chief Financial Officer
Email: deals@usvp.com

Signature Page to Amendment No. 1 to the
Second Amended and Restated Investors' Rights Agreement

INVESTORS:

BAY PARTNERS X, L.P.

By Bay Management Company X, LLC,
General Partner

By: /s/ Neal Dempsey
Name: Neal Dempsey
Title: Manager

BAY PARTNERS X ENTREPRENEURS FUND, L.P.

By Bay Management Company X, LLC,
General Partner

By: /s/ Neal Dempsey
Name: Neal Dempsey
Title: Manager

Signature Page to Amendment No. 1 to the
Second Amended and Restated Investors' Rights Agreement

HOLDER:

____
Craig Conway

Signature Page to Amendment No. 1 to the
Second Amended and Restated Investors' Rights Agreement

Exhibit 10.5

GUIDEWIRE SOFTWARE, INC.

2011 STOCK PLAN

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GUIDEWIRE SOFTWARE, INC.
2011 STOCK PLAN

SECTION 1. ESTABLISHMENT AND PURPOSE.

The purpose of the Plan is to offer selected persons an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, by acquiring Shares of the Company's Stock. The Plan provides (i) for the direct award or sale of Shares, (ii) for the grant of Options to purchase Shares and (iii) for other Share-based or cash awards. Options granted under the Plan may include Nonstatutory Options as well as ISOs intended to qualify under Section 422 of the Code.

Capitalized terms are defined in Section 22.

SECTION 2. ADMINISTRATION.

(a) Committees of the Board of Directors. The Plan shall be administered by either the Board of Directors or the compensation committee of the Board of Directors or a similar committee performing the functions of the compensation committee and which is comprised of not less than two Outside Directors who are independent. All references in the Plan to the "Committee" shall be deemed to refer to the group then responsible for administration of the Plan at the relevant time (i.e., either the Board of Directors or a committee or committees of the Board of Directors, as applicable).

(b) Authority of the Committee. Subject to the provisions of the Plan, the Committee shall have full authority and discretion to take any actions it deems necessary or advisable for the administration of the Plan, including the power and authority:

(i) to select the individuals to whom Awards may from time to time be made;

(ii) to determine the time or times of grant, and the extent, if any, of ISOs, Nonstatutory Options, Stock Appreciation Rights, Restricted Stock Awards, Restricted Stock Units, Unrestricted Stock Awards, Cash-Based Awards and Performance Share Awards, or any combination of the foregoing, granted to any one or more Grantees;

(iii) to determine the number of Shares to be covered by any Award;

(iv) to determine and modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and grantees, and to approve the forms of Award Agreements;

(v) to accelerate at any time the exercisability or vesting of all or any portion of any Award;

(vi) subject to the provisions of Section 6(e), to extend at any time the period in which Options may be exercised; and

(vii) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including related written instruments); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions, interpretations and other actions of the Committee shall be final and binding on all Grantees and all persons deriving their rights from a Grantee.

(c) Indemnification. Neither the Board of Directors nor the Committee, nor any member of either or any delegate thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and the members of the Board of Directors and the Committee (and any delegate thereof) shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, reasonable attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under the Company's articles or bylaws or any directors' and officers' liability insurance coverage which may be in effect from time to time and/or any indemnification agreement between such individual and the Company.

(d) Foreign Award Recipients. Notwithstanding any provision of the Plan to the contrary, the Committee, in its sole discretion, shall have the power and authority to: (i) determine which Subsidiaries shall be covered by the Plan; (ii) determine which individuals outside the United States are eligible to participate in the Plan; (iii) adopt or modify the terms and conditions of any Award granted to individuals outside the United States to satisfy applicable foreign laws or regulations; (iv) establish subplans and modify exercise procedures and other terms and procedures, to satisfy applicable foreign laws or regulations, including qualifying for preferred tax treatment under foreign laws (and such subplans and/or modifications shall be attached to this Plan as appendices); provided, however, that no such subplans and/or modifications shall increase the share limitations contained in Section 4(a) hereof; and (v) take any action, before or after an Award is made, that the Committee determines to be necessary or advisable to obtain approval or comply with any local laws or regulations. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act or any other applicable United States securities law, the Code, or any other applicable United States governing statute or law.

SECTION 3. ELIGIBILITY.

(a) General Rule. Only Employees, Outside Directors and Consultants shall be eligible for the grant of Awards. Only Employees shall be eligible for the grant of ISOs.

(b) Ten-Percent Stockholders. A person who owns more than 10% of the total combined voting power of all classes of outstanding stock of the Company, its Parent or any of its Subsidiaries shall not be eligible to receive an ISO unless (i) the Exercise Price is at least 110% of the Fair Market Value of a Share on the date of grant and (ii) such ISO by its terms is not exercisable after the expiration of five years from the date of grant. For purposes of this Subsection (b), in determining stock ownership, the attribution rules of Section 424(d) of the Code shall be applied.

SECTION 4. STOCK SUBJECT TO PLAN.

(a) Basic Limitation. The maximum number of Shares reserved and available for issuance under the Plan shall be the sum of (i) 7,500,000 Shares, (ii) the number of Shares that remains available for grants under the 2006 Plan and 2010 Plan as of the Effective Date, (iii) the number of Shares underlying any grants under the 2006 and 2010 Plan that are forfeited, canceled, held back upon settlement to cover the tax withholding or otherwise terminated from and after the Effective Date, and (iv) on each January 1 (commencing with the January 1 immediately following the Effective Date), an additional number of Shares equal to 5 percent of the number of shares of Stock issued and outstanding on the immediately preceding December 31, subject in all cases to adjustment as provided in Section 17. Subject to such overall limitation, (A) the maximum aggregate number of shares of Stock that may be issued in the form of Incentive Stock Options shall not exceed 20,000,000 shares of Stock, subject in all cases to adjustment as provided in Section 17 and (B) Shares may be issued up to such maximum number pursuant to any type or types of Award; provided, however, that Options or Stock Appreciation Rights with respect to no more than 2,500,000 Shares may be granted to any one individual Grantee during any one calendar year period. Shares offered under the Plan may be authorized but unissued Shares or Shares reacquired by the Company.

(b) Additional Shares. For purposes of the limitation set forth in Section 4(a) above, in the event that Shares previously issued under the Plan or underlying Awards granted under the Plan are forfeited, canceled, held back upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding, reacquired by the Company prior to vesting, satisfied without the issuance of Stock or otherwise terminated (other than by exercise), such Shares shall be added to the number of Shares then available for issuance under the Plan.

(c) Substitute Awards. The Committee may grant Awards under the Plan in substitution for stock and stock based awards held by employees, directors or other key persons of another corporation in connection with the merger or consolidation of the employing corporation with the Company or a Subsidiary or the acquisition by the Company or a Subsidiary of property or stock of the employing corporation. The Committee may direct that the substitute awards be granted on such terms and conditions as the Committee considers appropriate in the circumstances. Any substitute Awards granted under the Plan shall not count against the share limitation set forth in Section 4(a).

SECTION 5. TERMS AND CONDITIONS OF RESTRICTED STOCK AND UNRESTRICTED STOCK AWARDS.

(a) Restricted Stock Award Agreement. Each award or sale of Restricted Stock under the Plan shall be evidenced by an Award Agreement between the Grantee and the Company. Such award or sale shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan and which the Committee deems appropriate for inclusion in an Award Agreement. The provisions of the various Award Agreements entered into under the Plan need not be identical.

(b) Purchase Price. The Board of Directors shall determine the Purchase Price, if any, at its sole discretion. The Purchase Price, which may be zero, shall be payable in a form described in Section 7.

(c) Rights as a Stockholder. Upon the grant of the Restricted Stock Award and payment of any applicable Purchase Price, a Grantee shall have the rights of a stockholder with respect to the voting of the Restricted Stock, subject to such conditions contained in the Award Agreement. Unless the Committee shall otherwise determine, (i) uncertificated Restricted Stock shall be accompanied by a notation on the records of the Company or the transfer agent to the effect that they are subject to forfeiture until such Restricted Stock becomes vested as provided in Section 5(e) below, and (ii) certificated Restricted Stock shall remain in the possession of the Company until such Restricted Stock becomes vested as provided in Section 5(e) below, and the Grantee shall be required, as a condition of the grant, to deliver to the Company such instruments of transfer as the Committee may prescribe.

(d) Restrictions on Transfer of Shares. Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Restricted Stock Award Agreement. Except as may otherwise be provided by the Committee either in the Award Agreement or, subject to Section 20 below, in writing after the Award is issued, if a Grantee's Service with the Company and its Subsidiaries terminates for any reason, any Restricted Stock that has not vested at the time of termination shall automatically and without any requirement of notice to such Grantee from, or other action by or on behalf of, the Company be deemed to have been reacquired by the Company at its original purchase price (if any) from such Grantee or such Grantee's legal representative simultaneously with such termination of Service, and thereafter shall cease to represent any ownership of the Company by the Grantee or rights of the Grantee as a stockholder. Following such deemed reacquisition of unvested Restricted Stock that are represented by physical certificates, a Grantee shall surrender such certificates to the Company and the Company shall remit to the Grantee the original purchase price (if any) for such unvested Restricted Stock.

(e) Vesting of Restricted Stock Grant. The Committee at the time of grant shall specify the date or dates and/or the attainment of pre-established performance goals, objectives and other conditions on which the non-transferability of the Restricted Stock and the Company's right of repurchase or forfeiture shall lapse. Subsequent to such date or dates and/or the attainment of such pre-established performance goals, objectives and other conditions, the shares on which all restrictions have lapsed shall no longer be Restricted Stock and shall be deemed "vested." Except as may otherwise be provided by the Committee either in the Award

Agreement or, subject to Section 20 below, in writing after the Award is issued, a Grantee's rights in any Shares of Restricted Stock that have not vested shall automatically terminate upon the Grantee's termination of Service with the Company and its Subsidiaries and such Shares shall be subject to the provisions of Section 5(d) above.

(f) Grant or Sale of Unrestricted Stock. The Committee may, in its sole discretion, grant (or sell at par value or such higher purchase price determined by the Committee) an Unrestricted Stock Award under the Plan. Unrestricted Stock Awards may be granted in respect of past services or other valid consideration, or in lieu of cash compensation due to such Grantee.

SECTION 6. TERMS AND CONDITIONS OF OPTIONS.

(a) Option Award Agreement. Each grant of an Option under the Plan shall be evidenced by an Award Agreement between the Optionee and the Company. The Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan and which the Committee deems appropriate for inclusion in an Award Agreement. The provisions of the various Award Agreements entered into under the Plan need not be identical.

(b) Number of Shares. Each Award Agreement shall specify the number of Shares that are subject to the Option and shall also specify whether the Option is an ISO or a Nonstatutory Option.

(c) Exercise Price. Each Award Agreement shall specify the Exercise Price. The Exercise Price of any Option shall not be less than 100% of the Fair Market Value of a Share on the date of grant, and a higher percentage may be required by Section 3(b). Subject to the preceding sentence, the Exercise Price shall be determined by the Committee at its sole discretion. The Exercise Price shall be payable in a form described in Section 7. The transfer to the Optionee on the records of the Company or of the transfer agent of the Shares to be purchased pursuant to the exercise of an Option will be contingent upon receipt from the Optionee (or a purchaser acting in his stead in accordance with the provisions of the Option) by the Company of the full purchase price for such shares and the fulfillment of any other requirements contained in the Award Agreement or applicable provisions of laws (including the satisfaction of any withholding taxes that the Company is obligated to withhold with respect to the Optionee). In the event an Optionee chooses to pay the purchase price by previously-owned Shares through the attestation method (as described in Section 7(d)), the number of Shares transferred to the Optionee upon the exercise of the Stock Option shall be net of the number of attested shares. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the exercise of Options, such as a system using an internet website or interactive voice response, then the paperless exercise of Options may be permitted through the use of such an automated system.

(d) Exercisability. Each Award Agreement shall specify the date when all or any installment of the Option is to become exercisable. No Option shall be exercisable unless the Optionee (i) has delivered an executed copy of the Award Agreement to the Company or

(ii) otherwise agrees to be bound by the terms of the Award Agreement. The Committee shall determine the exercisability provisions of the Option Award Agreement at its sole discretion.

(e) Basic Term. The Award Agreement shall specify the term of the Option. The term shall not exceed 10 years from the date of grant, and a shorter term may be required by Section 3(b). Subject to the preceding sentence, the Committee at its sole discretion shall determine when an Option is to expire.

(f) Termination of Service (Except by Death). Unless otherwise provided in an Award Agreement for a particular Option, if an Optionee's Service terminates for any reason other than the Optionee's death, then the Optionee's Options shall expire on the earliest of the following occasions:

(i) The expiration date determined pursuant to Subsection (e) above;

(ii) The date three months after the termination of the Optionee's Service for any reason other than Disability, or such later date as the Board of Directors may determine; or

(iii) The date six months after the termination of the Optionee's Service by reason of Disability, or such later date as the Board of Directors may determine.

The Optionee may exercise all or part of the Optionee's Options at any time before the expiration of such Options under the preceding sentence, but only to the extent that such Options had become exercisable before the Optionee's Service terminated (or became exercisable as a result of the termination) and the underlying Shares had vested before the Optionee's Service terminated (or vested as a result of the termination). The balance of such Options shall lapse when the Optionee's Service terminates. In the event that the Optionee dies after the termination of the Optionee's Service but before the expiration of the Optionee's Options, all or part of such Options may be exercised (prior to expiration) by the executors or administrators of the Optionee's estate or by any person who has acquired such Options directly from the Optionee by beneficiary designation (provided such beneficiary has been designated prior to the Optionee's death in a form acceptable to the Committee), will or in accordance with the applicable laws of descent and distribution, but only to the extent that such Options had become exercisable before the Optionee's Service terminated (or became exercisable as a result of the termination) and the underlying Shares had vested before the Optionee's Service terminated (or vested as a result of the termination).

(g) Death of Optionee. Unless otherwise provided in an Award Agreement for a particular Option, if an Optionee dies while the Optionee is actively providing Service, then the Optionee's Options shall expire on the earlier of the following dates:

(i) The expiration date determined pursuant to Subsection (e) above; or

(ii) The date 12 months after the Optionee's death, or such later date as the Board of Directors may determine.

All or part of the Optionee's Options may be exercised at any time before the expiration of such Options under the preceding sentence by the executors or administrators of the Optionee's estate or by any person who has acquired such Options directly from the Optionee by beneficiary designation (provided such beneficiary was designated prior to the Optionee's death in a form acceptable to the Committee), will or the applicable laws of descent and distribution, but only to the extent that such Options had become exercisable before the Optionee's death (or became exercisable as a result of the death) and the underlying Shares had vested before the Optionee's death (or vested as a result of the Optionee's death). The balance of such Options shall lapse when the Optionee dies.

(h) No Rights as a Stockholder. An Optionee, or a transferee of an Optionee, shall have no rights as a stockholder with respect to any Shares covered by the Optionee's Option until such Shares are delivered and transferred to such Optionee following the proper exercise of the Option and payment of the Exercise Price and any taxes that the Company is obligated to withhold pursuant to the terms of such Option.

(i) Modification, Extension and Assumption of Options. Within the limitations of the Plan, the Board of Directors may modify, extend or assume outstanding Options or may accept the cancellation of outstanding Options (whether granted by the Company or another issuer) in return for the grant of new Options for the same or a different number of Shares and at the same or a different Exercise Price. The foregoing notwithstanding, no modification of an Option shall, without the consent of the Optionee, impair the Optionee's rights or increase the Optionee's obligations under such Option.

(j) Annual Limit on Incentive Stock Options. To the extent required for "incentive stock option" treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the Shares of Stock with respect to which ISOs granted under this Plan and any other plan of the Company or its Parent and Subsidiaries become exercisable for the first time by an Optionee during any calendar year shall not exceed $100,000. To the extent that any Option exceeds this limit, it shall constitute a Nonstatutory Option.

SECTION 7. PAYMENT FOR SHARES.

(a) General Rule. The entire Purchase Price or Exercise Price of Shares or Options issued under the Plan shall be payable in cash or cash equivalents at the time when such Shares are purchased, except as otherwise provided in this Section 7.

(b) Services Rendered. At the discretion of the Committee, Shares of Restricted Stock or Unrestricted Stock may be awarded under the Plan in consideration of services rendered to the Company, a Parent or a Subsidiary.

(c) Net Exercise. With respect to Nonstatutory Options and to the extent that an Award Agreement so provides, all or a portion of the Exercise Price may be paid through a "net exercise" arrangement pursuant to which the Company will reduce the number of Shares issuable upon exercise by the largest whole number of Shares with a Fair Market Value that does not exceed the aggregate Exercise Price.

(d) Surrender of Stock. To the extent that an Award Agreement so provides, all or any part of the Exercise Price may be paid by surrendering, or attesting to the ownership of, Shares that have been purchased by the Optionee on the open market or that are beneficially owned by the Optionee and are not then subject to restrictions under any Company plan. To the extent required to avoid variable accounting treatment under ASC 718 or other applicable accounting rules, such surrendered Shares if originally purchased from the Company shall have been owned by the Optionee for at least six months. Such Shares shall be surrendered to the Company in good form for transfer and shall be valued at their Fair Market Value as of the date when the Option is exercised.

(e) Exercise/Sale. To the extent that an Award Agreement so provides, all or part of the Exercise Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company; provided that the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Committee shall prescribe as a condition of such payment procedure.

(f) Other Forms of Payment. To the extent that an Award Agreement so provides, the Purchase Price or Exercise Price of Shares issued under the Plan may be paid in any other form permitted by the Delaware General Corporation Law, as amended.

SECTION 8. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS.

(a) Exercise Price of Stock Appreciation Rights. The exercise price of a Stock Appreciation Right shall not be less than 100 percent of the Fair Market Value of the Stock on the date of grant.

(b) Grant and Exercise of Stock Appreciation Rights. Stock Appreciation Rights may be granted by the Committee independently of any Option granted pursuant to Section 6 of the Plan.

(c) Terms and Conditions of Stock Appreciation Rights. Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined from time to time by the Committee. The term of a Stock Appreciation Right may not exceed ten years.

SECTION 9. TERMS AND CONDITIONS OF RESTRICTED STOCK UNITS.

(a) Nature of Restricted Stock Units. The Committee shall determine the restrictions and conditions applicable to each Restricted Stock Unit at the time of grant. Vesting conditions may be based on continuing Service, achievement of pre-established performance goals and objectives and/or other such criteria as the Committee may determine. The grant of Restricted Stock Unit(s) is contingent on the Grantee executing an Award Agreement. The terms and conditions of each such Award Agreement shall be determined by the Committee and may differ among individual Awards and Grantees. Unless the Award Agreement provides otherwise, on or promptly following the vesting date or dates applicable to any Restricted Stock Unit, but in no event later than March 15 of the year following the year in which such vesting occurs, such Restricted Stock Unit(s) shall be settled in the form of cash or shares of Stock, as specified in the Award Agreement.

(b) Election to Receive Restricted Stock Units in Lieu of Compensation. The Committee may, in its sole discretion, permit a Grantee to elect to receive a portion of future cash compensation otherwise due to such Grantee in the form of an award of Restricted Stock Units. Any such election shall be made in writing and shall be delivered to the Company no later than the date specified by the Committee and in accordance with Section 409A and such other rules and procedures established by the Committee. Any such future cash compensation that the Grantee elects to defer shall be converted to a fixed number of Restricted Stock Units based on the Fair Market Value of Stock on the date the compensation would otherwise have been paid to the Grantee if such payment had not been deferred as provided herein. The Committee shall have the sole right to determine whether and under what circumstances to permit such elections and to impose such limitations and other terms and conditions thereon as the Committee deems appropriate. Unless specifically approved by the Committee, this provision shall not be applied outside the U.S. Any Restricted Stock Units that are elected to be received in lieu of cash compensation shall be fully vested, unless otherwise provided in the Award Agreement.

(c) Rights as a Stockholder. A Grantee shall have the rights as a stockholder only as to shares of Stock acquired by the Grantee upon settlement of Restricted Stock Units.

(d) Termination. Except as may otherwise be provided by the Committee either in the Award Agreement or, subject to Section 20 below, in writing after the Award is issued, all Restricted Stock Units that have not vested shall automatically terminate upon the Grantee's termination of Service for any reason.

SECTION 10. TERMS AND CONDITIONS OF CASH-BASED AWARDS.

The Committee may, in its sole discretion, grant Cash-Based Awards to any Grantee in such number or amount and upon such terms, and subject to such conditions, as the Committee shall determine at the time of grant. The Committee shall determine the maximum duration of the Cash-Based Award, the amount of cash to which the Cash-Based Award pertains, the conditions upon which the Cash-Based Award shall become vested or payable, and such other provisions as the Committee shall determine. Each Cash-Based Award shall specify a cash-denominated payment amount, formula or payment ranges as determined by the Committee. Payment, if any, with respect to a Cash-Based Award shall be made in accordance with the terms of the Award and may be made in cash or in shares of Stock, as the Committee determines.

SECTION 11. TERMS AND CONDITIONS OF PERFORMANCE SHARE AWARDS.

(a) Nature of Performance Share Awards. The Committee may, in its sole discretion, grant Performance Share Awards independent of, or in connection with, the granting of any other Award under the Plan. The Committee shall determine whether and to whom Performance Share Awards shall be granted, the Performance Goals, the periods during which performance is to be measured, and such other limitations and conditions as the Committee shall determine.

(b) Rights as a Stockholder. A Grantee receiving a Performance Share Award shall have the rights of a stockholder only as to shares actually received by the Grantee under the Plan and not with respect to shares subject to the Award but not actually received by the Grantee. A Grantee shall be entitled to receive shares of Stock under a Performance Share Award only upon satisfaction of all conditions specified in the Award Agreement (or in a performance plan adopted by the Committee).

(c) Termination. Except as may otherwise be provided by the Committee either in the Award Agreement or, subject to Section 20 below, in writing after the Award is issued, a Grantee's rights in all Performance Share Awards shall automatically terminate upon the Grantee's termination of active Service with the Company or its Subsidiaries for any reason.

SECTION 12. TERMS AND CONDITIONS OF PERFORMANCE-BASED AWARDS TO COVERED EMPLOYEES.

(a) Performance-Based Awards. Any Employee or other key person providing services to the Company and who is selected by the Committee may be granted one or more Performance-Based Awards in the form of a Restricted Stock Award, Restricted Stock Units, Performance Share Awards or Cash-Based Award payable upon the attainment of Performance Goals that are established by the Committee and relate to one or more of the Performance Criteria, in each case on a specified date or dates or over any period or periods determined by the Committee. The Committee shall define in an objective fashion the manner of calculating the Performance Criteria it selects to use for any Performance Cycle. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, or an individual. The Committee, in its discretion, may adjust or modify the calculation of Performance Goals for such Performance Cycle in order to prevent the dilution or enlargement of the rights of an individual (i) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event or development, (ii) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or (iii) in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions provided however, that the Committee may not exercise such discretion in a manner that would increase the Performance-Based Award granted to a Covered Employee. Each Performance-Based Award shall comply with the provisions set forth below.

(b) Grant of Performance-Based Awards. With respect to each Performance-Based Award granted to a Covered Employee, the Committee shall select, within the first 90 days of a Performance Cycle (or, if shorter, within the maximum period allowed under Section 162(m) of the Code) the Performance Criteria for such grant, and the Performance Goals with respect to each Performance Criterion (including a threshold level of performance below which no amount will become payable with respect to such Award). Each Performance-Based Award will specify the amount payable, or the formula for determining the amount payable, upon achievement of the various applicable performance targets. The Performance

Criteria established by the Committee may be (but need not be) different for each Performance Cycle and different Performance Goals may be applicable to Performance-Based Awards to different Covered Employees.

(c) Payment of Performance-Based Awards. Following the completion of a Performance Cycle, the Committee shall meet to review and certify in writing whether, and to what extent, the Performance Goals for the Performance Cycle have been achieved and, if so, to also calculate and certify in writing the amount of the Performance-Based Awards earned for the Performance Cycle. The Committee shall then determine the actual size of each Covered Employee's Performance-Based Award, and, in doing so, may reduce or eliminate the amount of the Performance-Based Award for a Covered Employee if, in its sole judgment, such reduction or elimination is appropriate.

(d) Maximum Award Payable. The maximum Performance-Based Award payable to any one Covered Employee under the Plan for a Performance Cycle is 2,500,000 shares of Stock (subject to adjustment as provided in Section 17 hereof) or $5,000,000 in the case of a Performance-Based Award that is a Cash-Based Award.

SECTION 13. TRANSFERABILITY OF AWARDS.

(a) Transferability. Except as provided in Section 13(b) below, during a Grantee's lifetime, his or her Awards shall be exercisable only by, and issuable only to, the Grantee, or by or to the Grantee's legal representative or guardian in the event of the Grantee's incapacity. No Awards shall be sold, assigned, transferred or otherwise encumbered or disposed of by a Grantee other than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order all subject to the satisfaction of the Committee. No Awards shall be subject, in whole or in part, to attachment, execution, or levy of any kind, and any purported transfer in violation hereof shall be null and void.

(b) Committee Action. Notwithstanding Section 13(a), the Committee, in its discretion, may provide either in the Award Agreement regarding a given Award or by subsequent written approval that the Grantee (who is an employee or director) may transfer his or her Nonstatutory Options to his or her immediate Family Members, to trusts for the benefit of such Family Members, or to partnerships in which such Family Members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Award. In no event may an Award be transferred by a Grantee for value.

(c) Designation of Beneficiary. The Committee, in its discretion, may permit a Grantee to whom an Award has been made under the Plan to designate a beneficiary or beneficiaries to exercise any Award or receive any payment under any Award payable on or after the Grantee's death. Any such designation shall be on a form provided for that purpose by the Committee and shall not be effective until received by the Committee. If no beneficiary has been designated by a deceased Grantee, or if the designated beneficiaries have predeceased the Grantee, the beneficiary shall be the Grantee's estate.

SECTION 14. TAX WITHHOLDING.

(a) Payment by Grantee. Each Grantee shall, no later than the date as of which the value of an Award or of any Shares or other amounts received thereunder first becomes includable in the gross income of the Grantee for U.S. federal income tax purposes or otherwise become subject to federal, state, local or foreign withholding taxes, pay to the Company, or make arrangements satisfactory to the Committee regarding payment of, any U.S. federal, state, local or foreign taxes of any kind required by law to be withheld by the Company with respect to such Award. Each Grantee shall also make such arrangements as the Committee may require for the satisfaction of any U.S. federal, state, local or foreign withholding tax obligations that may arise in connection with the disposition of Shares acquired pursuant to an Award. The Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Grantee. The Company's obligation to deliver evidence of book entry (or stock certificates) to any Grantee is subject to and conditioned on tax withholding obligations being satisfied by the Grantee.

(b) Payment in Stock. Subject to approval by the Committee, a Grantee may elect to have the Company's minimum required tax withholding obligation satisfied, in whole or in part, by authorizing the Company to withhold from shares of Stock to be issued pursuant to any Award a number of shares with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the minimum withholding amount due.

SECTION 15. SECTION 409A AWARDS.

Each Section 409A Award shall be subject to such additional rules and requirements as specified by the Committee from time to time in order to comply with Section 409A. In this regard, if any amount under a 409A Award is payable upon a "separation from service" (within the meaning of Section 409A) to a Grantee who is then considered a "specified employee" (within the meaning of Section 409A), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the Grantee's separation from service, or (ii) the Grantee's death, but only to the extent such delay is necessary to prevent such payment from being subject to interest, penalties and/or additional tax imposed pursuant to Section 409A. Further, the settlement of any such Award may not be accelerated except to the extent permitted by Section 409A.

SECTION 16. TRANSFER, LEAVE OF ABSENCE, ETC.

For purposes of the Plan, the following events shall not be deemed a termination of Service:

(a) a transfer of Service to the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another; or

(b) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the employee's right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Committee otherwise so provides in writing.

SECTION 17. ADJUSTMENT OF SHARES.

(a) General. Subject to Section 17(b), if, as a result of the subdivision of the outstanding Stock, a declaration of a dividend payable in Shares, a combination or consolidation of the outstanding Stock into a lesser number of Shares, a reclassification, reorganization, recapitalization or other similar change in the Company's capital stock, the number of issued and outstanding shares of Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company or other non-cash assets are distributed with respect to such Shares or other securities, or if, as a result of any merger or consolidation, sale of all or substantially all of the assets of the Company, the outstanding Shares are converted into or exchanged for securities of the Company or any successor entity (or a parent or subsidiary thereof), equitable or proportionate adjustments shall automatically be made in each of (i) the number of Shares available for future grants under Section 4 (including the maximum number of shares that may be issued in the form of ISOs), (ii) the number and kind of shares or other securities covered by each outstanding Award, (iii) the number of Options or Stock Appreciation Rights that can be granted to any one individual Grantee and the maximum number of Shares that may be granted under a Performance-Based Award, (iv) the Exercise Price under each outstanding Option and Stock Appreciation Right, without changing the aggregate exercise price (i.e., the exercise price multiplied by the number of Options and Stock Appreciation Rights) as to which such Options and Stock Appreciation Rights remain exercisable and (v) the repurchase price, if any, per share subject to each outstanding Restricted Stock Award. In the event of a declaration of an extraordinary dividend payable in a form other than Shares, the Committee shall also make equitable or proportionate adjustment in the number of Shares subject to outstanding Awards and the Exercise Price and terms of outstanding Awards.

(b) Change in Control. Except as the Committee may otherwise specify with respect to particular Awards in the relevant Award Agreement, in the case of and subject to the consummation of a Change in Control, the parties to such transaction shall provide for the assumption or continuation of Awards theretofore granted by the successor entity, or the substitution of such Awards with new awards of the successor entity or parent thereof, with appropriate adjustment as to the number and kind of shares and, if appropriate, the per share exercise prices, as such parties shall agree. To the extent that the successor entity does not assume, continue or substitute for outstanding Awards, all Options and Stock Appreciation Rights that are not exercisable immediately prior to the effective time of the Change in Control shall become fully vested and exercisable as of the effective time of the Change in Control, all other Awards with time-based vesting, conditions or restrictions shall become fully vested and nonforfeitable as of the effective time of the Change in Control, and all Awards with conditions and restrictions relating to the attainment of performance goals may become vested and nonforfeitable in connection with a Change in Control in the Committee's discretion; and, upon the effective time of such Change in Control, the Plan and all outstanding Awards granted hereunder shall terminate. In the event of such termination, (i) the Company shall have the option (in its sole discretion) to make or provide for a cash payment to the Grantees holding Options and Stock Appreciation Rights, in exchange for the cancellation thereof, in an amount equal to the difference between (A) the Sale Price multiplied by the number of shares of Stock subject to outstanding Options and Stock Appreciation Rights and (B) the aggregate exercise price of all such outstanding Options and Stock Appreciation Rights; or (ii) each Grantee shall be permitted, within a specified period of time prior to the consummation of the Change in Control as determined by the Committee, to exercise all outstanding Options and Stock Appreciation Rights held by such Grantee.

(c) Reservation of Rights. Except as provided in this Section 17, a Grantee shall have no rights by reason of (i) any subdivision or consolidation of shares of stock of any class, (ii) the payment of any dividend or (iii) any other increase or decrease in the number of shares of stock of any class. Any issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price (if applicable) of Shares subject to an Award. The grant of an Award pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

SECTION 18. STATUS OF PLAN.

With respect to the portion of any Award that has not been exercised and any payments in cash, Stock or other consideration not received by a Grantee, a Grantee shall have no rights greater than those of a general creditor of the Company unless the Committee shall otherwise expressly determine in connection with any Award or Awards. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver Stock or make payments with respect to Awards hereunder, provided that the existence of such trusts or other arrangements is consistent with the foregoing sentence.

SECTION 19. NO RETENTION RIGHTS.

Nothing in the Plan or in any Award granted under the Plan shall confer upon the Grantee any right to continue in Service or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining the Grantee) or of the Grantee, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

SECTION 20. DURATION AND AMENDMENTS.

(a) Term of the Plan. The Plan, as set forth herein, shall become effective on the date of the Company's Initial Public Offering, subject to stockholder approval in accordance with applicable state law, the Company's bylaws and articles of incorporation, and applicable stock exchange rules. The Plan shall terminate automatically 10 years after the later of (i) the Effective Date of the Plan or (ii) the date the Board of Directors approved the most recent increase in the number of Shares reserved under Section 4 that was also approved by the Company's stockholders. The Plan may be terminated on any earlier date pursuant to Subsection (b) below.

(b) Right to Amend or Terminate the Plan. The Board of Directors may amend, suspend or terminate the Plan at any time and for any reason and the Committee may, at any time, amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose; provided, however, that any amendment of the Plan shall be subject to the approval of the Company's stockholders to the extent required under the rules of any securities exchange on which the Stock is listed, to the extent determined by the Committee to be required by the Code to ensure that ISOs granted under the Plan are qualified under Section 422 of the Code, or to ensure that compensation earned under Awards qualifies as performance-based compensation under Section 162(m) of the Code. Nothing in this Section 20 shall limit the Committee's authority to take any action permitted pursuant to Section 17(a) or 17(b).

(c) Effect of Amendment or Termination. No Shares shall be issued or sold under the Plan after the termination thereof, except upon exercise or settlement of an Award granted prior to such termination. The termination of the Plan, or any amendment thereof, shall not adversely affect any Share previously issued or any Awards previously granted under the Plan.

SECTION 21. GENERAL PROVISIONS.

(a) No Distribution. The Committee may require each person acquiring Stock pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof.

(b) Delivery of Stock Certificates. Stock certificates to Grantees under this Plan shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have mailed such certificates in the United States mail, addressed to the Grantee, at the Grantee's last known address on file with the Company. Uncertificated Stock shall be deemed delivered for all purposes when the Company or a Stock transfer agent of the Company shall have given to the Grantee by electronic mail (with proof of receipt) or by United States mail, addressed to the Grantee, at the Grantee's last known address on file with the Company, notice of issuance and recorded the issuance in its records (which may include electronic "book entry" records). Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing shares of Stock pursuant to the exercise of any Award, unless and until the Committee has determined, with advice of counsel (to the extent the Committee deems such advice necessary or advisable), that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the shares of Stock are listed, quoted or traded. All Stock certificates delivered pursuant to the Plan shall be subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal, state or foreign jurisdiction, securities or other laws, rules and quotation system on which the Stock is listed, quoted or traded. The Committee may place legends on any Stock certificate to reference restrictions applicable to the Stock. In addition to the terms and conditions provided herein, the Committee may require that an individual make such reasonable covenants, agreements, and representations as the Committee, in its discretion, deems necessary or advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require any individual to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Committee.

(c) Stockholder Rights. Until Stock is deemed delivered in accordance with Section 21(b), no right to vote or receive dividends or any other rights of a stockholder will exist with respect to shares of Stock to be issued in connection with an Award, notwithstanding the exercise of an Option or any other action by the Grantee with respect to an Award.

(d) Trading Policy Restrictions. Option exercises and other Awards under the Plan shall be subject to the Company's insider trading policies and procedures, as in effect from time to time.

(e) Forfeiture of Awards under Sarbanes-Oxley Act. If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, then any Grantee who is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002 shall reimburse the Company for the amount of any Award received by such individual under the Plan during the 12-month period following the first public issuance or filing with the United States Securities and Exchange Commission, as the case may be, of the financial document embodying such financial reporting requirement.

SECTION 22. DEFINITIONS.

(a) "**2006 Plan**" shall mean the Guidewire Software, Inc. 2006 Stock Plan, as amended from time to time.

(b) "**2010 Plan**" shall mean the Guidewire Software, Inc. 2010 Restricted Stock Unit Plan.

(c) "**Award**" or "**Awards,**" except where referring to a particular category of grant under the Plan, shall include ISOs, Nonstatutory Options, Stock Appreciation Rights, Restricted Stock Units, Restricted Stock Awards, Unrestricted Stock Awards, Cash-Based Awards and Performance Share Awards.

(d) "**Award Agreement**" shall mean a written or electronic agreement, certificate or other document setting forth the terms and provisions applicable to an Award granted under the Plan, which may be signed physically, electronically or by any other means determined by the Committee. Each Award Agreement is subject to the terms and conditions of the Plan.

(e) "**Board of Directors**" shall mean the Board of Directors of the Company, as constituted from time to time.

(f) "**Cash-Based Award**" means an Award entitling the recipient to receive a cash-denominated payment.

(g) "**Change in Control**" shall mean a change in ownership or control of the Company effected through any of the following transactions:

i. a merger, reorganization or consolidation in which the holders of the Company's outstanding voting power immediately prior to such transaction do not own securities possessing more than fifty percent (50%) of the total combined voting power of the resulting or successor entity (or its ultimate parent, if applicable) immediately upon completion of such transaction, or

ii. the sale, transfer or other disposition of all or substantially all of the Company's assets on a consolidated basis to an unrelated person or entity, or

iii. the sale of all of the Stock of the Company to an unrelated person or entity, or

iv. any other transaction in which the owners of the Company's outstanding voting power prior to such transaction do not own securities possessing more than fifty percent (50%) of the total combined voting power of the Company or any successor entity immediately upon completion of the transaction other than as a result of the acquisition of securities directly from the Company.

In no event shall any public offering of the Company's securities be deemed to constitute a Change in Control.

(h) "**Code**" shall mean the Internal Revenue Code of 1986, as amended.

(i) "**Committee**" shall mean the Board of Directors or the committee as described in Section 2(a).

(j) "**Company**" shall mean Guidewire Software, Inc., a Delaware corporation.

(k) "**Consultant**" shall mean a person who performs bona fide services for the Company, a Parent or a Subsidiary as a consultant or advisor, excluding Employees and Outside Directors.

(l) "**Covered Employee**" shall mean an Employee who is a "Covered Employee" within the meaning of Section 162(m) of the Code.

(m) "**Disability**" shall mean "disability" as defined in Section 422(c) of the Code.

(n) "**Effective Date**" shall mean the date of the Company's Initial Public Offering.

(o) "**Employee**" shall mean any individual who is employed by the Company, a Parent or a Subsidiary.

(p) **“Exchange Act”** shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

(q) “**Exercise Price**” shall mean the amount for which one Share may be purchased upon exercise of an Option, as specified by the Board of Directors in the applicable Award Agreement.

(r) “**Fair Market Value**” shall mean the fair market value of a Share, as determined by the Board of Directors; provided, however, that if the Stock is admitted to trade on the National Association of Securities Dealers Automated Quotation System (“NASDAQ”), NASDAQ Global Market or another national securities exchange, the determination shall be made by reference to the closing price of a Share on such date. If there is no trading activity for such date, the determination shall be made by reference to the last date preceding such date for which there is a closing price; provided further, however, that if the date for which Fair Market Value is determined is the first day when trading prices for the Stock are reported on a national securities exchange, the Fair Market Value shall be the “Price to the Public” (or equivalent) set forth on the cover page for the final prospectus relating to the Company’s Initial Public Offering. Such determination shall be conclusive and binding on all persons.

(s) “**Family Member**” shall mean (i) any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, (ii) any person sharing the Grantee’s household (other than a tenant or employee), (iii) a trust in which persons described in Clause (i) or (ii) or the Grantee have more than 50% of the beneficial interest, (iv) a foundation in which persons described in Clause (i) or (ii) or the Grantee control the management of assets and (v) any other entity in which persons described in Clause (i) or (ii) or the Grantee own more than 50% of the voting interests.

(t) “**Grantee**” shall mean any recipient of an Award under the Plan, including, without limitation, an Optionee.

(u) “**Initial Public Offering**” shall mean the consummation of the first fully underwritten, firm commitment public offering pursuant to an effective registration statement under the Act covering the offer and sale by the Company of its equity securities, or such other event as a result of or following which the Stock shall be publicly held.

(v) “**ISO**” shall mean an employee incentive stock option described in Section 422(b) of the Code.

(w) “**Nonstatutory Option**” shall mean a stock option not described in Sections 422(b) or 423(b) of the Code.

(x) “**Option**” shall mean an ISO or Nonstatutory Option granted under the Plan and entitling the holder to purchase Shares.

(y) “**Optionee**” shall mean a person who holds an Option.

(z) "**Outside Director**" shall mean a member of the Board of Directors who is not an Employee.

(aa) "**Parent**" shall mean any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date.

(bb) "**Performance-Based Award**" shall mean any Restricted Stock Award, Restricted Stock Units, Performance Share Award or Cash-Based Award granted to a Covered Employee that is intended to qualify as "performance-based compensation" under Section 162(m) of the Code and the regulations promulgated thereunder.

(cc) "**Performance Criteria**" shall mean the criteria that the Committee selects for purposes of establishing the Performance Goal or Performance Goals for an individual for a Performance Cycle. The Performance Criteria (which shall be applicable to the organizational level specified by the Committee, including, but not limited to, the Company or a unit, division, group, or Subsidiary of the Company) that will be used to establish Performance Goals are limited to the following: earnings before interest, taxes, depreciation and amortization, net income (loss) (either before or after interest, taxes, depreciation and/or amortization), changes in the market price of the Stock, economic value-added, funds from operations or similar measure, sales or revenue, acquisitions or strategic transactions, operating income (loss), cash flow (including, but not limited to, operating cash flow and free cash flow), return on capital, assets, equity, or investment, stockholder returns, return on sales, gross or net profit levels, productivity, expense, margins, operating efficiency, customer satisfaction, working capital, earnings (loss) per share of Stock, sales or market shares, number of customers, number of new customers or customer references, operating income and net annual recurring revenue, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group.

(dd) "**Performance Cycle**" shall mean one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more Performance Criteria will be measured for the purpose of determining a Grantee's right to and the payment of a Restricted Stock Award, Restricted Stock Units, Performance Share Award or Cash-Based Award. Each such period shall not be less than 12 months.

(ee) "**Performance Goals**" shall mean, for a Performance Cycle, the specific goals established in writing by the Committee for a Performance Cycle based upon the Performance Criteria.

(ff) "**Performance Share Award**" shall mean an Award entitling the recipient to acquire shares of Stock upon the attainment of specified Performance Goals.

(gg) "**Plan**" shall mean this Guidewire Software, Inc. 2011 Stock Plan.

(hh) "**Purchase Price**" shall mean the consideration for which one Share may be acquired under the Plan (other than upon exercise of an Option), as specified by the Board of Directors.

(ii) "**Restricted Stock Award**" means an Award entitling the recipient to acquire, at such purchase price (which may be zero) as determined by the Committee, shares of Stock subject to such restrictions and conditions as the Committee may determine at the time of grant.

(jj) "**Restricted Stock Units**" shall mean an Award of phantom stock units to a Grantee, which may be settled in Stock or cash or a combination thereof, as determined by the Committee.

(kk) "**Sale Price**" means the value as determined by the Committee of the consideration payable, or otherwise to be received by stockholders, per Share pursuant to a Change in Control.

(ll) "**Section 409A**" shall mean Section 409A of the Code and the regulations and other guidance promulgated thereunder.

(mm) "**Section 409A Award**" shall mean any Award determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A.

(nn) "**Service**" shall mean service as an Employee, Outside Director or Consultant.

(oo) "**Share**" shall mean one share of Stock, as adjusted in accordance with Section 17 (if applicable).

(pp) "**Stock**" shall mean the Common Stock of the Company.

(qq) "**Stock Appreciation Right**" shall mean an Award entitling the recipient to receive shares of Stock having a value equal to the excess of the Fair Market Value of the Stock on the date of exercise over the exercise price of the Stock Appreciation Right multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised.

(rr) "**Subsidiary**" shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

(ss) "**Unrestricted Stock Award**" shall mean an Award of Shares of Stock free of any restrictions.

GUIDEWIRE SOFTWARE, INC. 2011 STOCK PLAN

NOTICE OF STOCK OPTION GRANT

Pursuant to the Guidewire Software, Inc. 2011 Stock Plan (the "Plan"), this Notice of Stock Option Grant (the "Notice") and the terms and conditions set forth in the Stock Option Agreement (the "Agreement"), Guidewire Software, Inc. (the "Company") has granted a stock option (the "Option") to purchase the number of Shares of the Company listed below to the Optionee named below:

Name of Optionee:	«Name»
Total Number of Shares:	«TotalShares»
Type of Option:	«ISO» Incentive Stock Option (ISO)
	«NSO» Nonstatutory Stock Option (NSO)
Exercise Price per Share:	$«PricePerShare»
Date of Grant:	«DateGrant»
Date Vested and Exercisable:	Except as otherwise provided in the Agreement, [this Option may be exercised with respect to the first «Percent»% of the Shares subject to this Option when the Optionee completes «CliffPeriod» months of continuous Service after the Vesting Commencement Date set forth below. This Option may be exercised with respect to an additional «Fraction»% of the Shares subject to this Option when the Optionee completes each month of continuous Service thereafter.][1]
Vesting Commencement Date:	«VestComDate»
Expiration Date:	«ExpDate». The day immediately prior to the Expiration Date is the last date on which this Option may be exercised, unless this Option expires earlier than the Expiration Date because the Optionee's Service terminates earlier, as provided in Section 6 of the Agreement.

By signing below, the Optionee and the Company agree that this Option is granted under, and governed by the terms and conditions of, the Plan, the Agreement and this Notice. **Section 11 of the Agreement includes important acknowledgements of the Optionee, which are accepted and confirmed by the Optionee's signature below**.

1 For a refresh grant, insert the following language in lieu of the bracketed language: "This Option may be exercised with respect to «Fraction»% of the Shares subject to this Option when the Optionee completes each month of continuous Service following the Vesting Commencement Date."

OPTIONEE:	**GUIDEWIRE SOFTWARE, INC.**
______________________________	By: ______________________________
	Title: ______________________________

GUIDEWIRE SOFTWARE, INC. 2011 STOCK PLAN

STOCK OPTION AGREEMENT

SECTION 1. GRANT OF OPTION.

(a) **Option**. On the terms and conditions set forth in the Notice and this Agreement, the Company grants to the Optionee on the Date of Grant the Option to purchase at the Exercise Price the number of Shares set forth in the Notice. The Exercise Price is agreed to be at least 100% of the Fair Market Value per Share on the Date of Grant (110% of Fair Market Value if Section 3(b) of the Plan applies). This Option is intended to be an ISO or a NSO, as provided in the Notice.

(b) **Status of the Option**. Even if this Option is designated as an ISO in the Notice, it shall be deemed to be an NSO to the extent (and only to the extent) required by the $100,000 annual limitation under Section 422(d) of the Code. Even if this Option is designated as an ISO in the Notice, the Company does not represent or warrant that this Option qualifies as such. The Optionee should consult with his or her own tax advisors regarding the tax effects of this Option and the requirements necessary to obtain favorable income tax treatment under Section 422 of the Code, including, but not limited to, holding period requirements. To the extent any portion of this Option does not so qualify as an ISO, such portion shall be deemed to be an NSO. If the Optionee intends to dispose or does dipose (whether by sale, gift, transfer or otherwise) of any Shares within the one-year period beginning on the date after the transfer of such Shares to him or her, or within the two-year period beginning on the day after the grant of this Option, he or she will so notify the Company within 30 days after such disposition.

(c) **Stock Plan and Defined Terms**. This Option is granted pursuant to the Plan, a copy of which the Optionee acknowledges having received. The provisions of the Plan are incorporated into the Notice and this Agreement by this reference. Capitalized terms not specifically defined in this Agreement or the Notice shall have the meaning assigned to such terms in the Plan.

SECTION 2. RIGHT TO EXERCISE.

(a) **Exercisability**. Subject to Subsection (b) below and the other conditions set forth in this Agreement, all or part of this Option may be exercised prior to its expiration at the time or times set forth in the Notice. In addition, this Option shall become vested and exercisable in the circumstances described in Section 17(b) of the Plan.

(b) **Stockholder Approval**. Any other provision of this Agreement notwithstanding, no portion of this Option shall be exercisable at any time prior to the approval of the Plan by the Company's stockholders.

SECTION 3. NO TRANSFER OR ASSIGNMENT OF OPTION.

Except as otherwise provided in this Agreement, this Option and the rights and privileges conferred hereby shall not be sold, pledged or otherwise transferred (whether by operation of law or otherwise) and shall not be subject to sale under execution, attachment, levy or similar process.

SECTION 4. EXERCISE PROCEDURES.

(a) **Notice of Exercise**. The Optionee or the Optionee's representative may exercise this Option by giving written notice to the Company. The notice shall specify the election to exercise this Option, the number of Shares for which it is being exercised and the form of payment. The person exercising this Option shall sign the notice. In the event that this Option is being exercised by the representative of the Optionee, the notice shall be accompanied by proof (satisfactory to the Company) of the representative's right to exercise this Option. The Optionee or the Optionee's representative shall deliver to the Company, at the time of giving the notice, payment in a form permissible under Section 5 for the full amount of the Exercise Price for such Options to be exercised.

(b) **Issuance of Shares**. After receiving a proper notice of exercise, the Company shall cause to be issued one or more certificates (or appropriate book entries) evidencing the Shares for which this Option has been exercised. Such Shares shall be registered (i) in the name of the person exercising this Option, (ii) in the names of such person and his or her spouse as community property or as joint tenants with the right of survivorship (to the extent permitted under applicable law) or (iii) with the Company's consent, in the name of a revocable trust (to the extent permitted under applicable law). The Company shall cause such certificates (or evidence of book entry) to be delivered to or upon the order of the person exercising this Option. Notwithstanding the foregoing, the transfer to the Optionee on the records of the Company or of the transfer agent of the Shares to be purchased pursuant to this Option will be contingent upon receipt from the Optionee (or a purchaser acting in his or her stead in accordance with the provisions of this Option) by the Company of the Purchase Price for such Shares and the fulfillment of any other requirements contained in applicable provisions of laws (including the satisfaction of any Tax-Related Items that the Company is obligated to withhold with respect to the Optionee).

(c) **Withholding Taxes**.

(i) Regardless of any action that the Company, the Optionee's actual employer or any Parent, Subsidiary or affiliate to which the Optionee provides Service if the Optionee is a Consultant (collectively, the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, payment on account, or other tax-related items related to the Optionee's participation in the Plan and legally applicable to him or her (the "Tax-Related Items"), the Optionee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Optionee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Optionee further acknowledges that the Company and/or the Employer (A) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Option, including, without limitation, the grant, vesting, or exercise of this Option, the issuance of Shares upon exercise of this Option, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends or dividend equivalents; and (B) do not commit to and are under no obligation to structure the terms of the grant or any aspect of this Option to reduce or eliminate the Optionee's liability for Tax-Related Items or to achieve any particular tax result. The Optionee shall not make any claim against the Company or its Board of Directors, officers or employees related to Tax-Related Items arising from this Award or the Grantee's other compensation. Furthermore, if the Optionee has become subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, the Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(ii) Prior to any relevant taxable or tax withholding event, as applicable, the Optionee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Optionee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(A) withholding from the Optionee's wages or other cash compensation paid to the Optionee by the Company and/or the Employer; or

(B) withholding from the proceeds of the sale of Shares acquired upon exercise, either through a voluntary sale or through a mandatory sale arranged by the Company (on behalf of the Optionee pursuant to this authorization).

(iii) The Optionee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Optionee's participation in the Plan, which amount cannot be satisfied by the means previously described. The Company may refuse to issue or deliver Shares or the proceeds of the sale of Shares if the Optionee fails to comply with his or her obligations in connection with the Tax-Related Items.

SECTION 5. PAYMENT FOR STOCK.

(a) **Cash**. All or part of the Purchase Price may be paid in cash or cash equivalents.

(b) **Surrender of Stock**. At the discretion of the Board of Directors, all or any part of the Purchase Price and any withholding taxes may be paid by surrendering, or attesting to the ownership of, Shares that have been purchased by the Optionee on the open market or that are beneficially owned by the Optionee and are not then subject to restrictions under any Company plan. To the extent required to avoid variable accounting treatment under ASC 718 or other applicable accounting rules, such surrendered Shares if originally purchased from the Company shall have been owned by the Optionee for at least six months. Such Shares shall be surrendered to the Company in good form for transfer and shall be valued at their Fair Market Value as of the date when this Option is exercised.

(c) **Exercise/Sale**. All or part of the Purchase Price and any Tax-Related Items may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company, provided that the Optionee and the broker comply with such procedures and enter into such agreements of indemnity and other agreements as the Committee shall prescribe as a condition of such payment procedure. However, payment pursuant to this Subsection (c) shall be permitted only if such payment does not violate applicable law.

SECTION 6. TERM AND EXPIRATION.

(a) **Basic Term**. This Option shall in any event expire on the expiration date set forth in the Notice, which date is 10 years after the Date of Grant (five years after the Date of Grant if this Option is designated as an ISO in the Notice and Section 3(b) of the Plan applies) (the “Expiration Date”).

(b) **Termination of Service (Except by Death)**. If the Optionee’s Service terminates (as described further in Section 11(a)(xiv) of this Agreement) for any reason other than death, then this Option shall expire on the earliest of the following occasions:

(i) The Expiration Date set forth in the Notice;

(ii) The date three months after the termination of the Optionee’s Service for any reason other than Disability or Misconduct;

(iii) The date of the termination of the Optionee’s Service for Misconduct; or

(iv) The date six months after the termination of the Optionee’s Service by reason of Disability.

Subject to the conditions set forth in the Notice, the Optionee may exercise all or part of this Option at any time before its expiration under the preceding sentence, but only to the extent that this Option had become vested and exercisable on or before the date that the Optionee’s Service terminated and that such exercise is permitted under applicable law. When the Optionee’s Service terminates (as described further in Section 11(a)(xiv) of this Agreement), this Option shall expire immediately with respect to the number of Shares for which this Option is not yet vested and exercisable. In the event that the Optionee dies after termination of Service but before the expiration of this Option, all or part of this Option may be exercised (prior to expiration) by the executors or administrators of the Optionee’s estate or by any person who has acquired this Option directly from the Optionee by beneficiary designation (to the extent permitted by the Committee), bequest or inheritance, but only to the extent that this Option had become vested and exercisable on or before the date that the Optionee's Service terminated.

(c) **Death of the Optionee**. If the Optionee dies while in Service, then this Option shall expire on the earlier of the following dates:

(i) The Expiration Date set forth in the Notice; or

(ii) The date 12 months after the Optionee's death.

All or part of this Option may be exercised at any time before its expiration under the preceding sentence by the executors or administrators of the Optionee's estate or by any person who has acquired this Option directly from the Optionee by beneficiary designation (to the extent permitted by the Committee), bequest or inheritance, but only to the extent that this Option had become vested and exercisable on or before the Optionee's death. When the Optionee dies, this Option shall expire immediately with respect to the number of Shares for which this Option is not yet exercisable.

(d) **Part-Time Employment and Leaves of Absence**. If the Optionee commences working on a part-time basis, then, to the extent permitted under applicable law, the Company may adjust the vesting schedule set forth in the Notice in accordance with the Company's part-time work policy or the terms of an agreement between the Optionee and the Company pertaining to his or her part-time schedule. If the Optionee goes on a leave of absence, then, to the extent permitted by applicable law, the Company may adjust the vesting schedule set forth in the Notice in accordance with the Company's leave of absence policy or the terms of such leave. Except as provided in the preceding sentence, Service shall be deemed to continue for any purpose under this Agreement while the Optionee is on a *bona fide* leave of absence, if (i) such leave was approved by the Company in writing and (ii) continued crediting of Service for such purpose is expressly required by the terms of such leave or by applicable law (as determined by the Company). Service shall be deemed to terminate when such leave ends, unless the Optionee immediately returns to active work.

(e) **Notice Concerning ISO Treatment**. Even if this Option is designated as an ISO in the Notice, it ceases to qualify for favorable tax treatment as an ISO to the extent that it is exercised:

(i) More than three months after the date when the Optionee ceases to be an Employee for any reason other than death or Disability;

(ii) More than 12 months after the date when the Optionee ceases to be an Employee by reason of death or Disability; or

(iii) More than three months after the date when the Optionee has been on a leave of absence for 90 days, unless the Optionee's reemployment rights following such leave were guaranteed by statute or by contract.

SECTION 7. LEGALITY OF INITIAL ISSUANCE.

In addition to certain restrictions set forth in Section 9 below, no Shares shall be issued upon the exercise of this Option unless and until the Company has determined that:

(a) It and the Optionee have taken any actions required to register the Shares under the Securities Act or to perfect an exemption from the registration requirements thereof;

(b) Any applicable listing requirement of any stock exchange or other securities market on which Stock is listed has been satisfied; and

(c) Any other applicable provision of U.S. federal or state or foreign law has been satisfied.

SECTION 8. ADJUSTMENT OF SHARES.

In the event of any transaction described in Section 17(a) of the Plan, the terms of this Option (including, without limitation, the number and kind of Shares subject to this Option and the Exercise Price) shall be adjusted as set forth in Section 17(a) of the Plan. In the event that the Company is a party to a merger or consolidation, this Option shall be subject to the agreement of merger or consolidation, as provided in Section 17(b) of the Plan.

SECTION 9. RESTRICTIONS ON TRANSFER OF SHARES.

(a) **Securities Law Restrictions**. Regardless of whether the offering and sale of Shares under the Plan have been registered under the Securities Act or have been registered or qualified under the securities laws of any state or other relevant jurisdiction, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the securities laws of any state, country or any other applicable law.

(b) **Market Stand-Off**. In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act, including the Company's initial public offering, the Optionee or a Transferee shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Agreement without the prior written consent of the Company or its managing underwriter. Such restriction (the "Market Stand-Off") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Company or such underwriter. In no event, however, shall such period exceed 180 days plus such additional period as may reasonably be requested by the Company or such underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports or (ii) analyst recommendations and opinions, including (without limitation) the restrictions set forth in Rule 2711(f)(4) of the National Association of

Securities Dealers and Rule 472(f)(4) of the New York Stock Exchange, as amended, or any similar successor rules. The Market Stand-Off shall in any event terminate two years after the date of the Company's initial public offering. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities without receipt of consideration, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Agreement until the end of the applicable stand-off period. The Company's underwriters shall be beneficiaries of the agreement set forth in this Subsection (b). This Subsection (b) shall not apply to Shares registered in the public offering under the Securities Act.

SECTION 10. MISCELLANEOUS PROVISIONS.

(a) **Rights as a Stockholder**. Neither the Optionee nor the Optionee's representative shall have any rights as a stockholder with respect to any Shares subject to this Option until such Shares are delivered and transferred to the Optionee or the Optionee's representative following the proper exercise of the Option and payment of the Purchase Price and any Tax-Related Items that the Company is obligated to withhold.

(b) **Notice**. Any notice required by the terms of this Agreement shall be given in writing. It shall be deemed effective upon (i) personal delivery, (ii) deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid or (iii) deposit with Federal Express Corporation (or other overnight courier service approved by the Company) with shipping charges prepaid. Notice shall be addressed to the Company at its principal executive office and to the Optionee at the address that he or she most recently provided to the Company in accordance with this Subsection (c).

(c) **Entire Agreement**. The Notice, this Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

(d) **Choice of Law; Choice of Venue**. This Option and the provisions of this Agreement shall be governed by and constructed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the Option or this Agreement and/or the Plan, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of the County of San Mateo, California, or the United States federal courts for the Northern District of California, and no other courts, where the grant of the Option is made and/or to be performed.

(e) **Authorization to Disclose**. The Optionee hereby authorizes and directs the Employer to disclose to the Company or any Parent or Subsidiary such information regarding the Optionee's Service, the nature and amount of Optionee's compensation and the fact and conditions of Optionee's participation in the Plan as the Employer deems necessary or appropriate to facilitate the administration of the Plan.

(f) **Severability**. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions nevertheless shall be binding and enforceable.

(g) **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Optionee's participation in the Plan, on this Option and on any Shares acquired under the Plan, to the extent that the Company determines that it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan, and to require the Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

SECTION 11. ACKNOWLEDGEMENTS OF THE OPTIONEE.

(a) **Nature of Grant**. In accepting this Option the Optionee acknowledges, understands, and agrees that:

(i) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended, or terminated by the Company at any time;

(ii) the grant of this Option is voluntary and occasional and does not create any contractual or other right to receive future option grants, or benefits in lieu of option grants, even if such grants have been made repeatedly in the past;

(iii) all decisions with respect to future option grants, if any, will be at the sole discretion of the Company;

(iv) the Optionee's participation in the Plan shall not create a right to perform future Services for the Employer and shall not interfere with the Employer's ability to terminate the Optionee's Service at any time;

(v) the Optionee's participation in the Plan is voluntary;

(vi) this Option and the Shares subject to this Option are extraordinary items that do not constitute compensation of any kind for Services of any kind rendered to the Company or the Employer, and which are outside the scope of the Optionee's employment or other contract for Services, if any;

(vii) this Option and the Shares subject to this Option are not intended to replace any pension rights or compensation;

(viii) this Option and the Shares subject to this Option are not part of normal or expected compensation or salary for any purposes, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past Services to the Company, the Employer, or any Parent, Subsidiary or affiliate;

(ix) this Option grant and the Optionee's participation in the Plan shall not be interpreted to form an employment contract or Service relationship with the Company or any Parent, Subsidiary or affiliate;

(x) the future value of the Shares subject to this Option is unknown and cannot be predicted with certainty;

(xi) if the Shares subject to this Option do not increase in value, this Option will have no value;

(xii) if the Optionee exercises this Option and obtains Shares, the value of the Shares acquired upon exercise may increase or decrease in value, even below the Exercise Price per Share;

(xiii) no claim or entitlement to compensation or damages shall arise from forfeiture of any portion of this Option resulting from termination of the Optionee's Service by the Company or the Employer (for any reason whatsoever and regardless of whether in breach of applicable labor laws or whether later found to be invalid); and, in consideration of the grant of this Option, to which the Optionee is not otherwise entitled, the Optionee irrevocably agrees never to institute any claim against the Company or the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Optionee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims;

(xiv) in the event of termination of the Optionee's Service (regardless of whether in breach of applicable labor laws or whether later found to be invalid), the Optionee's right to continue to vest in this Option, if any, will terminate effective as of the date of termination of the Optionee's active Service and will not be extended by any notice period mandated under applicable law; further, in the event of termination of the Optionee's Service (regardless of whether in breach of applicable labor laws or whether later found to be invalid), the Optionee's right to exercise this Option, if any, will be measured as of the date of termination of the Optionee's active Service and will not be extended by any notice period mandated under applicable law; the Committee shall have the exclusive discretion to determine when the Optionee's active Service is terminated for purposes of this Option (including whether the Optionee may still be considered actively employed while on a leave of absence); and

(xv) the Optionee has received and read a copy of the Plan.

(b) **No Advice Regarding Option**. The Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding the Optionee's participation in the Plan, or his or her acquisition or sale of the Shares subject to this Option. The Optionee is solely responsible for taking all appropriate legal advice, notably concerning U.S. and local country tax and social security regulations, when signing this Agreement, and when thereafter exercising the Option, or selling the Shares acquired upon exercise of this Option, or more generally when making any decision in relation with this Option, this Agreement or otherwise under the Plan. The Company does not represent or guaranty that the Optionee may benefit from specific provisions under said regulations and the Optionee shall on his or her own efforts receive proper information in this respect. The Optionee is hereby advised to consult with his or her personal tax, legal, and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

(c) **Tax Consequences**. The Optionee agrees that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes the Optionee's liability for Tax-Related Items. The Optionee shall not make any claim against the Company or its Board of Directors, officers or employees related to Tax-Related Items arising from this Option. In particular, the Optionee acknowledges that this Option is exempt from Section 409A of the Code only if the Exercise Price is at least equal to the Fair Market Value per Share on the Date of Grant.

(d) **Electronic Delivery of Documents**. The Optionee agrees that the Company may decide, in its sole discretion, to deliver by email or other electronic means any documents relating to the Plan or this Option (including, without limitation, a copy of the Plan) and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the U.S. Securities and Exchange Commission). The Optionee also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it shall notify the Optionee by email.

GUIDEWIRE SOFTWARE, INC. 2011 STOCK PLAN

GLOBAL NOTICE OF STOCK OPTION GRANT

Pursuant to the Guidewire Software, Inc. 2011 Stock Plan (the "Plan"), this Global Notice of Stock Option Grant (the "Notice") and the terms and conditions set forth in the Global Stock Option Agreement (including the Appendix, the "Agreement"), Guidewire Software, Inc. (the "Company") has granted a stock option (the "Option") to purchase the number of Shares of the Company listed below to the Optionee named below:

Name of Optionee:	«Name»
Total Number of Shares:	«TotalShares»
Type of Option:	Nonstatutory Stock Option (NSO)
Exercise Price per Share:	$«PricePerShare»
Date of Grant:	«DateGrant»
Date Vested and Exercisable:	Except as otherwise provided in the Agreement, [this Option may be exercised with respect to the first «Percent»% of the Shares subject to this Option when the Optionee completes «CliffPeriod» months of continuous Service after the Vesting Commencement Date set forth below. This Option may be exercised with respect to an additional «Fraction»% of the Shares subject to this Option when the Optionee completes each month of continuous Service thereafter.][1]
Vesting Commencement Date:	«VestComDate»
Expiration Date:	«ExpDate». The day immediately prior to the Expiration Date is the last date on which this Option may be exercised, unless this Option expires earlier than the Expiration Date because the Optionee's Service terminates earlier, as provided in Section 6 of the Agreement.

By signing below, the Optionee and the Company agree that this Option is granted under, and governed by the terms and conditions of, the Plan, the Agreement and this Notice. **Section 11 of the Agreement includes important acknowledgements of the Optionee, which are accepted and confirmed by the Optionee's signature below.**

[1] For a refresh grant, insert the following language in lieu of the bracketed language: "This Option may be exercised with respect to «Fraction»% of the Shares subject to this Option when the Optionee completes each month of continuous Service following the Vesting Commencement Date."

OPTIONEE:	**GUIDEWIRE SOFTWARE, INC.**
______________________________	By: ______________________________
	Title: ______________________________

GUIDEWIRE SOFTWARE, INC. 2011 STOCK PLAN

GLOBAL STOCK OPTION AGREEMENT

SECTION 1. GRANT OF OPTION.

(a) **Option**. On the terms and conditions set forth in the Notice and this Agreement, the Company grants to the Optionee on the Date of Grant the Option to purchase at the Exercise Price the number of Shares set forth in the Notice. The Exercise Price is agreed to be at least 100% of the Fair Market Value per Share on the Date of Grant. This Option is intended to be a NSO, as provided in the Notice.

(b) **Stock Plan and Defined Terms**. This Option is granted pursuant to the Plan, a copy of which the Optionee acknowledges having received. The provisions of the Plan are incorporated into the Notice and this Agreement by this reference. Capitalized terms not specifically defined in this Agreement or the Notice shall have the meaning assigned to such terms in the Plan.

SECTION 2. RIGHT TO EXERCISE.

(a) **Exercisability**. Subject to Subsection (b) below and the other conditions set forth in this Agreement, all or part of this Option may be exercised prior to its expiration at the time or times set forth in the Notice. In addition, this Option shall become vested and exercisable in the circumstances described in Section 17(b) of the Plan.

(b) **Stockholder Approval**. Any other provision of this Agreement notwithstanding, no portion of this Option shall be exercisable at any time prior to the approval of the Plan by the Company's stockholders.

SECTION 3. NO TRANSFER OR ASSIGNMENT OF OPTION.

Except as otherwise provided in this Agreement, this Option and the rights and privileges conferred hereby shall not be sold, pledged or otherwise transferred (whether by operation of law or otherwise) and shall not be subject to sale under execution, attachment, levy or similar process.

SECTION 4. EXERCISE PROCEDURES.

(a) **Notice of Exercise**. The Optionee may exercise this Option by giving written notice to the Company. The notice shall specify the election to exercise this Option, the number of Shares for which it is being exercised and the form of payment. The Optionee shall deliver to the Company, at the time of giving the notice, payment in a form permissible under Section 5 or as otherwise provided in the Appendix for the full amount of the Exercise Price for such Options to be exercised.

(b) **Issuance of Shares**. After receiving a proper notice of exercise, the Company shall cause to be issued one or more certificates (or appropriate book entries) evidencing the Shares for which this Option has been exercised. The Company shall cause such certificates (or evidence of book entry) to be delivered to or upon the order of the person exercising this Option. Notwithstanding the foregoing, the transfer to the Optionee on the records of the Company or of the transfer agent of the Shares to be purchased pursuant to this Option will be contingent upon receipt from the Optionee (or a purchaser acting in his or her stead in accordance with the provisions of this Option) by the Company of the Purchase Price for such Shares and the fulfillment of any other requirements contained in applicable provisions of laws (including the satisfaction of any Tax-Related Items that the Company is obligated to withhold with respect to the Optionee).

(c) **Withholding Taxes**.

(i) Regardless of any action that the Company, the Optionee's actual employer or any Parent, Subsidiary or affiliate to which the Optionee provides Service if the Optionee is a Consultant (collectively, the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, payment on account, or other tax-related items related to the Optionee's participation in the Plan and legally applicable to him or her (the "Tax-Related Items"), the Optionee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Optionee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Optionee further acknowledges that the Company and/or the Employer (A) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Option, including, without limitation, the grant, vesting, or exercise of this Option, the issuance of Shares upon exercise of this Option, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends or dividend equivalents; and (B) do not commit to and are under no obligation to structure the terms of the grant or any aspect of this Option to reduce or eliminate the Optionee's liability for Tax-Related Items or to achieve any particular tax result. The Optionee shall not make any claim against the Company or its Board of Directors, officers or employees related to Tax-Related Items arising from this Award or the Grantee's other compensation. Furthermore, if the Optionee has become subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, the Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(ii) Prior to any relevant taxable or tax withholding event, as applicable, the Optionee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Optionee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(A) withholding from the Optionee's wages or other cash compensation paid to the Optionee by the Company and/or the Employer; or

(B) withholding from the proceeds of the sale of Shares acquired upon exercise, either through a voluntary sale or through a mandatory sale arranged by the Company (on behalf of the Optionee pursuant to this authorization).

(iii) The Optionee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Optionee's participation in the Plan, which amount cannot be satisfied by the means previously described. The Company may refuse to issue or deliver Shares or the proceeds of the sale of Shares if the Optionee fails to comply with his or her obligations in connection with the Tax-Related Items.

SECTION 5. PAYMENT FOR STOCK.

(a) **Cash**. All or part of the Purchase Price may be paid in cash or cash equivalents.

(b) **Exercise/Sale**. All or part of the Purchase Price and any Tax-Related Items may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company, provided that the Optionee and the broker comply with such procedures and enter into such agreements of indemnity and other agreements as the Committee shall prescribe as a condition of such payment procedure. However, payment pursuant to this Subsection (c) shall be permitted only if such payment does not violate applicable law.

SECTION 6. TERM AND EXPIRATION.

(a) **Basic Term**. This Option shall in any event expire on the expiration date set forth in the Notice, which date is 10 years after the Date of Grant (the "Expiration Date").

(b) **Termination of Service (Except by Death)**. If the Optionee's Service terminates (as described further in Section 11(a)(xiv) of this Agreement) for any reason other than death, then this Option shall expire on the earliest of the following occasions:

(i) The Expiration Date set forth in the Notice;

(ii) The date three months after the termination of the Optionee's Service for any reason other than Disability or Misconduct;

(iii) The date of the termination of the Optionee's Service for Misconduct; or

(iv) The date six months after the termination of the Optionee's Service by reason of Disability.

Subject to the conditions set forth in the Notice and any applicable conditions in the Appendix, the Optionee may exercise all or part of this Option at any time before its expiration under the preceding sentence, but only to the extent that this Option had become vested and exercisable on or before the date that the Optionee's Service terminated and that such exercise is permitted under applicable law. When the Optionee's Service terminates (as described further in Section 11(a)(xiv) of this Agreement), this Option shall expire immediately with respect to the number of Shares for which this Option is not yet vested and exercisable. In the event that the Optionee dies after termination of Service but before the expiration of this Option, all or part of this Option may be exercised (prior to expiration) by the Optionee's heirs or any person who has acquired this Option directly from the Optionee by beneficiary designation (to the extent permitted by the Committee), but only to the extent that this Option had become vested and exercisable on or before the date that the Optionee's Service terminated.

(c) **Death of the Optionee**. If the Optionee dies while in Service, then this Option shall expire on the earlier of the following dates:

(i) The Expiration Date set forth in the Notice; or

(ii) The date 12 months after the Optionee's death.

All or part of this Option may be exercised at any time before its expiration under the preceding sentence by the Optionee's heirs or by any person who has acquired this Option directly from the Optionee by beneficiary designation (to the extent permitted by the Committee), but only to the extent that this Option had become vested and exercisable on or before the Optionee's death. When the Optionee dies, this Option shall expire immediately with respect to the number of Shares for which this Option is not yet exercisable.

(d) **Part-Time Employment and Leaves of Absence**. If the Optionee commences working on a part-time basis, then, to the extent permitted under applicable law, the Company may adjust the vesting schedule set forth in the Notice in accordance with the Company's part-time work policy or the terms of an agreement between the Optionee and the Company pertaining to his or her part-time schedule. If the Optionee goes on a leave of absence, then, to the extent permitted by applicable law, the Company may adjust the vesting schedule set forth in the Notice in accordance with the Company's leave of absence policy or the terms of such leave. Except as provided in the preceding sentence, Service shall be deemed to continue for any purpose under this Agreement while the Optionee is on a *bona fide* leave of absence, if (i) such leave was approved by the Company in writing and (ii) continued crediting of Service for such purpose is expressly required by the terms of such leave or by applicable law (as determined by the Company). Service shall be deemed to terminate when such leave ends, unless the Optionee immediately returns to active work.

SECTION 7. LEGALITY OF INITIAL ISSUANCE.

In addition to certain restrictions set forth in Section 9 below, no Shares shall be issued upon the exercise of this Option unless and until the Company has determined that:

(a) It and the Optionee have taken any actions required to register the Shares under the Securities Act, applicable local securities laws or to perfect an exemption from the registration requirements thereof;

(b) Any applicable listing requirement of any stock exchange or other securities market on which Stock is listed has been satisfied; and

(c) Any other applicable provision of U.S. federal or state or foreign law has been satisfied.

SECTION 8. ADJUSTMENT OF SHARES.

In the event of any transaction described in Section 17(a) of the Plan, the terms of this Option (including, without limitation, the number and kind of Shares subject to this Option and the Exercise Price) shall be adjusted as set forth in Section 17(a) of the Plan. In the event that the Company is a party to a merger or consolidation, this Option shall be subject to the agreement of merger or consolidation, as provided in Section 17(b) of the Plan.

SECTION 9. RESTRICTIONS ON TRANSFER OF SHARES.

(a) **Securities Law Restrictions**. Regardless of whether the offering and sale of Shares under the Plan have been registered under the Securities Act or have been registered or qualified under the securities laws of any state or other relevant jurisdiction, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the securities laws of any state, country or any other applicable law.

(b) **Market Stand-Off**. In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act, including the Company's initial public offering, the Optionee or a Transferee shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Agreement without the prior written consent of the Company or its managing underwriter. Such restriction (the "Market Stand-Off") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Company or such underwriter. In no event, however, shall such period exceed 180 days plus such additional period as may reasonably be requested by the Company or such underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports or (ii) analyst recommendations and opinions, including (without limitation) the restrictions set forth in Rule 2711(f)(4) of the National Association of Securities Dealers and Rule 472(f)(4) of the New York Stock Exchange, as amended, or any similar successor rules. The Market Stand-Off shall in any event terminate two years after the date of the Company's initial public offering. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities without receipt of consideration, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the

Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Agreement until the end of the applicable stand-off period. The Company's underwriters shall be beneficiaries of the agreement set forth in this Subsection (b). This Subsection (b) shall not apply to Shares registered in the public offering under the Securities Act.

SECTION 10. MISCELLANEOUS PROVISIONS.

(a) **Rights as a Stockholder**. Neither the Optionee nor the Optionee's representative shall have any rights as a stockholder with respect to any Shares subject to this Option until such Shares are delivered and transferred to the Optionee or the Optionee's representative following the proper exercise of the Option and payment of the Purchase Price and any Tax-Related Items that the Company is obligated to withhold.

(b) **Notice**. Any notice required by the terms of this Agreement shall be given in writing. It shall be deemed effective upon (i) personal delivery, (ii) deposit with the United States Postal Service or equivalent service in the local jurisdiction, by registered or certified mail, with postage and fees prepaid or (iii) deposit with Federal Express Corporation (or other overnight courier service approved by the Company) with shipping charges prepaid. Notice shall be addressed to the Company at its principal executive office and to the Optionee at the address that he or she most recently provided to the Company in accordance with this Subsection (c).

(c) **Entire Agreement**. The Notice, this Agreement, including the Appendix, and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

(d) **Choice of Law; Choice of Venue**. This Option and the provisions of this Agreement shall be governed by and constructed in accordance with the General Corporation Law of the State of Delaware, U.S.A., as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California, U.S.A. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the Option or this Agreement and/or the Plan, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of the County of San Mateo, California, or the United States federal courts for the Northern District of California, and no other courts, where the grant of the Option is made and/or to be performed

(e) **Authorization to Disclose**. The Optionee hereby authorizes and directs the Employer to disclose to the Company or any Parent or Subsidiary such information regarding the Optionee's Service, the nature and amount of Optionee's compensation and the fact and conditions of Optionee's participation in the Plan as the Employer deems necessary or appropriate to facilitate the administration of the Plan.

(f) ***Personal Data Authorization.***

(i) The Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her personal data as described in this Agreement and any other Option grant materials by and among, as applicable, the Employer, the Company and/or any Parent, Subsidiary or affiliate for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan.

(ii) The Optionee understands that the Company and the Employer may hold certain personal information about the Optionee, including the Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of Stock or directorships held in the Company, details of all Options or any other entitlement to shares of Stock awarded, canceled, exercised, vested, unvested or outstanding in Optionee's favor, for the purpose of managing and administering the Plan ("Data").

(iii) The Optionee understands that Data will be transferred to any stock plan service provider or broker as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Optionee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Optionee's country. The Optionee understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Optionee authorizes the Company, any stock plan service provider or broker selected by the Company and any other possible recipients that may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Optionee's participation in the Plan. The Optionee understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. The Optionee understands that, at any time, he or she may view Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. The Optionee understands, however, that refusing or withdrawing consent may affect his or her ability to participate in the Plan. For more information on the consequences of refusing to consent or withdrawing consent, the Optionee understands that he or she may contact his or her local human resources representative.

(g) **Language**. If the Optionee has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version differs from the English version, the English version shall control.

(h) **Severability**. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions nevertheless shall be binding and enforceable.

(i) **Appendix**. Notwithstanding any provisions in this Agreement, this Option shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for the Optionee's country. Moreover, if the Optionee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Optionee, to the extent that the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

(j) **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Optionee's participation in the Plan, on this Option and on any Shares acquired under the Plan, to the extent that the Company determines that it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan, and to require the Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

SECTION 11. ACKNOWLEDGEMENTS OF THE OPTIONEE.

(a) **Nature of Grant**. In accepting this Option, the Optionee acknowledges, understands, and agrees that:

(i) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended, or terminated by the Company at any time;

(ii) the grant of this Option is voluntary and occasional and does not create any contractual or other right to receive future option grants, or benefits in lieu of option grants, even if such grants have been made repeatedly in the past;

(iii) all decisions with respect to future option grants, if any, will be at the sole discretion of the Company;

(iv) the Optionee's participation in the Plan shall not create a right to perform future Services for the Employer and shall not interfere with the Employer's ability to terminate the Optionee's Service at any time;

(v) the Optionee's participation in the Plan is voluntary;

(vi) this Option and the Shares subject to this Option are extraordinary items that do not constitute compensation of any kind for Services of any kind rendered to the Company or the Employer, and which are outside the scope of the Optionee's employment or other contract for Services, if any;

(vii) this Option and the Shares subject to this Option are not intended to replace any pension rights or compensation;

(viii) this Option and the Shares subject to this Option are not part of normal or expected compensation or salary for any purposes, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past Services to the Company, the Employer, or any Parent, Subsidiary or affiliate;

(ix) this Option grant and the Optionee's participation in the Plan shall not be interpreted to form an employment contract or Service relationship with the Company or any Parent, Subsidiary or affiliate;

(x) the future value of the Shares subject to this Option is unknown and cannot be predicted with certainty;

(xi) if the Shares subject to this Option do not increase in value, this Option will have no value;

(xii) if the Optionee exercises this Option and obtains Shares, the value of the Shares acquired upon exercise may increase or decrease in value, even below the Exercise Price per Share;

(xiii) no claim or entitlement to compensation or damages shall arise from forfeiture of any portion of this Option resulting from termination of the Optionee's Service by the Company or the Employer (for any reason whatsoever and regardless of whether in breach of applicable labor laws or whether later found to be invalid); and, in consideration of the grant of this Option, to which the Optionee is not otherwise entitled, the Optionee irrevocably agrees never to institute any claim against the Company or the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Optionee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims;

(xiv) in the event of termination of the Optionee's Service (regardless of whether in breach of applicable labor laws or whether later found to be invalid), the Optionee's right to continue to vest in this Option, if any, will terminate effective as of the date of termination of the Optionee's active Service and will not be extended by any notice period mandated under applicable law (*e.g.*, Service would not include a period of "garden leave" or similar period pursuant to applicable law); further, in the event of termination of the Optionee's Service (regardless of whether in breach of applicable labor laws or whether later found to be invalid), the Optionee's right to exercise this Option, if any, will be measured as of the date of termination of the Optionee's active Service and will not be extended by any notice period mandated under applicable law; the Committee shall have the exclusive discretion to determine when the Optionee's active Service is terminated for purposes of this Option (including whether the Optionee may still be considered actively employed while on a leave of absence); and

(xv) the Optionee has received and read a copy of the Plan.

(b) **No Advice Regarding Option**. The Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding the Optionee's participation in the Plan, or his or her acquisition or sale of the Shares subject to this Option. The Optionee is solely responsible for taking all appropriate legal advice, notably concerning U.S. and local country tax and social security regulations, when signing this Agreement, and when thereafter exercising the Option, or selling the Shares acquired upon exercise of this Option or more generally when making any decision in relation with this Option, this Agreement or otherwise under the Plan. The Company does not represent or guaranty that the Optionee may benefit from specific provisions under said regulations and the Optionee shall on his or her own efforts receive proper information in this respect. The Optionee is hereby advised to consult with his or her personal tax, legal, and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

(c) **Tax Consequences**. The Optionee agrees that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes the Optionee's liability for Tax-Related Items. The Optionee shall not make any claim against the Company or its Board of Directors, officers or employees related to Tax-Related Items arising from this Option. In particular, the Optionee acknowledges that this Option is exempt from Section 409A of the Code only if the Exercise Price is at least equal to the Fair Market Value per Share on the Date of Grant.

(d) **Electronic Delivery of Documents**. The Optionee agrees that the Company may decide, in its sole discretion, to deliver by email or other electronic means any documents relating to the Plan or this Option (including, without limitation, a copy of the Plan) and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the U.S. Securities and Exchange Commission). The Optionee also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it shall notify the Optionee by email.

APPENDIX TO
GUIDEWIRE SOFTWARE, INC. 2011 STOCK PLAN:
GLOBAL STOCK OPTION AGREEMENT

TERMS AND CONDITIONS

This Appendix, which is part of the Agreement, includes additional terms and conditions that govern this Option and that will apply to the Optionee if he or she is in one of the countries listed below. The Company, in its discretion, will determine to what extent terms and conditions contained herein shall be applicable to the Optionee.

NOTIFICATIONS

This Appendix also includes information regarding securities, exchange control and certain other issues of which the Optionee should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of October 2011. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Optionee not rely on the information in this Appendix as the only source of information relating to the consequences of his or her participation in the Plan because such information may be outdated when he or she exercises this Option and/or sells any Shares acquired at exercise.

In addition, the information contained herein is general in nature and may not apply to the Optionee's particular situation. As a result, the Company is not in a position to assure the Optionee of any particular result. **The Optionee therefore is advised to seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her particular situation.**

Finally, if the Optionee is a citizen or resident of a country other than that in which Optionee currently is working, if he or she transfers employment to a different country after the grant of this Option, or is considered resident of another country for local law purposes, then the notifications contained herein may not apply to him or her.

* * * * *

Unless otherwise defined herein, capitalized terms set forth in this Appendix shall have the meanings ascribed to them in the Notice and/or the Agreement.

BRAZIL

There are no country-specific provisions.

CANADA

TERMS AND CONDITIONS

Payment for Stock. The following provision supplements Section 5 of the Agreement:

For avoidance of doubt, the Optionee is prohibited from surrendering Shares that he or she already owns to pay the Exercise Price or any Tax-Related Items in connection with the exercise of the Option. The Company reserves the right to permit this method of payment depending upon the development of local law.

Termination of Service. The following provision supplements Section 11(a)(xiv) of the Agreement:

The Optionee's active Service shall be considered terminated as of the earlier of (a) the date that the Optionee receives notice of termination of Service from the Company or the Employer; or (b) the date that the Optionee is no longer actively providing Service to the Company or the Employer, regardless of any notice period or period of pay in lieu of such notice required under applicable law; the Committee shall have the exclusive discretion to determine when the Optionee's active Service is terminated for purposes of this Option (including whether the Optionee may still be considered actively employed while on a leave of absence).

The following provisions apply to this Option if the Optionee is a resident of Quebec:

Language Consent. The parties acknowledge that it is their express wish that this Agreement, as well as all documents, notices and legal proceedings entered into, given, or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Personal Data Authorization. The following provision supplements Section 10(f) of the Agreement:

The Optionee hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel (professional or not) involved in the administration and operation of the Plan. The Optionee further authorizes the Company and the Employer to disclose and discuss with their advisors the Optionee's participation in the Plan. The Optionee also authorizes the Company and the Employer to record such information and to keep it in his or her employment file.

FINLAND

There are no country-specific provisions.

FRANCE

TERMS AND CONDITIONS

Options Not Tax Qualified. The Optionee understands that the Options are not intended to qualify for favorable tax and social security treatment in France.

Language Consent. By signing and returning or by otherwise accepting the Agreement, the Optionee confirms having read and understood the documents relating to this Option (i.e., the Plan and the Agreement), which were provided in the English language. The Optionee accordingly accepts the terms of those documents.

Consentement à La Langue. En signant et renvoyant cette 'Accord, ou par acceptant autrement l'Accord, le Titulaire de l'Option confirme ainsi avoir lu et compris les documents relatifs à l'option de souscription, (c'est-à-dire, Le Plan et cette Accord) qui ont été fournis en langue anglaise. Le Titulaire de l'Option en accepte les termes de ces documents en connaissance de cause.

GERMANY

There are no country-specific provisions.

HONG KONG

TERMS AND CONDITIONS

Sale of Shares. If any portion of this Option vests within six (6) months of the Date of Grant, the Optionee hereby agrees that he or she will not exercise this Option and sell any Shares thus acquired prior to the six-month anniversary of the Date of Grant.

NOTIFICATIONS

SECURITIES WARNING*. This Option and any Shares issued upon exercise do not constitute a public offering of securities under Hong Kong law and are available only to Employees, Consultants, and Outside Directors. The Agreement, including this Appendix, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong. Nor have the documents been reviewed by any regulatory authority in Hong Kong. This Option is intended only for the personal use of an eligible Employee, Consultant, or Outside Director and may not be distributed to any other person. If the Optionee is in doubt as to any of the contents of the Agreement, including this Appendix, or the Plan, the Optionee should obtain independent professional advice.*

JAPAN

There are no country-specific provisions.

NEW ZEALAND

NOTIFICATIONS

Securities Law Information. The Optionee is hereby notified that the following information is available for review on the following intranet site: [ ]

(a) the Agreement which sets forth the terms and conditions of the Option grant;

(b) a copy of the Company's most recent annual report (*i.e.*, Form 10-K) and most recent financial reports; and

(c) a copy of the Plan and a description of the Plan (the "Description") (*i.e.*, the Company's Form S-8 Plan Prospectus under the U.S. Securities Act of 1933, as amended), and the Company will provide any attachments or documents incorporated by reference into the Description upon written request. The documents incorporated by reference into the Description are updated periodically. Should the Optionee request copies of the documents incorporated by reference into the Description, the Company will provide the Optionee with the most recent documents incorporated by reference.

A copy of the above documents will be sent to the Optionee free of charge upon written request to the Company at 2211 Bridgepointe Parkway, Suite 200, San Mateo, California 94404, U.S.A.

The Optionee should read the materials provided carefully before making a decision whether to participate in the Plan. When reading these materials, the Optionee should note that all references to the Exercise Price are listed in U.S. dollars. In addition, the Optionee should consult a tax advisor for specific information concerning his or her personal tax situation with regard to Plan participation. Tax laws vary from country to country, and by individual circumstances.

RUSSIA

TERMS AND CONDITIONS

U.S. Transaction. The Optionee understands that this Option shall be valid and the Agreement shall be concluded and become effective only when the executed Agreement is received by the Company in the United States. Upon exercise of this Option, any Shares to be issued shall be delivered through a bank or brokerage account in the United States only. The Optionee is not permitted to sell the Shares directly to a Russian legal entity or to Russian individuals.

NOTIFICATION

Securities Law Notification. The Agreement, including this Appendix, the Plan, and all other materials that the Optionee may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. Unless otherwise required under local law, the issuance of securities pursuant to the Plan has not and will not be registered in Russia; hence, the securities described in any Plan-related documents may not be used for offering or public circulation in Russia.

Depending on the development of local regulatory requirements, the Company reserves the right to restrict the Optionee's ability to exercise this Option to the Exercise/Sale method provided for in Section 5 of the Agreement. In such circumstance, the Company would require that all Shares issued upon exercise would be sold immediately, and the Optionee would receive the cash proceeds of sale, less the aggregate Exercise Price, any applicable Tax-Related Items, and any applicable brokerage fees or commissions. If the Company, in its sole discretion, requires an Exercise/Sale, the Optionee will not be permitted to hold any Shares after exercise.

SPAIN

TERMS AND CONDITIONS

Labor Law Acknowledgment. The following provision supplements Section 11(a) of the Agreement:

By accepting this Option, the Optionee consents to participation in the Plan and acknowledges that he or she has received a copy of the Plan.

The Optionee understands that the Company has unilaterally, gratuitously, and in its sole discretion decided to grant stock Options under the Plan to individuals who may be Employees, Consultants, or Outside Directors throughout the world. The decision is a limited decision, which is entered into upon the express assumption and condition that this Option will not bind the Company or any Parent or Subsidiary, economically or otherwise, on an ongoing basis, other than as expressly set forth in the Agreement, including this Appendix. Consequently, the Optionee understands that this Option is granted on the assumption and condition that it shall not become a part of any employment contract (either with the Company or any Parent or Subsidiary) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation), or any other right whatsoever. Furthermore, the Optionee understands and freely accepts that there is no guarantee that any benefit whatsoever shall arise from the gratuitous and discretionary grant of this Option since the future value of this Option and the underlying Shares is unknown and unpredictable. In addition, the Optionee understands that this Option would not be granted but for the assumptions and conditions referred to above; thus, the Optionee understands, acknowledges, and freely accepts that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of this Option or right to this Option shall be null and void.

Further, the vesting of the Option is expressly conditioned on the Optionee's status as an active Service provider, such that if the Optionee's status as a Service provider terminates for any reason whatsoever, the Optionee's Option may cease vesting immediately, in whole or in part, effective the date of the Optionee's termination of employment (unless otherwise specifically provided in the Plan or Agreement). This will be the case, for example, even if (1) the Optionee is considered to be unfairly dismissed without good cause; (2) the Optionee is dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) the Optionee terminates service due to a change of work location, duties or any other employment or contractual condition; (4) the Optionee terminates service due to the Company's or any of its Parent's, Subsidiaries' or affiliates' unilateral breach of contract; or (5) the Optionee's status as a Service provider terminates for any other reason whatsoever. Consequently, upon termination of the Optionee's status as a Service provider for any of the above reasons, the Optionee may automatically lose any rights to the Option granted to the Optionee that were unvested on the date of termination of the Optionee's status as a Service provider, as described in the Plan or Agreement.

UNITED KINGDOM

TERMS AND CONDITIONS

Joint Election for Transfer of Liability for Employer National Insurance Contributions. As a condition of participation in the Plan and the exercise of this Option, the Optionee agrees to accept any liability for secondary Class 1 National Insurance contributions that may be payable by the Company, the Employer, a Parent or a Subsidiary in connection with this Option and any event giving rise to Tax-Related Items (the "Employer NICs"). Without prejudice to the foregoing, the Optionee agrees to execute a joint election with the Company, the form of such joint election (the "Joint Election") having been approved formally by Her Majesty's Revenue and Customs ("HMRC"), and any other required consent or election. The Optionee further agrees to execute such other joint elections as may be required between the Optionee and any successor to the Company, the Employer, a Parent or a Subsidiary. The Optionee further agrees that the Company, the Employer, a Parent or a Subsidiary or affiliate may collect the Employer NICs from the Optionee by any of the means set forth in Section 4(c)(ii) of the Agreement.

If the Optionee does not enter into a Joint Election prior to the exercise of this Option, he or she will not be entitled to exercise this Option unless and until he or she enters into a Joint Election, and no Shares will be issued to the Optionee under the Plan, without any liability to the Company, the Employer, or any Parent, Subsidiary or affiliate.

Withholding Taxes. The following provision supplements Section 4(c) of the Agreement:

The Optionee agrees that, if he or she does not pay or the Company or the Employer does not withhold from Optionee the full amount of income tax within ninety (90) days of the event giving rise to the tax liability (the "Taxable Event") or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), the amount shall constitute a loan owed by the Optionee to the Company, the Employer, a Parent or a Subsidiary, effective as of the Due Date. The Optionee agrees that the loan will bear interest at the official HMRC rate and immediately will be due and repayable by Optionee, and the Company, or the Employer may recover it at any time thereafter by any of the means referred to in Section 4(c) of the Agreement. The Optionee also authorizes the Company to delay the issuance of any Shares to the Optionee unless and until the loan is repaid in full.

Notwithstanding the foregoing, if the Optionee is an executive officer or director within the meaning of Section 13(k) of the Exchange Act, as amended, the Optionee shall not be eligible for a loan to cover the income tax due as described above. In the event that the Optionee is an executive officer or director and income tax is not collected by the Due Date, the amount of any uncollected tax may constitute a benefit to the Optionee on which additional income tax and National Insurance contributions (including Employer NICs) may be payable. The Optionee acknowledges that the Company or the Employer may recover any such additional income tax and National Insurance contributions at any time thereafter by any of the means referred to in Section 4 of the Agreement. The Optionee will be responsible for reporting any income tax and National Insurance contributions (including Employer NICs) due on this additional benefit directly to HMRC under the self-assessment regime.

GUIDEWIRE SOFTWARE, INC. 2011 STOCK PLAN

NOTICE OF RESTRICTED STOCK UNIT AWARD

Pursuant to the Guidewire Software, Inc. 2011 Stock Plan (the "Plan"), this Notice of Restricted Stock Unit Award (the "Notice") and the terms and conditions set forth in the Restricted Stock Unit Award Agreement (together with the Notice, the "Award Agreement"), Guidewire Software, Inc. (the "Company") hereby grants an award of the number of Restricted Stock Units listed below (an "Award") to the Grantee named below. Each Restricted Stock Unit shall relate to one share (a "Share") of Common Stock (the "Stock") of the Company.

Name of Grantee:	«Name»
No. of Restricted Stock Units Granted:	«TotalShares»
Grant Date:	«DateGrant»
Vesting Conditions:	**[25 percent of the Restricted Stock Units shall vest on the first anniversary of the Vesting Commencement Date, provided that the Grantee continues to remain in Service at such time. Thereafter, the remaining 75 percent of the Restricted Stock Units shall vest in 12 equal quarterly installments on each subsequent 15th of March, June, September, and December following the first anniversary of the Vesting Commencement Date],**[1] provided the Grantee continues to remain in Service at such time. Each date as of which any Restricted Stock Units vest shall be referred to as a "Vesting Date."
Vesting Commencement Date:	«VestComDate»
Expiration Date:	«ExpDate»

By signing below, the Grantee and the Company agree that this Award is granted under, and governed by the terms and conditions of, the Plan and the Award Agreement. **Section 9 of this Award Agreement includes important acknowledgements of the Grantee, each of which are accepted and confirmed by the Grantee's signature below**.

GRANTEE:	GUIDEWIRE SOFTWARE, INC.
______________________________	By: ______________________________
Grantee's Signature	Name:
	Title:

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1 This language is to be used for new hire grants. For refresh grants, insert the following in lieu of the bracketed language: "the Restricted Stock Units shall vest in 16 equal quarterly installments on each 15th of March, June, September and December following the Vesting Commencement Date"

GUIDEWIRE SOFTWARE, INC. 2011 STOCK PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

SECTION 1: GRANT OF AWARD

On the terms and conditions set forth in the Notice of Restricted Stock Unit Award and this Award Agreement, the company grants to the Grantee on the Date of Grant the award for the number of Restricted Stock Units set forth in the Notice of Restricted Stock Unit Award.

SECTION 2. RESTRICTIONS ON TRANSFER OF AWARD.

The Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and, subject to the restrictions contained in this Award Agreement and the Plan, Shares issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Restricted Stock Units have vested as provided in the Notice and (ii) Shares have been issued to the Grantee in accordance with the terms of the Plan and this Award Agreement.

SECTION 3. TERMINATION OF SERVICE

If the Grantee's Service terminates for any reason (including death or disability) prior to a Vesting Date, any Restricted Stock Units that have not vested as of such date shall automatically and without notice terminate and be forfeited, and neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such forfeited Restricted Stock Units.

SECTION 4. RECEIPT OF SHARES OF STOCK.

As soon as practicable following each Vesting Date (but in no event later than two and one-half months after the end of the year in which the Vesting Date occurs), the Company shall issue to the Grantee the number of Shares equal to the aggregate number of Restricted Stock Units that have vested pursuant to the Notice and this Award Agreement on such date and the Grantee shall thereafter have all the rights of a stockholder of the Company with respect to such Shares.

SECTION 5. INCORPORATION OF PLAN.

Notwithstanding anything herein to the contrary, this Award Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Committee set forth in Section 2(b) of the Plan. Capitalized terms in this Award Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

SECTION 6. TAX WITHHOLDING.

Regardless of any action that the Company, the Grantee's actual employer or any Parent, Subsidiary or affiliate to which the Grantee provides Service if the Grantee is a Consultant (collectively, the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, payment on account, or other tax-related items related to the Grantee's participation in the Plan and legally applicable to him or her ("Tax-Related Items"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, without limitation, the grant, vesting, or settlement of the Restricted Stock Units, the issuance of Shares upon settlement, the subsequent sale of Shares acquired pursuant to such issuance, and the receipt of any dividends or dividend equivalents; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. The Grantee shall not make any claim against the Company or its Board of Directors, officers or employees related to Tax-Related Items arising from this Award or the Grantee's other compensation. Furthermore, if the Grantee has become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, the Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Grantee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) payment by the Grantee to the Company and/or Employer; or

(b) withholding from the Grantee's wages or other cash compensation paid to him or her by the Company and/or the Employer; or

(c) withholding from proceeds of the sale of Shares acquired upon vesting and settlement of the Restricted Stock Units, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Grantee's behalf pursuant to this authorization); or

(d) withholding in Shares to be issued upon vesting and settlement of the Restricted Stock Units; provided, however, that if Grantee is a Section 16 officer of the Company under the Exchange Act, then the Committee shall establish the method of withholding from alternatives (a)-(c) herein.

To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, the Grantee is deemed, for tax purposes, to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Grantee's participation in the Plan.

Finally, the Grantee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Grantee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Grantee fails to comply with his or her obligations in connection with the Tax-Related Items.

SECTION 7. SECTION 409A.

This Award Agreement shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A of the Code as "short-term deferrals" as described in Section 409A of the Code. Solely for purposes of Section 409A of the Code, each issuance of Shares on a Vesting Date shall be considered a separate payment. The Company makes no representations or warranty and shall have no liability to the Grantee or any other person if any provisions of this Award are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

SECTION 8. MISCELLANEOUS PROVISIONS.

(a) **Notice**. Any notice required by the terms of this Award Agreement shall be given in writing. It shall be deemed effective upon (i) personal delivery, (ii) deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid or (iii) deposit with Federal Express Corporation (or other overnight courier service approved by the Company), with shipping charges prepaid. Notice shall be addressed to the Company at its principal executive office and to the Grantee at the address that he or she most recently provided to the Company in accordance with this Subsection (a).

(b) **Entire Agreement**. This Award Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

(c) **Governing Law; Choice of Venue**. The Award and the provisions of this Award Agreement shall be governed by and constructed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the Award or this Award Agreement and/or the Plan, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of the County of San Mateo, California, or the United States federal courts for the Northern District of California, and no other courts, where the grant of the Award is made and/or to be performed.

(d) **Authorization to Disclose**. The Grantee hereby authorizes and directs the Employer to disclose to the Company or any Parent or Subsidiary such information regarding the Grantee's Service, the nature and amount of Grantee's compensation and the fact and conditions of Grantee's participation in the Plan as the Employer deems necessary or appropriate to facilitate the administration of the Plan.

(e) **Severability**. The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions nevertheless shall be binding and enforceable.

(f) **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on this Award and on any Shares acquired under the Plan, to the extent that the Company determines that it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

SECTION 9. ACKNOWLEDGEMENTS OF THE GRANTEE.

(a) **Nature of Award**. In accepting this Award the Grantee acknowledges, understands, and agrees that:

(i) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended, or terminated by the Company at any time;

(ii) the grant of this Award is voluntary and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if such grants have been made repeatedly in the past;

(iii) all decisions with respect to future Awards, if any, will be at the sole discretion of the Company;

(iv) the Grantee's participation in the Plan shall not create a right to perform future Service with the Employer and shall not interfere with the ability of the Employer to terminate the Grantee's Service at any time;

(v) the Grantee's participation in the Plan is voluntary;

(vi) this Award and the Shares subject to this Award are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which are outside the scope of the Grantee's employment or other contract for Services, if any;

(vii) this Award and the Shares subject to this Award are not intended to replace any pension rights or compensation;

(viii) this Award and the Shares subject to this Award are not part of normal or expected compensation or salary for any purposes, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past Services to the Company, the Employer, or any Parent, Subsidiary or affiliate of the Company;

(ix) this Award and the Grantee's participation in the Plan shall not be interpreted to form an employment contract or Service relationship with the Company, the Employer, any Parent, Subsidiary or affiliate of the Company;

(x) the future value of the Shares subject to this Award is unknown and cannot be predicted with certainty;

(xi) if the Grantee is issued Shares in settlement of this Award, the value of the Shares acquired may increase or decrease in value;

(xii) no claim or entitlement to compensation or damages shall arise from forfeiture of any portion of this Award resulting from termination of the Grantee's Service by the Company or the Employer (for any reason whatsoever and regardless of whether in breach of applicable labor laws or whether later found to be invalid); and, in consideration of the grant of this Award, to which the Grantee is not otherwise entitled, the Grantee irrevocably agrees never to institute any claim against the Company or the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Grantee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims;

(xiii) in the event of termination of the Grantee's Service (regardless of whether in breach of applicable labor laws or whether later found to be invalid), the Grantee's right to continue to vest in the Restricted Stock Units, if any, will terminate effective as of the date of termination of the Grantee's active Service and will not be extended by any notice period mandated under applicable law; further, in the event of termination of the Grantee's Service (regardless of whether in breach of applicable labor laws), the Grantee's right to receive vested shares of this Award, if any, will be measured as of the date of termination of the Grantee's active Service and will not be extended by any notice period mandated under applicable law; the Committee shall have the exclusive discretion to determine when the Grantee's active Service is terminated for purposes of this Award (including whether the Grantee may still be considered actively employed while on a leave of absence); and

(xiv) the Grantee has received and read a copy of the Plan.

(b) **No Advice Regarding Award**. The Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or his or her acquisition or sale of the Shares subject to this Award. The Grantee is solely responsible for taking all appropriate legal advice, notably concerning U.S. and local country tax and social security regulations, when signing this Award Agreement, or selling the Shares acquired upon settlement of the Award, or more generally when making any decision in relation with this Award, this Award Agreement or otherwise under the Plan. The Company does not represent or guaranty that the Grantee may benefit from specific provisions under said regulations and the Grantee shall on his or her own efforts receive proper information in this respect. The Grantee is hereby advised to consult with his or her personal tax, legal, and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

(c) **Tax Consequences.** The Grantee agrees that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes the Grantee's liability for Tax-Related Items. The Grantee shall not make any claim against the Company or its Board of Directors, officers or employees related to Tax-Related Items arising from this Award.

(d) **Electronic Delivery of Documents**. The Grantee agrees that the Company may decide, in its sole discretion, to deliver by email or other electronic means any documents relating to the Plan or this Award (including, without limitation, a copy of the Plan) and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the U.S. Securities and Exchange Commission). The Grantee also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it shall notify the Grantee by email.

GUIDEWIRE SOFTWARE, INC. 2011 STOCK PLAN

GLOBAL NOTICE OF RESTRICTED STOCK UNIT AWARD

Pursuant to the Guidewire Software, Inc. 2011 Stock Plan (the "Plan"), this Global Notice of Restricted Stock Unit Award (the "Notice") and the terms and conditions set forth in the Global Restricted Stock Unit Award Agreement (the "Agreement"), including any country specific terms and conditions set forth in any appendix hereto (the "Appendix") (this Notice, the Agreement and the Appendix, collectively, the "Award Agreement"), Guidewire Software, Inc. (the "Company") hereby grants an award of the number of Restricted Stock Units listed below (an "Award") to the Grantee named below. Each Restricted Stock Unit shall relate to one share (a "Share") of Common Stock (the "Stock") of the Company.

Name of Grantee:	«Name»
No. of Restricted Stock Units Granted:	«TotalShares»
Grant Date:	«DateGrant»
Vesting Conditions:	**[25 percent of the Restricted Stock Units shall vest on the first anniversary of the Vesting Commencement Date, provided that the Grantee continues to remain in Service at such time. Thereafter, the remaining 75 percent of the Restricted Stock Units shall vest in 12 equal quarterly installments on each subsequent 15th of March, June, September, and December following the first anniversary of the Vesting Commencement Date]**,[1] provided the Grantee continues to remain in Service at such time. Each date as of which any Restricted Stock Units vest shall be referred to as a "Vesting Date."
Vesting Commencement Date:	«VestComDate»
Expiration Date:	«ExpDate»

By signing below, the Grantee agrees that this Award is granted under, and governed by the terms and conditions of, the Plan and the Award Agreement. **Section 9 of this Agreement includes important acknowledgements of the Grantee, each of which are accepted and confirmed by the Grantee's signature below**.

GRANTEE:	GUIDEWIRE SOFTWARE, INC.
	By: ______________________________
______________________________ Grantee's Signature	Name:
	Title:

1 This language is to be used for new hire grants. For refresh grants, insert the following in lieu of the bracketed language: "the Restricted Stock Units shall vest in 16 equal quarterly installments on each 15th of March, June, September and December following the Vesting Commencement Date" ***except for Australia****, where the original new hire vesting schedule should be applied due to tax issues in that country.*

GUIDEWIRE SOFTWARE, INC. 2011 STOCK PLAN

GLOBAL RESTRICTED STOCK UNIT AWARD AGREEMENT

SECTION 1: GRANT OF AWARD

On the terms and conditions set forth in the Notice of Restricted Stock Unit Award, this Agreement and the Appendix, the company grants to the Grantee on the Date of Grant the award for the number of Restricted Stock Units set forth in the Notice of Restricted Stock Unit Award.

SECTION 2: RESTRICTIONS ON TRANSFER OF AWARD.

The Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and, subject to the restrictions contained in this Award Agreement and the Plan, Shares issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Restricted Stock Units have vested as provided in the Notice and (ii) Shares have been issued to the Grantee in accordance with the terms of the Plan and this Award Agreement.

SECTION 3. TERMINATION OF SERVICE

If the Grantee's Service terminates for any reason (including death or disability) prior to a Vesting Date, any Restricted Stock Units that have not vested as of such date shall automatically and without notice terminate and be forfeited, and neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such forfeited Restricted Stock Units.

SECTION 4. RECEIPT OF SHARES OF STOCK.

As soon as practicable following each Vesting Date (but in no event later than two and one-half months after the end of the year in which the Vesting Date occurs), the Company shall issue to the Grantee the number of Shares equal to the aggregate number of Restricted Stock Units that have vested pursuant to the Notice and this Agreement on such date and the Grantee shall thereafter have all the rights of a stockholder of the Company with respect to such Shares.

SECTION 5. INCORPORATION OF PLAN.

Notwithstanding anything herein to the contrary, this Award Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Committee set forth in Section 2(b) of the Plan. Capitalized terms in this Award Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

SECTION 6. TAX WITHHOLDING.

Regardless of any action that the Company, the Grantee's actual employer or any Parent, Subsidiary or affiliate to which the Grantee provides Service if the Grantee is a

Consultant (collectively, the “Employer”) takes with respect to any or all income tax, social insurance, payroll tax, payment on account, or other tax-related items related to the Grantee’s participation in the Plan and legally applicable to him or her (“Tax-Related Items”), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee’s responsibility and may exceed the amount actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, without limitation, the grant, vesting, or settlement of the Restricted Stock Units, the issuance of Shares upon settlement, the subsequent sale of Shares acquired pursuant to such issuance, and the receipt of any dividends or dividend equivalents; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Grantee’s liability for Tax-Related Items or achieve any particular tax result. The Grantee shall not make any claim against the Company or its Board of Directors, officers or employees related to Tax-Related Items arising from this Award or the Grantee’s other compensation. Furthermore, if the Grantee has become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, the Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Grantee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) withholding from the Grantee’s wages or other cash compensation paid to him or her by the Company and/or the Employer; or

(b) withholding from proceeds of the sale of Shares acquired upon vesting and settlement of the Restricted Stock Units, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Grantee’s behalf pursuant to this authorization); or

(c) withholding in Shares to be issued upon vesting and settlement of the Restricted Stock Units; provided, however, that if Grantee is a Section 16 officer of the Company under the Exchange Act, then the Committee shall establish the method of withholding from alternatives (a)-(c) herein.

To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, the Grantee is deemed, for tax purposes, to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Grantee’s participation in the Plan.

Finally, the Grantee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Grantee’s participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Grantee fails to comply with his or her obligations in connection with the Tax-Related Items.

SECTION 7. SECTION 409A.

This Award Agreement shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A of the Code as “short-term deferrals” as described in Section 409A of the Code. Solely for purposes of Section 409A of the Code, each issuance of Shares on a Vesting Date shall be considered a separate payment. The Company makes no representations or warranty and shall have no liability to the Grantee or any other person if any provisions of this Award are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

SECTION 8. MISCELLANEOUS PROVISIONS.

(a) **Notice**. Any notice required by the terms of this Award Agreement shall be given in writing. It shall be deemed effective upon (i) personal delivery, (ii) deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid or (iii) deposit with Federal Express Corporation (or other overnight courier service approved by the Company), with shipping charges prepaid. Notice shall be addressed to the Company at its principal executive office and to the Grantee at the address that he or she most recently provided to the Company in accordance with this Subsection (a).

(b) **Entire Agreement**. This Award Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

(c) **Governing Law; Choice of Venue**. The Award and the provisions of this Award Agreement shall be governed by and constructed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the Award or this Award Agreement and/or the Plan, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of the County of San Mateo, California, or the United States federal courts for the Northern District of California, and no other courts, where the grant of the Award is made and/or to be performed.

(d) **Authorization to Disclose**. The Grantee hereby authorizes and directs the Employer to disclose to the Company or any Parent or Subsidiary such information regarding the Grantee’s Service, the nature and amount of Grantee’s compensation and the fact and conditions of Grantee’s participation in the Plan as the Employer deems necessary or appropriate to facilitate the administration of the Plan.

(e) ***Personal Data Authorization.***

(i) ***The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her personal data as described in this Award Agreement and any other Restricted Stock Unit grant materials by and among, as applicable, the Employer, the Company and/or any Subsidiary or affiliate for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.***

(ii) ***The Grantee understands that the Company and the Employer may hold certain personal information about the Grantee, including the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of managing and administering the Plan ("Data").***

(iii) ***The Grantee understands that Data will be transferred to any stock plan service provider or broker as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Grantee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Grantee's country. The Grantee understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Grantee authorizes the Company, any stock plan service provider or broker selected by the Company and any other possible recipients that may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. The Grantee understands that, at any time, he or she may view Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. The Grantee understands, however, that refusing or withdrawing consent may affect his or her ability to participate in the Plan. For more information on the consequences of refusing to consent or withdrawing consent, the Grantee understands that he or she may contact his or her local human resources representative.***

(f) **Language**. If the Grantee received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version differs from the English version, the English version shall control.

(g) **Severability**. The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions nevertheless shall be binding and enforceable.

(h) **Appendix**. Notwithstanding any provisions in this Award Agreement, this Award shall be subject to any special terms and conditions set forth in any Appendix to this Award Agreement for the Grantee's country. Moreover, if the Grantee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Grantee, to the extent that the Company determines that the application of such terms and conditions is necessary or advisable to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Award Agreement.

(i) **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on this Award and on any Shares acquired under the Plan, to the extent that the Company determines that it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

SECTION 9. ACKNOWLEDGEMENTS OF THE GRANTEE.

(a) Nature of Award. In accepting this Award the Grantee acknowledges, understands, and agrees that:

(i) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended, or terminated by the Company at any time;

(ii) the grant of this Award is voluntary and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if such grants have been made repeatedly in the past;

(iii) all decisions with respect to future Awards, if any, will be at the sole discretion of the Company;

(iv) the Grantee's participation in the Plan shall not create a right to perform future Service with the Employer and shall not interfere with the ability of the Employer to terminate the Grantee's Service at any time;

(v) the Grantee's participation in the Plan is voluntary;

(vi) this Award and the Shares subject to this Award are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which are outside the scope of the Grantee's employment or other contract for Services, if any;

(vii) this Award and the Shares subject to this Award are not intended to replace any pension rights or compensation;

(viii) this Award and the Shares subject to this Award are not part of normal or expected compensation or salary for any purposes, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services to the Company, the Employer, or any Parent, Subsidiary or affiliate of the Company;

(ix) this Award and the Grantee's participation in the Plan shall not be interpreted to form an employment contract or Service relationship with the Company, the Employer, any Parent, Subsidiary or affiliate of the Company;

(x) the future value of the Shares subject to this Award is unknown and cannot be predicted with certainty;

(xi) if the Grantee is issued Shares in settlement of this Award, the value of the Shares acquired may increase or decrease in value;

(xii) no claim or entitlement to compensation or damages shall arise from forfeiture of any portion of this Award resulting from termination of the Grantee's Service by the Company or the Employer (for any reason whatsoever and regardless of whether in breach of applicable labor laws or whether later found to be invalid); and, in consideration of the grant of this Award, to which the Grantee is not otherwise entitled, the Grantee irrevocably agrees never to institute any claim against the Company or the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Grantee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims;

(xiii) in the event of termination of the Grantee's Service (regardless of whether in breach of applicable labor laws or whether later found to be invalid), the Grantee's right to continue to vest in the Restricted Stock Units, if any, will terminate effective as of the date of termination of the Grantee's active Service and will not be extended by any notice period mandated under applicable law (*e.g.*, active Service would not include a period of "garden leave" or similar period pursuant to local law); further, in the event of termination of the Grantee's Service (regardless of whether in breach of applicable labor laws), the Grantee's right to receive vested shares of this Award, if any, will be measured as of the date of termination of the Grantee's active Service and will not be extended by any notice period mandated under applicable law; the Committee shall have the exclusive discretion to determine when the Grantee's active Service is terminated for purposes of this Award (including whether the Grantee may still be considered actively employed while on a leave of absence); and

(xiv) the Grantee has received and read a copy of the Plan.

(b) **No Advice Regarding Award**. The Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or his or her acquisition or sale of the Shares subject to this Award. The Grantee is solely responsible for taking all appropriate legal advice, notably concerning U.S. and local country tax and social insurance regulations, when signing this Award Agreement, or selling the Shares acquired upon settlement of the Award, or more generally when making any decision in relation with this Award, this Award Agreement or otherwise under the Plan. The Company does not represent or guaranty that the Grantee may benefit from specific provisions under said regulations and the Grantee shall on his or her own efforts receive proper information in this respect. The Grantee is hereby advised to consult with his or her personal tax, legal, and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

(c) **Tax Consequences**. The Grantee agrees that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes the Grantee's liability for Tax-Related Items. The Grantee shall not make any claim against the Company or its Board of Directors, officers or employees related to Tax-Related Items arising from this Award.

(d) **Electronic Delivery of Documents**. The Grantee agrees that the Company may decide, in its sole discretion, to deliver by email or other electronic means any documents relating to the Plan or this Award (including, without limitation, a copy of the Plan) and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the U.S. Securities and Exchange Commission). The Grantee also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it shall notify the Grantee by email.

APPENDIX TO

GLOBAL RESTRICTED STOCK UNIT AWARD AGREEMENT
UNDER THE GUIDEWIRE SOFTWARE, INC.
2011 STOCK PLAN

TERMS AND CONDITIONS

This Appendix, which is part of the Award Agreement, includes additional terms and conditions that govern the Restricted Stock Units and that will apply to the Grantee if he or she is in one of the countries listed below. The Company, in its discretion, will determine to what extent terms and conditions contained herein shall be applicable to the Grantee.

NOTIFICATIONS

This Appendix also includes information regarding securities, exchange control and certain other issues of which the Grantee should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of October 2011. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Grantee not rely on the information in this Appendix as the only source of information relating to the consequences of his or her participation in the Plan because such information may be outdated when the Restricted Stock Units become vested and/or when any Shares acquired upon vesting and settlement are sold.

In addition, the information contained herein is general in nature and may not apply to the Grantee's particular situation. As a result, the Company is not in a position to assure the Grantee of any particular result. The Grantee therefore is advised to seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her particular situation.

Finally, if the Grantee is a citizen or resident of a country other than that in which the Grantee currently is working, if he or she transfers to a different country after the grant of the Restricted Stock Units, or is considered resident of another country for local law purposes, then the notifications contained herein may not apply to him or her.

Unless otherwise defined herein, capitalized terms set forth in this Appendix shall have the meanings ascribed to them in the Agreement and/or the Plan.

AUSTRALIA

TERMS AND CONDITIONS

Restricted Stock Units Payable in Shares Only. Notwithstanding any discretion in Section 9(a) of the Plan or anything contrary in the Agreement, due to regulatory requirements in Australia, the Award does not provide any right for the Grantee to receive a cash payment, and the Restricted Stock Units are payable in Shares only.

NOTIFICATIONS

Securities Law Notification. If the Restricted Stock Units become vested and Shares are issued and if the Grantee subsequently offers the Shares to a person or entity in Australia, the offer may be subject to disclosure requirements under Australian law. The Grantee should obtain independent legal advice regarding any applicable disclosure obligations prior to making any such offer.

CANADA

TERMS AND CONDITIONS

Restricted Stock Units Payable in Shares Only. Notwithstanding any discretion in Section 9(a) of the Plan or anything contrary in the Agreement, due to regulatory considerations in Canada, the Award does not provide any right for the Grantee to receive a cash payment, and the Restricted Stock Units are payable in Shares only.

Termination of Service. The following provision replaces Section 10(a)(xiii) of the Agreement:

In the event of termination of the Grantee's Service (regardless of whether in breach of applicable labor laws or whether later found to be invalid), the Grantee's right to continue to vest in the Award, if any, will terminate effective as of the earlier of (a) the date that the Grantee receives notice of termination of Service; or (b) the date of termination of the Grantee's active Service, regardless of any notice period or period of pay in lieu of such notice required under applicable law; the Committee shall have the exclusive discretion to determine when the Grantee's active Service is terminated for purposes of this Award (including whether the Grantee may still be considered actively employed while on a leave of absence);

***The following provisions apply to the Award if the Grantee is a resident of Quebec*:**

Language Consent. The parties acknowledge that it is their express wish that the Award Agreement, as well as all documents, notices and legal proceedings entered into, given, or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Personal Data Authorization. The following provision supplements Section 8(d) of the Agreement:

The Grantee hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel (professional or not) involved in the administration and operation of the Plan. The Grantee further authorizes the Company and the Employer to disclose and discuss with their advisors the Grantee's participation in the Plan. The Grantee also authorizes the Company and the Employer to record such information and to keep it in his or her employment file.

FRANCE

TERMS AND CONDITIONS

Restricted Stock Units Not Tax-Qualified. The Grantee understands that the Restricted Stock Units are not intended to qualify for favorable tax and social security treatment in France under Sections L. 225-197-1 to L. 225-197-6 of the French Commercial Code, as amended.

Consent to Receive Information in English. By accepting the Award Agreement, the Grantee confirms having read and understood the documents relating to the Award (the Plan and the Award Agreement), which were provided in the English language. The Grantee accepts the terms of those documents accordingly.

En acceptant le Contrat d'Attribution décrivant les termes et conditions de l'attribution, le Bénéficiaire confirme ainsi avoir lu et compris les documents relatifs à cette attribution (le Plan et ce Contrat d'Attribution) qui ont été communiqués en langue anglaise. Le Bénéficiaire accepte les termes en connaissance de cause.

GERMANY

There are no country-specific provisions.

HONG KONG

TERMS AND CONDITIONS

Restricted Stock Units Payable in Shares Only. Notwithstanding any discretion in Section 9(a) of the Plan or anything contrary in the Agreement, due to regulatory requirements in Hong Kong, the Award does not provide any right for the Grantee to receive a cash payment, and the Restricted Stock Units are payable in Shares only.

Sale of Shares**.** If any Restricted Stock Units become vested within six (6) months of the Grant Date, the Grantee hereby agrees that he or she will not sell any Shares thus that may be issued in settlement thereof prior to the six-month anniversary of the Grant Date.

NOTIFICATIONS

SECURITIES WARNING: This Award and any Shares issued upon vesting and settlement do not constitute a public offering of securities under Hong Kong law and are available only to eligible individuals in a Service relationship. The Award Agreement, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong. Nor have the documents been reviewed by any regulatory authority in Hong Kong. This Award is intended only for the personal use of an eligible individual in a Service relationship and may not be distributed to any other person. If the Grantee is in doubt as to any of the contents of the Award Agreement, or the Plan, the Grantee should obtain independent professional advice.

Nature of Scheme. The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

IRELAND

NOTIFICATIONS

Director Notification Obligation. If the Grantee is a director or secretary of a Subsidiary or affiliate in Ireland ("Irish Subsidiary"), the Grantee must notify the Irish Subsidiary in writing within five business days of the Grantee receiving or disposing of an interest (*e.g.*, Awards, Shares) in the Company, or within five business days of the Grantee becoming aware of the event giving rise to the notification requirement, or within five business days of the Grantee becoming a director if such an interest exists at the time. This notification requirement also applies to a shadow director of the Irish Subsidiary (*i.e.*, an individual who is not on the board of directors of the Irish Subsidiary but who has sufficient control so that the board of directors of the Irish Subsidiary acts in accordance with the "directions or instructions" of the individual) and with respect to the interests of a spouse or minor children (whose interests will be attributed to the director, shadow director or secretary).

JAPAN

There are no country-specific provisions.

UNITED KINGDOM

TERMS AND CONDITIONS

Restricted Stock Units Payable in Shares Only. Notwithstanding any discretion in the Plan or anything contrary in the Agreement, due to tax considerations in the United Kingdom, the Award does not provide any right for the Grantee to receive a cash payment, and the Restricted Stock Units are payable in Shares only.

Joint Election for Transfer of Liability for Employer National Insurance Contributions. As a condition of participation in the Plan and settlement of this Award upon vesting, the Grantee agrees to accept any liability for secondary Class 1 National Insurance contributions that may be payable by the Company, the Employer, or a Subsidiary or affiliate in connection with the Restricted Stock Units and any event giving rise to Tax-Related Items (the "Employer NICs"). Without prejudice to the foregoing, the Grantee agrees to execute a joint election with the Company, the form of such joint election (the "Joint Election") having been approved formally by Her Majesty's Revenue and Customs ("HMRC"), and any other required consent or election. The Grantee further agrees to execute such other joint elections as may be required between the Grantee and any successor to the Company, the Employer, and/or any Subsidiary or affiliate. The Grantee further agrees that the Company, the Employer, and/or any Parent, Subsidiary or affiliate may collect the Employer NICs from the Grantee by any of the means set forth in Section 6 of the Agreement.

If the Grantee does not enter into a Joint Election prior to vesting of the Award, the Award shall not be settled unless and until he or she enters into a Joint Election, and no Shares will be issued to the Grantee under the Plan, without any liability to the Company, the Employer, or any Parent, Subsidiary or affiliate.

Tax Withholding. The following provision supplements Section 6 of the Agreement:

The Grantee agrees that, if he or she does not pay or the Company or the Employer does not withhold from the Grantee the full amount of the income tax due within ninety (90) days of the event giving rise to the tax liability or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), the amount of any uncollected tax shall constitute a loan owed by the Grantee to the Company or the Employer, effective as of the Due Date. The Grantee agrees that the loan will bear interest at the official HMRC rate and immediately will be due and repayable by the Grantee, and the Company, the Employer, or any Parent, Subsidiary or affiliate may recover it at any time thereafter by any of the means referred to in Section 6 of the Agreement. The Grantee also authorizes the Company to delay the issuance of any Shares to the Grantee unless and until the loan is repaid in full.

Notwithstanding the foregoing, if the Grantee is an executive officer or director within the meaning of Section 13(k) of the Exchange Act, the Grantee shall not be eligible for a loan to cover the income tax due as described above. In the event that the Grantee is an executive officer or director and the income tax due is not collected by the Due Date, the amount of any uncollected tax will constitute a benefit to the Grantee on which additional income tax and National Insurance contributions will be payable. The Grantee acknowledges that the Company or the Employer may recover any such additional income tax and National Insurance contributions at any time thereafter by any of the means referred to in Section 6. The Grantee also will be responsible for reporting any income tax and National Insurance contributions due on this additional benefit directly to HMRC under the self-assessment regime.

Exhibit 10.9

Guidewire

Guidewire Software, Inc.
2211 Bridgepointe Parkway, Suite 200
San Mateo, CA 94404 USA
Main: +1 650 357 9100
Fax: +1 650 357 9101
www.guidewire.com

October 22, 2011

John True

Dear John,

Guidewire Software, Inc. ("the Company") is pleased to offer you the full time, exempt position of SVP Field Operations. Your starting salary will be paid at a rate of $10,416.67 on a semi-monthly basis, which is equivalent to $250,000 per year. If you accept this offer, we expect that you will begin working at Guidewire on November 8, 2011. You will be a member of the management team, reporting to the Chief Executive Officer.

Also, you will be eligible for an annual bonus where target bonus earnings will be 100% of your base salary on an annual basis based on the fiscal year. The annual bonus will be paid in quarterly installments within 30 days of the end of each fiscal quarter and prorated based on your start date, and will be based upon metrics that are mutually agreed to by you and the Chief Executive Officer and/or Compensation Committee of the Board of Directors. The bonus plan, in its entirety, may also be revised at any time.

As a regular full time employee of the Company, if you work a minimum of 30 hours per workweek you will be eligible to participate in a number of Company-sponsored benefits, which are described in our employee manual.

Subject to approval by the Board of Directors, you will be granted an option to purchase 240,000 shares of our common stock (the "Option") under the Company's 2006 Stock Plan (the "2006 Plan"). The exercise price per share of the Option will be equal to the fair market value of the Company's common stock on the date of grant as determined by the Board of Directors or the Compensation Committee in good faith. The Option will be subject to the terms and conditions of the 2006 Plan as described in the 2006 Plan and the applicable Stock Option Agreement. The Option will vest and become exercisable in 25% of the Option shares after 12 months of continuous service, and the balance will vest and become exercisable in equal monthly installments over the next 36 months of continuous service, as described in the applicable Stock Option Agreement.

Subject to approval by the Board of Directors, you will be granted an award of 150,000 Restricted Stock Units ("RSUs") under the Company's 2010 Restricted Stock Unit Plan (the " RSU Plan"). Your receipt of this award will be subject to you executing the Company's standard RSU award agreement. The vesting of your RSU award will be subject to a time based vesting condition and a performance condition, both of which must be satisfied before shares of Company stock will be issued to you. So long as you continue in service with the Company, 25% of the RSUs will typically time vest on the one year anniversary of the 15th of March, June, September, or December which most closely follows your hire date (the "One Year Cliff"), and 6.25% of the RSUs will typically time vest on each subsequent 15th of March, June, September, and December thereafter (the "Quarterly Vesting Schedule"), until the RSUs are fully time vested after 4 years; provided that if there is a Change in Control (as defined below) before the date on which the One Year Cliff is satisfied, then the One Year Cliff requirement shall be disregarded as of the date of such Change in Control and the Quarterly Vesting Schedule will immediately commence thereafter as if your vesting schedule had provided for quarterly vesting over 4 years from the 15th of March, June, September or December which most closely follows your hire date. However, no shares of

Deliver insurance your way.

Company stock will be issued to you in settlement of your time vested RSUs until there is a Sale Event (as defined in the RSU Plan) or 180 days after the Company's initial public offering.

Like other Guidewire employees, you will be employed on an at-will basis. This means that either you or Guidewire may terminate your employment relationship at any time for any reason, with or without cause. Notwithstanding the at-will nature of your employment, if the Company terminates your employment at any time without Cause (as defined below), then subject to you signing a general release of claims in the form attached hereto as Exhibit A (the "Release") and the expiration of the seven day revocation period for the Release, the Company will pay you an amount equal to 0.5 times the sum of your annual base salary and target annual bonus, payable in substantially equal installments in accordance with the Company's payroll practice over six months commencing within 60 days after your date of termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, the severance amount will begin to be paid in the second calendar year. (Solely for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), each installment payment is considered a separate payment.)

If within two months before or 24 months after a Change in Control (as defined below), your employment is terminated by the Company without Cause or you resign for Good Reason (each as defined below), then subject to you signing the Release and the expiration of the seven-day revocation period for the Release, (a) in lieu of the severance in the immediately preceding paragraph, the Company will pay you an amount equal to your annual base salary and target annual bonus, payable in a single lump sum payment within 60 days after your date of termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, the payment will be paid in the second calendar year; (b) the Option described in this Offer Letter will become 100% vested and exercisable; (c) the time condition with respect to the RSUs described in this offer letter will become 100% vested and satisfied; and (d) all other stock options, restricted stock units and other stock-based awards then held by you will be accelerated as if you had completed an additional 12 months of service with the Company.

For purposes of the foregoing, the following terms have the following meanings:

1. "Cause" means the Company has complied with the "Termination for Cause Process" (hereinafter defined) following the occurrence of any of the following events: (i) your intentional unauthorized use or disclosure of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company; (ii) your material breach of any material agreement between you and the Company; (iii) your material failure to comply with the Company's written policies or rules that have been provided to you; (iv) your conviction of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State; (v) your gross misconduct that results in material harm to the Company; (vi) your continuing and intentional non-performance of your assigned duties after receiving written notification of the failure from the CEO; or (vii) your failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested your cooperation therewith. "Termination without Cause Process" means that (1) the Company has reasonably determined in good faith that a "Cause" condition has occurred; (2) the Company notifies you in writing of the first occurrence of the Cause condition within 60 days of having knowledge of the first occurrence of such condition; (3) the Company cooperates in good faith with your efforts, for a period not less than 30 days following such notice (the "Cause Cure Period"), to remedy the condition, if such condition is capable of being cured; (4) notwithstanding such efforts, the Cause condition continues to exist; and (5) the Company terminates your employment within 60 days after the end of the Cause Cure Period if such condition is capable of being cured, and if not capable of being cured, the Company terminates your employment within 60 days after providing the notice in clause (2) to you. For conditions capable of being cured, if you cure the Cause condition during the Cause Cure Period, Cause will be deemed not to have occurred.

2. "Change in Control" means any of the following:

Guidewire

(i) the date any “person,” as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Act”) (other than the Company, any of its subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its subsidiaries), together with all “affiliates” and “associates” (as such terms are defined in Rule 12b-2 under the Act) of such person, becomes the “beneficial owner” (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 50 percent or more of the combined voting power of the Company’s then outstanding securities having the right to vote in an election of the Board (“Voting Securities”) (in such case other than as a result of an acquisition of securities directly from the Company); or

(ii) the date a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election; or

(iii) the date of consummation of (A) any consolidation or merger of the Company where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate more than 50 percent of the voting shares of the Company issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), or (B) any sale or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a “Change in Control” will not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by the Company which, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of Voting Securities beneficially owned by any person to 50 percent or more of the combined voting power of all of the then outstanding Voting Securities; provided, however, that if any person referred to in this sentence will thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from the Company) and immediately thereafter beneficially owns 50 percent or more of the combined voting power of all of the then outstanding Voting Securities, then a “Change in Control” will be deemed to have occurred for purposes of the foregoing clause (i). The Company’s initial public offering will not be a Change in Control.

3. “Good Reason” means that you have complied with the “Good Reason Process” (hereinafter defined) following the occurrence of any of the following events: (i) a material diminution in your title (as it relates to the Company as opposed to the overall business of any potential acquiror), responsibilities, authority or duties or a material diminution in the responsibilities, authority or duties of the individual to whom you directly report (for example, a reduction by 10% or more of the number of individuals who either directly or indirectly report to you or a reduction by more than 10% of the budget you have available for the fulfillment of your duties and responsibilities would be one of several scenarios that would qualify for Good Reason unless such reductions are in connection with a general economic downturn at the Company and not specific to you; provided, however that a change in the responsibilities, authority or duties of the individual to whom you directly report from being the chief executive officer of the Company to the head of a division or business unit after a Change in Control would not alone qualify for Good Reason); (ii) a change in your reporting relationship that would require you to report to any officer or employee other than the Company’s Chief Executive Officer (or similar title describing the head of the Company’s business); (iii) a material diminution in your base salary or bonus opportunity; (iv) a material change in the geographic location at which your provide services to the Company; or (v) the material breach by the Company of any material agreement between you and the Company. “Good Reason Process” means that (1) you reasonably determine in good faith that a “Good Reason” condition has

occurred; (2) you notify the Company in writing of the first occurrence of the Good Reason condition within 60 days of the first occurrence of such condition; (3) you cooperate in good faith with the Company's efforts, for a period not less than 30 days following such notice (the "Cure Period"), to remedy the condition; (4) notwithstanding such efforts, the Good Reason condition continues to exist; and (5) you terminate your employment within 60 days after the end of the Cure Period. If the Company cures the Good Reason condition during the Cure Period, Good Reason will be deemed not to have occurred.

This is the full and complete agreement between us on this term. Although your job duties, title and reporting level, compensation and benefits, as well as Guidewire's policies and procedures, may change from time-to-time, the "at-will" nature of your employment may only be changed in a document signed by you and the Chief Executive Officer of the Company.

Your employment pursuant to this offer is contingent on the following: (1) your signing of the enclosed Proprietary Information and Inventions Assignment Agreement, which, among other things, requires that you will not, during your employment with Guidewire, improperly use or disclose any proprietary information or trade secrets of any former employer and will not bring onto Guidewire premises any confidential or proprietary information of any former employer unless that employer has consented to such action in writing; (2) your ability to provide the Company with the legally-required proof of your identity and authorization to work in the United States; and (3) completion of satisfactory reference checks.

Section 409A. It is the intent of the parties that the all benefits provided under this agreement, including all severance payments and all other cash, equity, and other benefits, shall either (a) not be deferred compensation arrangements under Section 409A, or (b) comply with the requirements of Sections 409A. The parties agree to take all reasonably necessary steps to have such benefits not be deferred compensation arrangements under Section 409A or have such arrangements comply with Section 409A. For purposes of Section 409A, each payment made under this Agreement shall be designated as a "separate payment" within the meaning of Section 409A. Notwithstanding any other provisions of this Agreement, if you are a "specified employee," within the meaning of Section 409A, as of you separation date, then any benefits payable to you under this agreement that may be considered deferred compensation under Section 409A and would otherwise be payable to you within six (6) months following your separation date shall instead be paid to you in a single lump sum on the date that is six (6) months and one (1) day following the separation date. Notwithstanding anything to the contrary herein, except to the extent any expense, reimbursement or in-kind benefit provided pursuant to this agreement does not constitute a "deferral of compensation" within the meaning of Section 409A (i) the amount of expenses eligible for reimbursement or in-kind benefits provided to you during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to you in any other calendar year, (ii) the reimbursements for expenses for which you are entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred and (iii) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

This letter sets forth the terms of your employment with us and supersedes any prior representations or agreements, whether written or oral. All compensation paid to you shall be subject to all applicable withholdings and deductions.

To accept this offer, please sign this letter along with the executed Proprietary Information and Inventions Assignment Agreement. This offer, if not accepted, will expire on October 31, 2011.

We look forward to having you join our Guidewire team. If you have any questions, please contact Bob Donahue.

Sincerely,

/s/ Marcus Ryu

Marcus Ryu
Chief Executive Officer
Guidewire Software, Inc.

I have read and accept this employment offer.

11-9-2011	/s/ John True
Date	John True

11-9-2011

Enter Confirmed Start Date

Exhibit A

FORM OF RELEASE

This Release (the "Release") is made between John True ("Employee") and Guidewire Software, Inc. (the "Company," together with Employee, the "Parties").

WHEREAS, Employee is an employee of the Company;

WHEREAS, Employee and the Company entered into an Employment Agreement dated October 22, 2011 that was signed by Employee on November 9, 2011 (the "Employment Agreement") which provides for certain separation benefits to Employee in the event Employee's employment terminates under specified conditions; and

WHEREAS, the Employment Agreement requires that Employee execute a release of claims agreement prior to being eligible to receive any separation benefits under the Employment Agreement; and

WHEREAS, this Release is required to be executed and delivered to the Company pursuant to the Employment Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. **Separation Benefits**. Upon the Effective Date (as defined in Section 5 below) of this Release, the Parties agree that Employee shall become entitled to such benefits for which Employee may become eligible under the Employment Agreement, with such benefits being provided as set forth in the Employment Agreement.

2. **General Release; Covenant Not to Sue**.

(a) Employee irrevocably and unconditionally releases and forever discharges the Company, all of its affiliated and related entities, parents and subsidiaries and their respective predecessors, successors and assigns, their respective employee benefit plans and the fiduciaries of such plans, and the current and former officers, directors, stockholders, employees, attorneys, accountants, and agents of each of the foregoing in their official and personal capacities (collectively referred to as the "Releasees") generally from all claims, demands, debts, damages and liabilities of every name and nature, known or unknown ("Claims") that, as of the date when Employee signs this Release, Employee has, ever had, now claims to have or ever claimed to have had against any or all of the Releasees. This release includes, without implication of limitation, the complete waiver and release of all Claims of or arising in connection with or for: any employment agreement, including Claims for breach of express or implied contract; wrongful termination of employment whether in contract or tort; intentional, reckless, or negligent infliction of emotional distress; breach of any express or implied covenant of employment, including the covenant of good faith and fair dealing; interference with contractual or advantageous relations, whether prospective or existing; deceit or misrepresentation;

discrimination or retaliation under state, federal, or municipal law, including, without implication of limitation, Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq., as amended, the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq., the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq., including the Older Workers Benefit Protection Act, the California Fair Employment and Housing Act, California Government Code § 12900 et seq., the California Business and Professions Code, and the California Labor Code; defamation or damage to reputation; reinstatement; punitive or emotional distress damages; and attorney's fees and costs. Employee understands that this general release of Claims extends to any and all Claims, including but not limited to Claims related to Employee's employment by the Company and the termination of Employee's employment. Notwithstanding any other provision of this Section 2, Employee understands that this general release does not extend (i) to any rights or claims that may arise out of acts or events that occur after the date on which Employee signs this Release or (ii) to any claims that cannot be released as a matter of law, including, but not limited to, claims under Division 3, Article 2 of the California Labor Code (which includes indemnification rights). Employee represents that Employee (A) has not assigned or granted to any third party any Claim released by this Release, (B) has not filed with any agency or court any Claim released by this Release and (C) has the full legal capacity to give the releases specified herein.

(b) Employee hereby covenants not to sue the Releasees with respect to the Claims released in this Release, or to initiate or voluntarily participate in any administrative proceeding against the Releasees seeking monetary damages with respect to any such Claims, except as may be otherwise provided by law.

3. **Civil Code 1542 Waiver**. As a further consideration and inducement for this Release, Employee hereby waives any and all rights under Section 1542 of the California Civil Code or any other similar state, local, or federal law, statute, rule, order or regulation Employee may have with respect to the Company and any of the Releasees. Section 1542 provides:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Employee expressly agrees that this Release shall extend and apply to all unknown, unsuspected and unanticipated injuries and damages as well as those that are now disclosed.

4. **Other Agreements**. Employee hereby reaffirms Employee's continuing obligations pursuant to any other agreement that may currently exist between Employee and the Company, including without limitation with respect to confidentiality, proprietary information, invention assignment, nonsolicitation and nondisclosure, all of which are incorporated by reference into this Section 4 and shall remain in full force and effect, to the extent not inconsistent with this Release.

5. **Time for Consideration; Effective Date**. Employee acknowledges that Employee has been provided with the opportunity to consider this Release for twenty-one (21) days before signing it. To accept this Release, Employee must return a signed original of this Release so that

it is received by the Company on or before the expiration of this twenty-one (21) day period. If Employee signs this Release within less than twenty-one (21) days of the date of its delivery to Employee, Employee acknowledges by signing this Release that such decision was entirely voluntary and that Employee had the opportunity to consider this Release for the entire twenty-one (21) day period. For a period of seven (7) days from the day of the execution of this Release, Employee shall retain the right to revoke this Release by written notice that must be received by the Company's Chief Executive Officer before the end of such revocation period. This Release shall become effective automatically without any further action by or on behalf of any Party on the day immediately following the expiration of the revocation period (the "Effective Date"), provided that Employee does not revoke this Release during the revocation period. Employee shall not be entitled to any benefits under the Employment Agreement if Employee revokes this Release prior to the expiration of such revocation period.

6. **Advice of Counsel**. This Release is a legally binding document and Employee's signature will commit Employee to its terms upon the Effective Date. Employee acknowledges that Employee has been advised to discuss all aspects of this Release with Employee's attorney, that Employee has had an opportunity to consult Employee's attorney, that Employee has carefully read and fully understands all of the provisions of this Release and that Employee is voluntarily entering into this Release.

7. **Non-Disparagement**. Employee agrees not to make any disparaging statements concerning the Company or any of its affiliates or current or former officers, directors, shareholders, employees or agents. These nondisparagement obligations shall not in any way affect Employee's obligation to testify truthfully in any legal proceeding.

8. **Enforceability**. Employee acknowledges that the provisions of this Release are contractual and severable. If any part of this Release is at any time held invalid, that part will remain in effect to the extent allowed by law and all other provisions shall remain in full force and effect.

9. **Binding Effect; Third Party Beneficiary**. This Release shall bind the heirs, personal representatives, successors and assigns of each Party, and inure to the benefit of each party and each of its predecessors, successors, assigns, equityholders, directors, managers, officers, partners, employees, agents, parents, subsidiaries and affiliates.

10. **Entire Agreement**. This Release constitutes the entire agreement between Employee and the Company concerning the subject matter hereof, and supersedes and replaces any and all prior agreements and understandings between the Parties concerning its subject matter, but subject to Section 4 above.

11. **Waiver and Amendment**. No waiver or amendment of any provision of this Release shall be effective unless made in writing and signed by the waiving party. The failure of either Party to require the performance of any term or obligation of this Release shall not prevent any subsequent enforcement of such term or obligation, and the waiver by either Party of any breach of this Release shall not be deemed a waiver of any subsequent or other breach.

12. **Governing Law; Interpretation**. This Release shall be interpreted and enforced under the laws of the State of California without regard to conflict of law principles. In the event of any dispute, this Release is intended by the parties to be construed as a whole, to be interpreted in accordance with its fair meaning, and not to be construed strictly for or against either Party or the "drafter" of all or any portion of this Release.

13. **Counterparts**. This Release may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original, but all of which together shall constitute one and the same document. Facsimile and pdf signatures shall be deemed to be of equal force and effect as originals.

14. **Prevailing Party**. The prevailing party shall be entitled to reasonable costs and expenses incurred by it in connection with any cause of action, enforcement action or other similar matter arising in connection with this Release.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties, intending to be legally bound, have executed this Release on the date(s) indicated below.

GUIDEWIRE SOFTWARE, INC.

BY: ______________________________ ______________________________

ITS: ______________________________ **Date**

I HAVE READ THIS AGREEMENT THOROUGHLY, UNDERSTAND ITS TERMS AND HAVE SIGNED IT KNOWINGLY AND VOLUNTARILY. I UNDERSTAND THAT THIS AGREEMENT IS A LEGAL DOCUMENT.

EMPLOYEE

______________________________ ______________________________

JOHN TRUE **DATE**

Exhibit 10.12

GUIDEWIRE SOFTWARE, INC.
SENIOR EXECUTIVE INCENTIVE BONUS PLAN

1. Purpose

This Senior Executive Incentive Bonus Plan (the “Incentive Plan”) is intended to provide an incentive for superior work and to motivate eligible executives of Guidewire Software, Inc. (the “Company”) and its subsidiaries toward even higher achievement and business results, to tie their goals and interests to those of the Company and its stockholders and to enable the Company to attract and retain highly qualified executives. The Incentive Plan is for the benefit of Covered Executives (as defined below).

2. Covered Executives

From time to time, the Compensation Committee of the Board of Directors of the Company (the “Compensation Committee”) may select certain key executives (the “Covered Executives”) to be eligible to receive bonuses hereunder. Participation in this Plan does not change the “at will” nature of a Covered Executive’s employment with the Company.

3. Administration

The Compensation Committee shall have the sole discretion and authority to administer and interpret the Incentive Plan.

4. Bonus Determinations

(a) A Covered Executive may receive a bonus payment under the Incentive Plan based upon the attainment of one or more performance objectives which are established by the Compensation Committee and relate to financial and operational metrics with respect to the Company or any of its subsidiaries (the “Corporate Performance Goals”), including the following: cash flow (including, but not limited to, operating cash flow and free cash flow), revenue, corporate revenue, earnings before interest, taxes, depreciation and amortization, net income (loss) (either before or after interest, taxes, depreciation and/or amortization), changes in the market price of the Company’s common stock, economic value-added, acquisitions or strategic transactions, operating income (loss), return on capital, assets, equity, or investment, stockholder returns, return on sales, gross or net profit levels, productivity, expense, margins, operating efficiency, customer satisfaction, working capital, earnings (loss) per share of the Company’s common stock, sales or market shares, number of customers, number of new customers or customer references, operating income and net annual recurring revenue, any of which may be (A) measured in absolute terms or compared to any incremental increase, (B) measured in terms of growth, (C) compared to another company or companies or to results of a peer group, (D) measured against the market as a whole and/or according to applicable market indices, (E) measured against the performance of the Company as a whole or a segment of the Company and/or (F) measured on a pre-tax or post-tax basis (if applicable). Further, any Corporate Performance Goals may be used to measure the performance of the Company as a whole or a business unit or other segment of the Company, or one or more product lines or specific markets and may be measured relative to a peer group or index. The Corporate Performance Goals may differ from Covered Executive to Covered Executive.

At the beginning of each applicable performance period, the Compensation Committee will determine whether any significant element(s) will be included in or excluded from the calculation of any Corporate Performance Goal with respect to any Covered Executive. In all other respects, Corporate Performance Goals will be calculated in accordance with the Company's financial statements, generally accepted accounting principles, or under a methodology established by the Compensation Committee at the beginning of the performance period and which is consistently applied with respect to a Corporate Performance Goal in the relevant performance period. Each Corporate Performance Goal shall have a "target" (100 percent attainment of the Corporate Performance Goal) and may also have a "minimum" hurdle and a "maximum."

(b) Except as otherwise set forth in this Section 4(b): (i) any bonuses paid to Covered Executives under the Incentive Plan shall be based upon objectively determinable bonus formulas that tie such bonuses to one or more performance targets relating to the Corporate Performance Goals, (ii) bonus formulas for Covered Executives shall be adopted in each performance period by the Compensation Committee and communicated to each Covered Executive at the beginning of each performance period and (iii) no bonuses shall be paid to Covered Executives unless and until the Compensation Committee makes a determination with respect to the attainment of the performance objectives. Notwithstanding the foregoing, the Compensation Committee may adjust bonuses payable under the Incentive Plan based on achievement of one or more individual performance objectives or pay bonuses (including, without limitation, discretionary bonuses) to Covered Executives under the Incentive Plan based on individual performance goals and/or upon such other terms and conditions as the Compensation Committee may in its discretion determine.

(c) The Compensation Committee shall establish a target bonus opportunity for each Covered Executive for each performance period. For each Covered Executive, the Compensation Committee shall have the authority to apportion the target award so that a portion of the target award shall be tied to attainment of corporate performance objectives and a portion of the target award shall be tied to attainment of individual performance objectives.

(d) Subject to rights contained in any agreement between the Covered Executive and the Company, the payment of a bonus to a Covered Executive with respect to a performance period shall be conditioned upon the Covered Executive's employment by the Company on the bonus payment date. If a Covered Executive was not employed for an entire performance period, the Compensation Committee may pro rate the bonus based on the number of days employed during such period.

5. Timing of Payment

(a) With respect to Corporate Performance Goals established and measured on a basis more frequently than annually (e.g., quarterly or semi-annually), the Corporate Performance Goals will be measured at the end of each performance period after the Company's financial reports with respect to such quarter(s) have been published. If the Corporate Performance Goals and or individual goals for such period are met, payments will be made as soon as practicable following the end of such period, but not later than March 15 of the subsequent year. For the avoidance of doubt, bonuses earned at any time in year 1 must be paid by March 15 of year 2.

(b) With respect to Corporate Performance Goals established and measured on an annual basis, Corporate Performance Goals will be measured at the end of each fiscal year after the Company's financial reports have been published. If the Corporate Performance Goals and/ or individual goals for any fiscal year are met, bonus payments will be made as soon as practicable, but not later than 70 days after the end of such fiscal year.

6. Amendment and Termination

The Company reserves the right to amend or terminate the Incentive Plan at any time in its sole discretion.

Exhibit 10.13

— PARKSIDE TOWERS —

OFFICE LEASE AGREEMENT

BETWEEN

PARKSIDE TOWERS, L.P.,
AS LANDLORD

AND

GUIDEWIRE SOFTWARE, INC.,
AS TENANT

DATED AS OF

December 5, 2011

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OFFICE LEASE AGREEMENT

This Office Lease Agreement (this "**Lease**") is entered into as of December 5, 2011, by and between the Landlord and the Tenant hereinafter named.

BASIC LEASE INFORMATION

Landlord:	PARKSIDE TOWERS, L.P., a Delaware limited partnership ("**Landlord**")
Tenant:	GUIDEWIRE SOFTWARE, INC., a Delaware corporation ("**Tenant**")
Premises:	The Premises consist of approximately 97,674 rentable square feet in the following increments of space: (i) Suite 700E, containing approximately 18,442 rentable square feet on the 7th floor (the "**Suite 700E Space**") as shown on Exhibit A-1 attached hereto, in the East Tower of the building commonly known as Parkside Towers (the "**1051 Tower**"), and whose street address is 1051 East Hillsdale Boulevard, Foster City, California, (ii) Suite 800E, containing approximately 35,435 rentable square feet on the 8th floor, in the 1051 Tower (the "**Suite 800E Space**") as shown on Exhibit A-2 attached hereto, (iii) Suite 800W, containing approximately 28,031 rentable square feet on the 8th floor (the "**Suite 800W Space**") as shown on Exhibit A-3 attached hereto, in the West Tower of the building commonly known as Parkside Towers (the "**1001 Tower**"), and whose street address is 1001 East Hillsdale Boulevard, Foster City, California, and (iv) Suite 550W containing approximately 15,766 rentable square feet on the 5th floor, in the 1001 Tower (the "**Suite 550W Space**") as shown on Exhibit A-4 attached hereto. The term "**Project**" shall collectively refer to the Building, the land on which the 1001 Tower and the 1051 Tower are located (the "**Land**"), and the driveways, associated parking facilities, and similar improvements and easements associated with the foregoing or the operation thereof, including without limitation the Common Areas (as defined in Section 7(c)). As used herein, "**Building**" shall refer to both the 1051 Tower or the 1001 Tower.
Term:	Eighty-Four (84) months, commencing on the Commencement Date and ending at 5:00 p.m. local time on July 31, 2019, subject to adjustment and earlier termination as provided in the Lease; provided that the Term may be extended, at Tenant's option, as specifically provided in Exhibit G attached hereto.
Commencement Date:	August 1, 2012
Base Rent:	Base Rent shall be the following amounts for the following periods of time:

Period	Monthly Base Rent Rate Per Rentable Square Foot	Monthly Base Rent
8/1/12 – 11/30/12	$ 0.00	$ 0.00
12/1/12 – 7/31/13	$ 3.45	$336,975.30
8/1/13 – 7/31/14	$ 3.55	$347,084.56
8/1/14 – 7/31/15	$ 3.66	$357,497.96
8/1/15 – 7/31/16	$ 3.77	$368,222.01
8/1/16 – 7/31/17	$ 3.88	$379,268.67
8/1/17 – 7/31/18	$ 4.00	$390,646.73
8/1/18 – 7/31/19	$ 4.12	$402,366.13

Rent:	Base Rent, Additional Rent, Taxes and Insurance (each as defined in Exhibit C hereto), and all other sums that Tenant may owe to Landlord or otherwise be required to pay under the Lease.
Base Year:	2012
Letter of Credit:	$1,207,098.39, subject to reduction as provided in Section 6(c) below.
Tenant Improvements:	Landlord shall provide a construction allowance in the amount of $35.00 per rentable square foot of the Premises. See Exhibit D.
Permitted Use:	General office use, and for no other purpose whatsoever.
Tenant's Proportionate Share:	24.44%, which is the percentage obtained by dividing (a) the number of rentable square feet in the Premises as stated above by (b) the number of rentable square feet in the Building at the time a respective charge was incurred, which at the time of execution of this Lease is 399,590 rentable square feet. Landlord and Tenant stipulate that the number of rentable square feet in the Premises and in the Building set forth above is conclusive as to the square footage in existence on the date of this Lease and shall be binding upon them.
Parking:	Tenant shall be entitled to use three hundred and twenty-two (322) unreserved parking spaces located within the Building's three (3)-story secured parking garage (on floors 2 and 3 and on the basement level) based on a ratio of 3.3 spaces/1,000 rsf.
Initial Liability Insurance Amount:	$3,000,000 per occurrence; $5,000,000 annual aggregate; See Section 11.
Broker/Agent:	For Tenant: Cornish & Carey Commercial Newmark Knight Frank
	For Landlord: Cornish & Carey Commercial Newmark Knight Frank

Tenant's Address:	Prior to Commencement Date: 2211 Bridgepointe Parkway Suite 200 San Mateo, CA 94404 Attention: Robert Donohue Telephone:	Following Commencement Date: Suite 800W 1051 East Hillsdale Boulevard, Foster City, CA 94404 Attention: Robert Donohue Telephone:
Landlord's Address:	For all Notices: c/o Harvest Properties, Inc. 6475 Christie Avenue, Suite 550 Emeryville, CA 94608 Attention: Parkside Towers Property Manager Telephone: (510) 594-2050	With a copy to: Invesco Real Estate Three Galleria Tower, Suite 500 13155 Noel Road Dallas, TX 75240 Attention: Parkside Towers Asset Manager Telephone: (972) 715-7497

The foregoing Basic Lease Information is incorporated into and made a part of this Lease. If any conflict exists between any Basic Lease Information and the following provisions of the Lease, then such following provisions of the Lease shall control.

LEASE PROVISIONS

1. **Definitions and Basic Provisions**. The definitions and basic provisions set forth in the foregoing Basic Lease Information (the "**Basic Lease Information**") are incorporated herein by reference for all purposes. Additionally, the following terms shall have the following meanings when used in this Lease: "**Affiliate**" means any person or entity which, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the party in question; "**Building's Structure**" means the Building's exterior walls, roofs, elevator shafts, footings, foundations, structural portions of load-bearing walls, structural floors and subfloors, and structural columns and beams; "**Building's Systems**" means the Premises' and the Building's heating, ventilation and air conditioning ("**HVAC**"), life-safety, plumbing, electrical and mechanical systems and elevators; "**Business Day(s)**" means Monday through Friday of each week, exclusive of Holidays; "**Holidays**" means New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and any other nationally or regionally recognized holiday; "**including**" means including, without limitation; "**Laws**" means all federal, state and local laws, ordinances, rules and regulations, all court orders, governmental directives and governmental orders and all interpretations of the foregoing including the Americans With Disabilities Act, and all restrictive covenants affecting the Project, and "**Law**" shall mean any of the foregoing; "**Normal Business Hours**" means 8:00 a.m. to 6:00 p.m. on Business Days, exclusive of Holidays; "**Tenant's Off-Premises Equipment**" means any of Tenant's equipment or other property that may be located on or about the Project (other than inside the Premises); and "**Tenant Party**" means any of the following persons: Tenant; any assignees claiming by, through or under Tenant; any subtenants claiming by, through or under Tenant; and any of their respective agents, contractors, employees and invitees.

2. **Lease Grant**. Subject to the terms of this Lease, Landlord leases to Tenant, and Tenant leases from Landlord, the Premises (as defined in the Basic Lease Information). Tenant, its permitted subtenants and their employees, licensees and guests, shall have access to the Premises at all times, twenty-four (24) hours per day, every day of the year, subject to such after-Normal Business Hour security procedures as Landlord may reasonably require.

3. **Tender of Possession**.

(a) **Condition Precedent**. The effectiveness of this Lease is conditioned upon Landlord entering into a binding lease termination agreement with the current tenant(s) in the Suite 800W Space and the Suite 550W Space upon terms and conditions acceptable to Landlord in its sole and absolute discretion. Landlord shall have the right, exercisable at any time prior to December 15, 2011, to notify Tenant in writing that such condition precedent has not been satisfied or waived. If the condition precedent has not been satisfied or waived by December 15, 2011, then this Lease shall be void and of no force or effect whatsoever.

(b) **Estimated Delivery Date; Delay in Delivery**. Landlord and Tenant presently anticipate that possession of each increment of the Premises will be tendered to Tenant in the condition required by this Lease on or about the subject Access Date (the "**Estimated Delivery Date**"). If Landlord is unable to tender possession of any increment of the Premises in such condition to Tenant by the applicable Estimated Delivery Date, then: (1) the validity of this Lease shall not be affected or impaired thereby; (2) Landlord shall not be in default hereunder or be liable for damages therefor; and (3) Tenant shall accept possession of the subject increment of the Premises when Landlord tenders possession thereof to Tenant. Notwithstanding the foregoing, if Landlord has not tendered possession of the subject increment of the Premises to Tenant by: (X) February 1, 2012 ("**800E/700E Late Delivery Date**") with respect to the Suite 800E Space and the Suite 700E Space, (Y) May 1, 2012 ("**800W Late Delivery Date**") with respect to the Suite 800W Space, and (Z) June 1, 2012 ("**550W Late Delivery Date**") with respect to the Suite 550W Space, in each case, subject to force majeure, then Tenant shall be entitled to: (A) one day of free Base Rent with respect to the subject increment of space for each day in the period commencing on the subject Late Delivery Date and ending on the date immediately preceding the date on which the subject increment of the Premises is tendered to Tenant, and (B) one additional day of free Base Rent with respect to the subject increment of space for each day in the period commencing on the date which is thirty (30) days following the subject Late Delivery Date and ending on the date immediately preceding the date on which the subject increment of the Premises is tendered to Tenant.

(c) **Early Access**. Landlord shall provide Tenant with early access to the Premises as follows: (i) with respect to the Suite 800E Space and the Suite 700E Space, on February 1, 2012 (the "**First Access Date**"), and (ii) with respect to the Suite 800W Space, on April 1, 2012 (the "**Second Access Date**"), and (iii) with respect to the Suite 550W Space, on May 1, 2012 (the "**Third Access Date**"). Such early occupancy shall be subject to all of the terms and conditions of this Lease, except for Tenant's obligation to pay Base Rent (which obligation shall commence upon the Commencement Date). Such period of early occupancy shall commence on the subject Access Date and continue through the date immediately preceding the Commencement Date ("**Early Occupancy Period**"). During the Early Occupancy Period, Tenant may enter the subject increment(s) of the Premises for the purpose of constructing the Tenant's Work (as defined in Exhibit D) within such increment(s) of the Premises, which Work shall be performed in accordance with the terms of Exhibit D attached hereto and installing telephones, electronic communication equipment, fixtures and furniture. The provisions of Section 8(a) below and of Section 11 below shall apply in full during the Early Occupancy Period, and Tenant shall (x) provide certificates of insurance evidencing the existence and amounts of liability insurance carried by Tenant and its agents and contractors, reasonably satisfactory to Landlord, prior to such early entry, and (y) comply with all Laws applicable to such early entry work in the Premises.

(d) **Confirmation Letter**. Upon Landlord's written request following to the Commencement Date, Tenant shall execute and deliver to Landlord a letter substantially in the form of Exhibit E hereto confirming: (1) the Commencement Date (as defined in the Basic Lease Information) and the expiration date of the initial Term (as defined in the Basic Lease Information); (2) that Tenant has accepted possession of the Premises; and (3) that, to Tenant's knowledge, Landlord has performed all of its obligations with respect to the Premises; however, the failure of the parties to execute such letter shall not defer the Commencement Date or otherwise invalidate this Lease. Tenant's failure to execute such document within ten (10) Business Days of receipt thereof from Landlord shall be deemed to constitute Tenant's agreement to the contents of such document.

(e) **Premises "AS IS"**. Subject to Section 3(g) below, Tenant acknowledges that: (i) it has been advised by Landlord, Landlord's broker and Tenant's broker to satisfy itself with respect to the condition of the Premises (including, without limitation, the Building's Systems located therein, and the security and environmental aspects thereof) and the present and future suitability of the Premises for Tenant's intended use; (ii) Tenant has made such inspection and investigation as to the Suite 700E Space and the Suite 800E Space, as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to Tenant's occupancy of the Premises; and (iii) neither Landlord nor any of Landlord's agents has made any oral or written representations or warranties with respect to the condition, suitability or fitness of the Premises other than as may be specifically set forth in this Lease. By occupying the Premises, Tenant shall be deemed to have accepted the Premises in its then "**AS IS**" condition, subject to all applicable Laws. Tenant shall have a period of ten (10) Business Days after Landlord makes the Suite 550W Space and the Suite 800W Space available for inspection to inspect such increments of the Premises. Within such ten (10)- Business Day period, Tenant shall notify Landlord of the results of such inspection including any punchlist items, and after verification of the need for same, Landlord shall promptly thereafter correct such items. Failure to provide such notice during such ten (10)-day period shall be deemed Tenant's agreement that such increments of the Premises are acceptable.

(f) **Furniture**. Tenant shall be permitted to use: (i) the existing furniture and equipment located in the Suite 800W Space, as more specifically shown on Exhibit A-3(A) attached hereto, and (ii) the existing equipment located in the Suite 550W Space, as more specifically shown on Exhibit A-4(A) attached hereto (collectively, the "**Furniture and Equipment**"), in each case at no additional cost to Tenant. Landlord makes no representation or warranty regarding the suitability of the Furniture and Equipment for Tenant's particular use and Tenant acknowledges that such use is strictly on an "AS IS" basis, without any representation or warranties, express or implied or statutory, of any kind whatsoever by Landlord and without recourse against Landlord. Upon the expiration of the Term, Tenant shall surrender the Furniture and Equipment to Landlord in the original condition received, ordinary wear and tear and damage due to Casualty (as defined in Section 15(a) below) excepted. Landlord shall promptly remove the furniture described in Exhibit A-3(B) attached hereto from the Suite 800W Space following the occurrence of the actual Second Access Date.

(g) **Condition of Premises**. Landlord warrants that each increment of the Premises shall be delivered to Tenant with all HVAC, lighting and plumbing systems intact and in good working condition. Landlord warrants that the Suite 550W Space shall be delivered with the server room operational including the dedicated AC and cabling in place and with the equipment set forth in Exhibit A-4(A) intact and in good working condition. The foregoing warranties shall apply to each increment of the Premises for a period of thirty (30) days following the subject Access Date (each, a "**Warranty Period**") with respect to the subject increment of the Premises. Landlord shall repair any defective or malfunctioning component of such systems of which Landlord has received written notice from Tenant describing the failure or malfunction within the subject Warranty Period.

4. **Rent**. Tenant shall timely pay to Landlord Rent (as defined in the Basic Lease Information), including the amounts set forth in Exhibit C hereto, without notice, demand, deduction or set-off (except as otherwise expressly provided herein), by good and sufficient check drawn on a national banking association at Landlord's address provided for in this Lease or as otherwise specified by Landlord and shall be accompanied by all applicable state and local sales or use taxes. The obligations of Tenant to pay Base Rent (as defined in the Basic Lease Information) and other sums to Landlord and the obligations of Landlord under this Lease are independent obligations. Base Rent, adjusted as herein provided, shall be payable monthly in advance. One monthly installment of Base Rent shall be payable contemporaneously with the execution and delivery of this Lease by Tenant and shall be credited against Base Rent due for the month of December 2012; thereafter, Base Rent shall be payable on the first (1^{st}) day of each month beginning on January 1, 2013. The monthly Base Rent for any partial month at the end of the Term shall equal the product of 1/365 (or in the event of a leap year, 1/366) of the annual Base Rent in effect during the partial month and the number of days in the partial month. Tenant shall pay Additional Rent, Taxes and Insurance (each as defined in Exhibit C) at the same time and in the same manner as Base Rent.

5. **Delinquent Payment; Handling Charges**. All past due payments (other than late charges) required of Tenant hereunder shall bear interest from the date due until paid at the lesser of fifteen percent (15%) per annum or the maximum lawful rate of interest (such lesser amount is referred to herein as the "**Default Rate**"); additionally, Landlord, in addition to all other rights and remedies available to it, may charge Tenant a fee equal to five percent (5%) of the delinquent payment to reimburse Landlord for its cost and inconvenience incurred as a consequence of Tenant's delinquency. Any such late charge and interest payment shall be payable as Additional Rent under this Lease, shall not be considered a waiver by Landlord of any default by Tenant hereunder, and shall be payable immediately on demand. Notwithstanding the foregoing, the late fee referenced above shall not be charged with respect to the first occurrence (but may be charged with respect to any subsequent occurrence) during any twelve (12)-month period that Tenant fails to make payment when due, until five (5) days after Landlord delivers written notice of such delinquency to Tenant. In no event, however, shall the charges permitted under this Section 5 or elsewhere in this Lease, to the extent they are considered to be interest under applicable Law, exceed the maximum lawful rate of interest.

6. **Security Deposit; Letter of Credit**.

(a) **Security Deposit**. In the event that Landlord draws down on the Letter of Credit (as defined below), the cash proceeds shall be treated as a "**Security Deposit**" hereunder. The Security Deposit is not an advance payment of Rent or a measure or limit of Landlord's damages upon an Event of Default (as defined in Section 17). Landlord may, at Landlord's discretion, from time to time following an Event of Default and without prejudice to any other remedy, use all or a part of the Security Deposit to perform any obligation Tenant fails to perform hereunder or in connection with Landlord's remedies under this Lease. Following any such application of the Security Deposit, Tenant shall pay to Landlord on demand the amount so applied in order to restore the Security Deposit to its original amount. Subject to the requirements of, and conditions imposed by, Laws applicable to security deposits under commercial leases, Landlord shall, within the time required by applicable Law, return to Tenant the portion of the Security Deposit remaining after deducting all damages, charges and other amounts permitted by Law. Landlord and Tenant agree that such deductions shall include, without limitation, all damages and losses that Landlord has suffered or that Landlord reasonably estimates that it will suffer as a result of any breach of this Lease by Tenant. Tenant hereby waives the protections of Section 1950.7(c) of the California Civil Code, as it may hereafter be amended, or similar laws of like import. Unless required otherwise by applicable Law, the Security Deposit may be commingled with other funds, and no interest shall be paid thereon. If Landlord transfers its interest in the Premises, Landlord may assign the Security Deposit to the transferee and, upon such transfer (and the delivery to Tenant of an acknowledgement of the transferee's responsibility for the Security Deposit if required by Law), Landlord thereafter shall have no further liability for the return of the Security Deposit.

(b) **Letter of Credit**.

(i) Tenant acknowledges that Landlord is unwilling to execute this Lease unless Tenant provides Landlord with additional security for Tenant's obligations under the Lease. Therefore, Tenant shall deliver to Landlord, within five (5) Business Days following the date on which Tenant executes and delivers the Lease to Landlord, an Irrevocable Standby Letter of Credit (the "**Letter of Credit**") which shall (1) be addressed to Landlord, (2) be in the form attached hereto as Exhibit J, (3) be issued by a federally insured financial institution which is acceptable to Landlord in Landlord's sole discretion, with minimum assets of Ten Billion Dollars ($10,000,000,000.00) (the "**Minimum Assets**"), upon which presentment may be made in the City of San Francisco, California, (4) be in an amount equal to $1,207,098.39 (the "**Minimum Amount**"), (5) allow for partial and multiple draws thereunder, and (6) have an expiration date not earlier than sixty (60) days after the scheduled Term expiration date (as the same may be extended) or in the alternative, have a term of not less than one (1) year and be automatically renewable for additional one (1) year periods unless, on or before the date sixty (60) days prior to the expiration of the term of such Letter of Credit, the issuer of such Letter of Credit gives notice to Landlord of its election not to renew such Letter of Credit for any additional period pursuant thereto. In addition, the Letter of Credit shall provide that, in the event of Landlord's assignment of its interest in this Lease, the Letter of Credit shall be freely transferable by Landlord to the assignee without charge to Landlord or approval of the issuer. The Letter of Credit shall provide for same day payment to Landlord upon the issuer's receipt of a sight draft from Landlord together with Landlord's certificate certifying that the requested sum is due and payable from Tenant and Tenant has failed to pay, and with no other conditions. Notwithstanding the foregoing, Landlord hereby preapproves Silicon Valley Bank as the issuer of the Letter of Credit.

(ii) Tenant shall, on or before the date which is sixty (60) days prior to the expiration of the Letter of Credit, deliver to Landlord a new Letter of Credit satisfying the foregoing requirements in lieu of the Letter of Credit then being held by Landlord. If the issuer of such existing or new Letter of Credit provides notice of its election to not renew such Letter of Credit for any additional period, Tenant shall be required to deliver a new Letter of Credit on or before the date which is sixty (60) days prior to the expiration of the term of the Letter of Credit then being held by Landlord. If neither a new Letter of Credit nor a renewal of the Letter of Credit is timely delivered to Landlord, then Landlord may (without prejudicing any other right or remedy available to Landlord) draw down the entire Letter of Credit and, until Tenant delivers to Landlord the new Letter of Credit as required by this paragraph, hold the drawn cash as a Security Deposit pursuant to the terms of Section 6(a) above.

(iii) The Letter of Credit shall be replaced by a new Letter of Credit if the issuing financial institution: (a) has assets which fall below the Minimum Assets; (b) enters into any form of regulatory or governmental proceeding, including without limitation any receivership instituted or commenced by the Federal Deposit Insurance Corporation (the “FDIC”); (c) is otherwise declared insolvent, is downgraded by the FDIC, is determined to be less than well capitalized by the appropriate Federal banking agency under the prompt corrective action rules of the FDIC, or closes for any reason; (d) is removed from Landlord’s list of approved financial institutions, in Landlord’s sole discretion; or (e) in any manner communicates (including without limitation communications sent by or on behalf of the FDIC) its unwillingness to honor the terms of the Letter of Credit; provided, however, Landlord agrees that so long as Silicon Valley Bank: (x) remains a federally insured financial institution with minimum assets equal to at least 90% of the value of its minimum assets as of the date of this Lease, and (y) does not meet any of the criteria set forth in clauses (b), (c) or (e) of this subsection 6(b)(iii), then Tenant shall not be required to replace Silicon Valley Bank as the issuer of the Letter of Credit. If Tenant fails to deliver to Landlord the replacement Letter of Credit within ten (10) Business Days following Landlord’s written demand for same, Landlord shall be entitled to draw down the entire Letter of Credit and, until Tenant delivers to Landlord the replacement Letter of Credit as required by this paragraph, hold the drawn cash as a Security Deposit pursuant to the terms of Section 6(a) above.

(iv) In the event that either: (A) Tenant is in default under the terms and provisions of the Lease after any applicable notice and/or cure periods, or (B) a Bankruptcy Event has occurred, then Landlord shall have the right, at any time after such event, without giving any further notice to Tenant: (1) to make a partial draw upon said Letter of Credit (and/or Additional Letter of Credit, as defined below, as the case may be) (a) in an amount necessary to cure such default or (b) if such default cannot reasonably be cured by the expenditure of money, and Landlord exercises any rights and remedies Landlord may have on account of such default, in an amount which, in Landlord’s reasonable opinion, is necessary to satisfy Tenant’s liability on account thereof; or (2) to draw down the entire amount of such Letter of Credit (and/or Additional Letter of Credit) at such time; and any such amounts received by Landlord shall be held by Landlord (and need not be segregated or accrue interest unless otherwise required by Law) and applied in accordance with this Lease in the same manner as a Security Deposit. As used herein, a “**Bankruptcy Event**” shall mean the occurrence of any of the following: (w) Tenant has filed a voluntary petition under the U. S. Bankruptcy Code or any state bankruptcy code (collectively, “**Bankruptcy Code**”), or (x) an involuntary petition has been filed against Tenant under any chapter of the Bankruptcy Code, or (y) Tenant is placed into receivership or conservatorship, or becomes subject to similar proceedings under Federal or State law, or (z) Tenant executes an assignment for the benefit of creditors.

(v) Following a draw by Landlord on the Letter of Credit, at Landlord’s election the Letter of Credit shall: (a) be replaced by Tenant within fifteen (15) Business Days after written notice from Landlord by a new Letter of Credit in the Minimum Amount less any cash amount which Landlord has drawn but retains as a Security Deposit, in which event the Letter of Credit then held by Landlord shall be terminated; or (b) be augmented by Tenant within ten (10) Business Days after written notice from Landlord by an additional Letter of Credit in the amount of a partial draw (the “**Additional Letter of Credit**”) less any cash amount which Landlord has drawn but retains as a Security Deposit,”) subject to the requirements set forth above, in which event the Letter of Credit then held by Landlord and the Additional Letter of Credit shall both be held by Landlord.

(vi) In addition, in the event of a termination based upon the default of Tenant under the Lease, or a rejection of the Lease pursuant to the provisions of the Federal Bankruptcy Code, Landlord shall have the right to draw upon the Letter of Credit and/or the

Additional Letter of Credit (from time to time, if necessary) to cover the full amount of damages and other amounts due from Tenant to Landlord under the Lease. Any amounts so drawn shall, at Landlord's election, be applied first to any unpaid rent and other charges which were due prior to the filing of the petition for protection under the Federal Bankruptcy Code. Any such draw on the Letter of Credit shall not constitute a waiver of any other rights of Landlord with respect to Tenant's default under the Lease. Tenant hereby covenants and agrees not to oppose, contest or otherwise interfere with any attempt by Landlord to draw upon said Letter of Credit (and/or Additional Letter of Credit) including, without limitation, by commencing an action seeking to enjoin or restrain Landlord from making such draw. Tenant also hereby expressly waives any right or claim it may have to seek such equitable relief. In addition to whatever other rights and remedies Landlord may have against Tenant if Tenant breaches its obligations under this paragraph, Tenant hereby acknowledges that it shall be liable for any and all damages which Landlord may suffer as a result of any such breach (including without limitation recovery of Landlord's reasonable attorneys' fees and court costs).

(vii) Without limiting the import of the preceding paragraphs, Tenant agrees that in the event that Tenant fails timely to deliver to Landlord a replacement letter of credit when required hereunder, then Landlord shall have the right, at any time after such event, without giving any further notice to Tenant, to draw down the entire Letter of Credit (and/or Additional Letter(s) of Credit) and to hold the proceeds thereof as a Security Deposit pursuant to the terms of Section 6(a) above.

(viii) Upon request of Landlord or any (prospective) purchaser or mortgagee of the Project, Tenant shall, at its expense, cooperate with Landlord in obtaining an amendment to or replacement of any Letter of Credit which Landlord is then holding so that the amended or new Letter of Credit reflects the name of the new owner and/or mortgagee of the Project.

(ix) To the extent that Landlord has not previously drawn upon any Letter of Credit or Additional Letter of Credit held by Landlord, and to the extent that Tenant is not otherwise in default of its obligations under the Lease as of the expiration date of the Lease, Landlord shall return such Letter(s) of Credit to Tenant in the same manner provided for the return of the Security Deposit under Section 6(a) above.

(x) In no event shall the proceeds of any Letter of Credit be deemed to be a prepayment of rent nor shall it be considered as a measure of liquidated damages.

(xi) Landlord and Tenant (a) agree that the Letter of Credit shall in no event be deemed or treated as a "security deposit" under any Law applicable to security deposits in the commercial context, (b) further acknowledge and agree that the Letter of Credit is not intended to serve as a security deposit and the Laws applicable to security deposits shall have no applicability or relevancy thereto, and (c) waive any and all rights, duties and obligations either party may now have or, in the future will have, relating to or arising from the Laws applicable to security deposits.

(c) **Reduction in Letter of Credit**. Notwithstanding the foregoing provisions of this Section 6 to the contrary, provided that: (A) Tenant has not been late in the payment of any rent due under the Lease during the immediately preceding twelve (12)-month period more than twice, (B) no Event of Default by Tenant under this Lease has occurred and is still continuing as of the effective date of reduction, and (C) Tenant has achieved a net income (excluding stock-based compensation) equal to or greater than $10,000,000 in each of the two

(2) immediately preceding fiscal years as evidenced by Tenant's most current financial statements which shall be either: (i) audited financial statements, or (ii) unaudited financial statements certified to be true and correct by a senior officer of Tenant, then Tenant shall be permitted to decrease the Letter of Credit as follows: (x) as of the commencement of the twenty-fifth (25th) Lease Month of the Term of this Lease, the amount of the Letter of Credit may be reduced to $804,732.26, and (y) as of the commencement of the thirty-sixth (36th) Lease Month of the Term of this Lease, the amount of the Letter of Credit may be reduced to $402,366.13. Upon Landlord's receipt of any replacement or amended Letter of Credit which is in the amount of the remaining balance set forth above, and which in all other respects is in conformance with the Letter of Credit requirements described in this Section 6, Landlord shall promptly return to Tenant the Letter of Credit being replaced. Notwithstanding the foregoing, in no event shall any such reduction be construed as an admission by Landlord that Tenant has performed all of its covenants and obligations hereunder. Moreover, if an Event of Default with respect to the payment of Base Rent or Additional Rent, Taxes and Insurance occurs then Tenant shall be required to restore the Letter of Credit to the originally required amount of $1,207,098.39.

7. **Services; Utilities; Common Areas**.

(a) **Services**. Landlord shall use all reasonable efforts to furnish to Tenant: (i) water at those points of supply provided for general use of tenants of the Building; (ii) heated and refrigerated air conditioning as appropriate, at such temperatures and in such amounts as are required by governmental authority or as Landlord reasonably determines are standard for the Building so long as such standards are consistent with those of comparable office buildings located in the same geographic area as the Premises; (iii) janitorial service to the Premises on weekdays, other than Holidays, for Building-standard installations and such window washing as may from time to time be reasonably required; (iv) elevators for ingress and egress to the floor on which the Premises are located, in common with other tenants, provided that Landlord may limit the number of operating elevators during non-Normal Business Hours, during repairs, and on Holidays; (v) replacement of Building-standard light bulbs and fluorescent tubes, provided that Landlord's standard charge for such bulbs and tubes shall be paid by Tenant; and (vi) electrical current for equipment whose electrical energy consumption does not exceed normal office usage. If Tenant desires any of the services specified in Section 7(a)(ii) ("**HVAC Services**") at a time other than Normal Business Hours, then such services shall be supplied to Tenant upon the written request of Tenant delivered to Landlord before 3:00 p.m. on the Business Day preceding such extra usage, and Tenant shall pay to Landlord the cost of such HVAC Services at the after hours HVAC rate (the "**After Hours HVAC Rate**") within thirty (30) days after Landlord has delivered to Tenant an invoice therefor. The After Hours HVAC Rate shall be equal to the costs incurred by Landlord in providing HVAC service to Tenant at a time other than Normal Business Hours and shall include costs for electricity, water, sewage, water treatment, labor, metering, filtering and maintenance reasonably allocated by Landlord to providing such service. Landlord's current prevailing After Hours HVAC Rate is $75.00 per hour per floor. Such rate shall be subject to increase during the Term in the event of actual increases in the costs incurred by Landlord to provide the HVAC Services after Normal Business Hours.

(b) **Excess Utility Use**. To the extent available in Landlord's sole discretion, Landlord shall make available to Tenant 90 tons of HVAC capacity for the Premises (the "**Additional HVAC Capacity**"). If Landlord determines that such capacity is not available, then Tenant may elect as part of the Tenant's Work to install supplemental roof-top HVAC to service the Premises. Should Tenant elect to install a dedicated HVAC unit for the Premises or if Landlord makes the Additional HVAC Capacity available to Tenant, Tenant shall be solely responsible for all associated installation costs and maintenance and utility costs. In each such event, Tenant must install an emon demon unit or a watt watcher, at Tenant's sole cost and expense, to monitor Tenant's electrical and water usage and, if applicable, any other equipment specific to Tenant's operations that runs on a 24 hour/day, 7 day/week basis (or other basis which results in over-standard utilization) and/or with respect to Tenant's usage of the Additional HVAC Capacity. Tenant shall be billed monthly for such charges which shall be due and payable within thirty (30) days of receipt of Landlord's billing therefor. Other than as set forth in Exhibit K, Landlord shall not be required to furnish electrical current for equipment whose electrical energy consumption exceeds normal office usage. If Tenant's requirements for or consumption of electricity exceed the electricity to be provided by Landlord as described in Section 7(a), and following delivery of written notice to Tenant and Tenant's continued excess energy consumption, Landlord shall, at Tenant's expense, make reasonable efforts to supply such service through the then-existing feeders and risers and electrical panels serving the Building and the Premises, and Tenant shall pay to Landlord the cost of such service within thirty (30) days after Landlord has delivered to Tenant an invoice therefor. Landlord may determine the amount of such additional consumption and potential consumption by any verifiable method, including installation of a separate meter in the Premises installed, maintained, and read by Landlord, at Tenant's expense. Tenant shall not install any electrical equipment requiring special wiring or requiring voltage in excess of 110 volts unless approved in advance by Landlord, which approval shall not be unreasonably withheld. Tenant shall not install any electrical equipment requiring voltage in excess of Building capacity unless approved in advance by Landlord, which approval may be withheld in Landlord's sole discretion. The use of electricity in the Premises shall not exceed the capacity of existing feeders and risers and electrical panels to or wiring in the Premises. Any risers or wiring required to meet Tenant's excess electrical requirements shall, upon Tenant's written request, be installed by Landlord, at Tenant's cost, if, in Landlord's reasonable judgment, the same are necessary and shall not cause permanent damage to the Building or the Premises, cause or create a dangerous or hazardous condition, entail excessive or unreasonable alterations, repairs or expenses, or interfere with or disturb other tenants of the Building. If Tenant uses machines or equipment in the Premises which affect the temperature otherwise maintained by the air conditioning system or otherwise overload any utility, Landlord may, following delivery of notice to Tenant and Tenant's failure to cease overloading such utility within ten (10) days following receipt of written notice from Landlord, install supplemental air conditioning units or other supplemental equipment in the Premises, and the cost thereof, including the cost of installation, operation, use and maintenance, shall be paid by Tenant to Landlord within thirty (30) days after Landlord has delivered to Tenant an invoice therefor. Landlord's obligation to furnish services under Section 7(a) shall be subject to the rules and regulations of the supplier of such services and governmental rules and regulations. Landlord may, upon not less than thirty (30) days' prior written notice to Tenant, discontinue any such service to the Premises, provided Landlord first arranges for a direct connection thereof through the supplier of such service. Tenant shall, however, be responsible for contracting with the supplier of such service and for paying all deposits for, and costs relating to, such service. Landlord shall use reasonable efforts to restore any service required of it that becomes unavailable; however, such unavailability shall not render Landlord liable for any damages caused thereby, be a constructive eviction of Tenant, constitute a breach of any implied warranty, or entitle Tenant to any abatement of Tenant's obligations hereunder.

(c) **Common Areas**. The term "Common Area" is defined for all purposes of this Lease as that part of the Project intended for the common use of all tenants, including among other facilities (as such may be applicable to the Project), the ground floor lobbies, elevator lobbies and hallways on multi-tenant floors, meeting rooms (if any), fitness center, public toilets, parking areas (both inside the Building and surface parking), driveways and alleys, loading areas, landscaping, curbs, sidewalks, parks, malls and promenades, lighting facilities, fountains and the like, but excluding: (i) space in buildings (now or hereafter existing) designated for rental for commercial purposes, as the same may exist from time to time; (ii) streets and alleys maintained by a public authority; (iii) areas within the Project which may from time to time not be owned by Landlord (unless subject to a cross-access agreement benefiting the area which includes the Premises); and (iv) areas leased to a single-purpose user where access is restricted. In addition, although the roofs of the Building are not literally part of the Common Area, it will be deemed to be so included for purposes of: (1) Landlord's ability to prescribe rules and regulations regarding same; and (2) its inclusion for purposes of Operating Costs reimbursements. Landlord reserves the right to change from time to time the dimensions and location of the Common Area, as well as the dimensions, identities, locations and types of any buildings, signs or other improvements in the Project provided such change does not materially interfere with Tenant's use of or access to the Premises. For example, and without limiting the generality of the immediately preceding sentence, Landlord may from time to time substitute for any parking area other areas reasonably accessible to the tenants of the Building, which areas may be elevated, surface or underground. Tenant, its employees and customers, and when duly authorized pursuant to the provisions of this Lease, its subtenants, licensees and concessionaires, shall have the non-exclusive right to use the Common Area (excluding roofs) as constituted from time to time, such use to be in common with Landlord, other tenants in the Building, and other persons permitted by Landlord to use the same, and subject to rights of governmental authorities, easements other restrictions of record, and such reasonable rules and regulations governing use as Landlord may from time to time prescribe. For example, and without limiting the generality of Landlord's ability to establish rules and regulations governing all aspects of the Common Area, Tenant agrees as follows:

(i) Tenant shall not solicit business within the Common Area nor take any action which would interfere with the rights of other persons to use the Common Area;

(ii) Landlord may temporarily close any part of the Common Area for such periods of time as may be necessary to make repairs or alterations or to prevent the public from obtaining prescriptive rights; and

(iii) With regard to the roofs of the Building, use of the roofs is reserved to Landlord, or with regard to any tenant demonstrating to Landlord's satisfaction a need to use same, to such tenant after receiving prior written consent from Landlord; provided, however, Tenant may use the roof to the extent necessary for the installation and operation of the dedicated HVAC unit described above.

(d) **Parking**. Tenant and its employees may use the number of parking spaces allocated to it in the Basic Lease Information, subject to such rules, regulations and procedures as may be reasonably promulgated by Landlord from time to time with respect to such parking privileges. Surface parking at the Project shall be restricted to patrons of the ground floor retail establishments. There shall be no charge to Tenant for such parking privileges during the Term of the Lease (including any renewals thereof). Tenant shall use reasonable efforts to ensure that its employees comply with Landlord's parking rules, regulations and procedures in effect from time to time.

8. **Alterations; Repairs; Maintenance; Signs**.

(a) **Alterations**. Tenant shall not make any alterations, additions or improvements to the Premises (collectively, the "**Alterations**") without the prior written consent of Landlord, which consent shall not be unreasonably withheld, except for the installation of unattached, movable trade fixtures which may be installed without drilling, cutting or otherwise defacing the Premises. Tenant shall furnish complete plans and specifications to Landlord for its approval at the time Tenant requests Landlord's consent to any Alterations if the desired Alterations: (i) may affect the Building's Systems or Building's Structure; (ii) will require the filing of plans and specifications with any governmental or quasi-governmental agency or authority; (iii) will cost in excess of One Hundred Thousand Dollars ($100,000.00); or (iv) will require a building permit or similar governmental approval to undertake. Notwithstanding the foregoing, Tenant shall not be obligated to receive the written consent of Landlord for interior, cosmetic Alterations to the Premises if said Alterations do not in any way affect the Building's Structure or Building's Systems, do not exceed One Hundred Thousand Dollars ($100,000.00) in the aggregate in any calendar year, and Tenant is not required by applicable Law to obtain a permit to perform the Alteration (each, a "**Cosmetic Alteration**"). Subsequent to obtaining Landlord's consent and prior to commencement of the Alterations, Tenant shall deliver to Landlord any building permit required by applicable Law and a copy of the executed construction contract(s). Tenant shall reimburse Landlord within thirty (30) days after the rendition of a bill for all of Landlord's actual and reasonable out-of-pocket costs incurred in connection with any Alterations, including all management, engineering and outside consulting fees incurred by or on behalf of Landlord for the review and approval of Tenant's plans and specifications and for the monitoring of construction of the Alterations. If Landlord consents to the making of any Alteration, such Alteration shall be made by Tenant at Tenant's sole cost and expense by a contractor reasonably approved in writing by Landlord. Tenant shall require its contractor to maintain insurance in such amounts and in such form as Landlord may reasonably require. Without Landlord's prior written consent, Tenant shall not use any portion of the Common Areas in connection with the making of any Alterations. If the Alterations which Tenant causes to be constructed result in Landlord being required to make any alterations and/or improvements to other portions of the Project in order to comply with any applicable Laws, then Tenant shall reimburse Landlord upon demand for all costs and expenses incurred by Landlord in making such alterations and/or improvements. Any Alterations made by Tenant shall become the property of Landlord upon installation and shall remain on and be surrendered with the Premises upon the expiration or sooner termination of this Lease, unless Landlord requires the removal of such Alterations. If Landlord requires the removal of such Alterations, Tenant shall at its sole cost and expense, forthwith and with all due diligence (but in any event not later than the expiration date of this Lease or any earlier termination date hereof), remove all or any portion of any Alterations made by Tenant which are designated by Landlord to be removed (including without limitation stairs, bank vaults and cabling, if applicable) and repair and restore the Premises in a good and workmanlike manner to their original condition, reasonable wear and tear excepted. Notwithstanding the foregoing, upon Tenant's written request at the time it seeks Landlord's consent to an Alteration, Landlord agrees to indicate in writing whether it will require such Alteration to be removed upon the expiration or earlier termination of the Lease. All construction work done by Tenant within the Premises shall be performed in a good and workmanlike manner with new materials of first-class quality, lien-free and in compliance with all applicable Laws, and in such manner as to cause a minimum of interference with other construction in progress and with the transaction of business in the Project. Tenant agrees to indemnify, defend and hold Landlord harmless against any loss, liability or damage resulting from such work, and Tenant shall, if requested by Landlord, furnish a bond or other security reasonably satisfactory to Landlord against any such loss, liability or damage. The foregoing indemnity shall survive the expiration or earlier termination of this Lease. Landlord's consent to or approval of any Alterations (or the plans therefor) shall not constitute a representation or warranty by Landlord, nor Landlord's acceptance, that the same comply with sound architectural and/or engineering practices or with all applicable Laws, and Tenant shall be solely responsible for ensuring all such compliance. All voice, data, video, audio and other low voltage control transport system cabling and/or cable bundles installed in the Building by Tenant or its contractor shall be (A) plenum rated and/or have a composition make-up suited for its environmental use in accordance with NFPA 70/National Electrical Code; (B) labeled every 3 meters with Tenant's name and origination and destination points; (C) installed in accordance with all EIA/TIA standards and the National Electric Code; and (D) installed and routed in accordance with a routing plan showing "as built" or "as installed" configurations of cable pathways, outlet identification numbers, locations of all wall, ceiling and floor penetrations, riser cable routing and conduit routing (if applicable), and such other information as Landlord may request. The routing plan shall be available to Landlord and its agents at the Building upon request.

(b) **Repairs; Maintenance**.

(i) **By Landlord**. Landlord shall, subject to reimbursement as set forth in Exhibit C, keep and maintain in good repair and working order and make repairs to and perform maintenance upon: (1) the structural elements of the Building; (2) the standard mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building generally; (3) the Common Areas; (4) the roofs of the Building; (5) the exterior windows of the Building; and (6) the elevators serving the Building. Landlord shall not be liable for any failure to make any such repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant or Landlord's discovery of the need for such repairs. If any of the foregoing maintenance or repair is necessitated due to the acts or omissions of any Tenant Party, Tenant shall pay the costs of such repairs or maintenance to Landlord within thirty (30) days after receipt of an invoice therefor, together with an administrative charge in an amount equal to ten percent (10%) of the cost of the repairs. Landlord shall not be liable to Tenant for any interruption of Tenant's business or inconvenience caused due to any work performed in the Premises or in the Project pursuant to Landlord's rights and obligations under the Lease. To the extent allowed by law, Tenant waives the right to make repairs at Landlord's expense under Sections 1941 and 1942 of the California Civil Code, and the right to terminate the Lease under Section 1932(1) of the California Civil Code, and any other laws, statutes or ordinances now or hereafter in effect of like import.

(ii) **Tenant's Self Help**. If Landlord fails to make any repairs or to perform any maintenance required of Landlord pursuant to the terms of the Lease and within Landlord's reasonable control, and such failure shall persist for an unreasonable time (not less than thirty (30) days except in the event of an Emergency [as defined below]) after Tenant's written notice to Landlord of the need for such repairs or maintenance (the "**Initial Repair Notice**") and unless Landlord has commenced such repairs or maintenance during such period and is diligently pursuing the same, Tenant may (but shall not be required to) following a second written notice (which notice shall have a heading in at least 14-point type, bold and all caps **"FAILURE TO RESPOND SHALL RESULT IN TENANT EXERCISING SELF-HELP RIGHTS"**) and Landlord's failure to commence repairs within five (5) days after receipt of such second notice, perform such repairs or maintenance in accordance with the provisions of this Lease governing Tenant's repairs and Alterations and Landlord shall reimburse Tenant in an amount not to exceed $100,000.00 for the reasonable costs and expenses therefor within thirty (30) days after Landlord's receipt of appropriate invoices and back-up documentation. Notwithstanding the foregoing, in the event of an Emergency, which is defined as an event which poses the threat of imminent, severe damage to Tenant's customers or employees or Tenant's personal property, then Tenant may pursue such repairs if Tenant is unable to notify

Landlord of such Emergency condition after using diligent efforts to notify Landlord, provided that the reasonable cost of such repairs does not exceed $100,000.00. All work performed by Tenant or its agents in accordance with this Section 8(b)(ii) must be performed: (x) at a reasonable cost and rate, and (y) so as to minimize interference with the rights of other tenants to use their premises in the Project. The rights set forth in this Section 8(b)(ii) are personal to Guidewire Software, Inc. and any Permitted Transferee (as defined in Section 10(h) below).

(iii) **By Tenant**. Tenant shall, at its sole cost and expense, promptly perform all maintenance and repairs to the Premises that are not Landlord's express responsibility under this Lease, and shall keep the Premises in good condition and repair, ordinary wear and tear excepted. Tenant's repair obligations include, without limitation, repairs to: (1) floor covering and/or raised flooring; (2) interior partitions; (3) doors; (4) the interior side of demising walls; (5) electronic, phone and data cabling and related equipment (collectively, "**Cable**") that is installed by or for the benefit of Tenant and located in the Premises or other portions of the Building or the Project; (6) supplemental air conditioning units, private showers and kitchens, including hot water heaters, plumbing, dishwashers, ice machines and similar facilities serving Tenant exclusively; (7) phone rooms used exclusively by Tenant; (8) Alterations performed by contractors retained by or on behalf of Tenant, including related HVAC balancing; and (9) all of Tenant's furnishings, trade fixtures, equipment and inventory. If Tenant fails to make any repairs to the Premises for more than fifteen (15) days after notice from Landlord (although notice shall not be required if there is an emergency, or if the area to be repaired is visible from the exterior of the Building), Landlord reserves the right to perform any of the foregoing maintenance or repair obligations, all at Tenant's expense. In all events, Landlord reserves the right to require that Tenant's repair and maintenance obligations be performed by a contractor approved by Landlord, such approval not to be unreasonably withheld. All work shall be performed in accordance with the rules and procedures described in Section 8(a). If Tenant fails to make any repairs to the Premises for more than fifteen (15) days after notice from Landlord (although notice shall not be required if there is an emergency, or if the area to be repaired is visible from the exterior of the Building), then Landlord may, in addition to any other remedy available to Landlord, make the repairs, and Tenant shall pay the reasonable cost of the repairs to Landlord within thirty (30) days after receipt of an invoice, together with an administrative charge in an amount equal to ten percent (10%) of the cost of the repairs. At the expiration or earlier termination of this Lease, Tenant shall surrender the Premises in good condition, excepting reasonable wear and tear and losses required to be restored by Landlord. All personal property of Tenant, including goods, wares, merchandise, inventory, trade fixtures and other personal property of Tenant, shall be stored at the sole risk of Tenant. Landlord or its agents shall not be liable for any loss or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Project or from the pipes, appliances or plumbing works therein or from the roofs, street or subsurface or from any other places resulting from dampness or any other cause whatsoever, or from the act or negligence of any other tenant or any officer, agent, employee, contractor or guest of any such tenant. It is generally understood that mold spores are present essentially everywhere and that mold can grow in most any moist location. Emphasis is properly placed on prevention of moisture and on good housekeeping and ventilation practices. Tenant acknowledges the necessity of housekeeping, ventilation and moisture control (especially in kitchens, janitor's closets, bathrooms, break rooms and around outside walls) for mold prevention. Without limiting the generality of the foregoing, Tenant shall adopt and implement the following guidelines: (A) report any maintenance problems involving water, moist conditions or mold to the property manager for the Project (the "**Property Manager**") promptly and conduct its required activities in a manner that prevents unusual moisture conditions or mold growth; (B) do not block or inhibit the flow of return or make-up air into the HVAC system; (C) to the extent within Tenant's reasonable control, maintain the Premises at a consistent temperature and humidity level in accordance with the Property Manager's reasonable instructions; (D) promptly clean up any liquid spills in the Premises to prevent or correct moist conditions; and (E) maintain water in all drain taps at all times. Tenant agrees to promptly notify Landlord if it observes mold/mildew and/or moisture conditions (from any source, including leaks), and allow Landlord to evaluate and make recommendations and/or take appropriate corrective action. Except to the extent caused by the gross negligence or willful misconduct of Landlord or its employees, contractors or agents, Tenant relieves Landlord from any liability for any bodily injury or damages to property caused by or associated with moisture or the growth of or occurrence of mold or mildew on the Premises. In addition, execution of this Lease constitutes acknowledgment by Tenant that control of moisture and mold prevention are integral to its Lease obligations.

(iv) **Performance of Work**. Other than in connection with Cosmetic Alterations, all work described in this Section 8 shall be performed only by contractors and subcontractors approved in writing by Landlord, such approval not to be unreasonably withheld; provided, however, with respect to Cosmetic Alterations, Tenant shall not use any contractor or subcontractor which Landlord has previously disapproved or has notified Tenant that Landlord would disapprove. Tenant shall cause all contractors and subcontractors to procure and maintain insurance coverage against such risks, in such amounts, and with such companies as Landlord may reasonably require, but in no event less than: (i) Commercial General Liability insurance on an occurrence basis in amounts not less than $2,000,000 ($1,000,000 of which may be in excess umbrella coverage) naming Landlord, Invesco Advisers, Inc. ("**Invesco**"), Harvest Properties, Inc. ("**Harvest**") and the Property Manager as additional insureds; (ii) workers' compensation insurance in amounts required by statute; and (iii) Business Automobile Liability insurance on an occurrence basis in amounts not less than $1,000,000. Tenant shall provide Landlord with insurance certificates for such contractors and subcontractors prior to commencement of any work. Tenant shall provide Landlord with the identities, mailing addresses and telephone numbers of all persons performing work or supplying materials prior to beginning such construction and Landlord may post on and about the Premises notices of non-responsibility pursuant to applicable Laws. All such work shall be performed in accordance with all Laws and in a good and workmanlike manner so as not to damage the Building (including the Premises, the Building's Structure and the Building's Systems). All such work which may affect the Building's Structure or the Building's Systems, at Landlord's election, must be performed by Landlord's usual contractor for such work or a contractor reasonably approved by Landlord. All work affecting the roofs of the Building must be performed by Landlord's roofing contractor or a contractor reasonably approved by Landlord and no such work will be permitted if it would void or reduce the warranty on the roof.

(c) **Mechanic's Liens**. All work performed, materials furnished, or obligations incurred by or at the request of a Tenant Party shall be deemed authorized and ordered by Tenant only, and Tenant shall not permit any mechanic's liens to be filed against the Premises or the Project in connection therewith. Upon completion of any such work, Tenant shall deliver to Landlord final lien waivers from all contractors, subcontractors and materialmen who performed such work. If such a lien is filed, then Tenant shall, within ten (10) days after Landlord has delivered notice of the filing thereof to Tenant (or such earlier time period as may be necessary to prevent the forfeiture of the Premises, the Project or any interest of Landlord therein or the imposition of a civil or criminal fine with respect thereto), either: (1) pay the amount of the lien and cause the lien to be released of record; or (2) diligently contest such lien and deliver to Landlord a bond or other security reasonably satisfactory to Landlord. If Tenant fails to timely take either such action, then Landlord may pay the lien claim, and any amounts so paid, including expenses and interest, shall be paid by Tenant to Landlord within ten (10) days after Landlord has invoiced Tenant therefor. Landlord and Tenant acknowledge and agree that their relationship is and shall be solely that of "landlord-tenant" (thereby excluding a relationship of "owner-contractor," "owner-agent" or other similar relationships). Accordingly, all materialmen, contractors, artisans, mechanics, laborers and any other persons now or hereafter contracting with Tenant, any contractor or subcontractor of Tenant or any other Tenant Party for the furnishing of any labor, services, materials, supplies or equipment with respect to any portion of the Premises, at any time from the date hereof until the end of the Term, are hereby charged with notice that they look exclusively to Tenant to obtain payment for same. Nothing herein shall be deemed a consent by Landlord to any liens being placed upon the Premises, the Project or Landlord's interest therein due to any work performed by or for Tenant or deemed to give any contractor or subcontractor or materialman any right or interest in any funds held by Landlord to reimburse Tenant for any portion of the cost of such work. Tenant shall indemnify, defend and hold harmless Landlord, its Property Manager, Invesco, Harvest, any subsidiary or affiliate of all of the foregoing, and their respective officers, directors, shareholders, partners, employees, managers, contractors, attorneys and agents (collectively, the "**Indemnitees**") from and against all claims, demands, causes of action, suits, judgments, damages and expenses (including attorneys' fees) in any way arising from or relating to the failure by any Tenant Party to pay for any work performed, materials furnished, or obligations incurred by or at the request of a Tenant Party. The foregoing indemnity shall survive the expiration or earlier termination of this Lease.

(d) **Signs**. Landlord shall, at Tenant's sole cost and expense, provide Tenant with Building standard signage at: (A) the entrance to each separate increment of the Premises, (B) in the elevator lobby on each of the seventh and eighth floors of the 1051 Tower, (C) in the elevator lobby on each of the fifth and eighth floors of the 1001 Tower, (D) one directory strip on the 1001 Tower directory, and (E) one directory strip on the 1051 Tower directory. Tenant shall not place or permit to be placed any signs upon: (i) the roofs or exterior walls of the Building; or (ii) the Common Areas; or (iii) any area visible from the exterior of the Premises without Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed provided any proposed sign is placed only in those locations as may be reasonably designated by Landlord, and complies with the sign criteria reasonably promulgated by Landlord from time to time. In addition, so long as Tenant is occupying both the Suite 800E Space and the Suite 800W Space and is not in default under the Lease, Tenant shall have the right to install identity signage on the exterior of the 1051 Building (the "**Exterior Sign**"), subject to the following: (i) the Exterior Sign shall comply with all applicable Laws, (ii) the Exterior Sign shall be in a size and location designated by Landlord; (iii) following the installation of the Exterior Sign, Tenant shall pay Landlord a monthly signage fee in the amount of $3,500.00 per month commencing on the date the Exterior Sign is installed, which shall be payable on the first day of each calendar month throughout the remaining Term together with payments of Base Rent; (iv) Tenant shall, at Tenant's sole cost and expense, maintain the Exterior Sign in good condition; and (v) upon the expiration or earlier termination of this Lease, Tenant shall remove, at its sole cost and expense, the Exterior Sign and shall repair any damage caused by such removal. The right to install the Exterior Sign shall be personal to Guidewire Software, Inc. and if either: (x) this Lease is assigned, or (y) Guidewire Software, Inc. is no longer occupying the entirety of the Suite 800E Space and the Suite 800W Space, or (z) Tenant fails to install the Exterior Sign during the first twenty-four (24) months of the Term ("**Signage Installment Period**"), then Tenant shall no longer have the right to the Exterior Sign and if previously installed, shall remove same within five (5) Business Days of receipt of written notice requiring such removal and shall repair any damage caused by such removal. Notwithstanding the foregoing, the Signage Installment Period shall not be deemed to have elapsed until Landlord has delivered written notice to Tenant that Landlord is exercising its right to take back the Exterior Sign rights unless (A) within ten (10) days following receipt of such notice, Tenant notifies Landlord that Tenant intends to install the Exterior Sign, and (B) Tenant does install the Exterior Sign within one hundred and twenty (120) days following delivery of such notice to Landlord. Upon request of Landlord, Tenant shall immediately remove any sign, advertising material or lettering which Tenant has placed or permitted to be placed upon the exterior or interior surface of any door or window or at any point inside the Premises, which in Landlord's reasonable opinion, is of such a nature as to not be in keeping with the standards of the Building, and if Tenant fails to do so, Landlord may without liability remove the same at Tenant's expense. Tenant shall comply with such regulations as may from time to time be reasonably promulgated by Landlord governing signs, advertising material or lettering of all tenants in the Project. Tenant, upon vacation of the Premises, or the removal or alteration of its sign for any reason, shall be responsible for the repair, painting or replacement of the Building fascia surface or other portion of the Building where signs are attached. If Tenant fails to do so, Landlord may have the sign removed and the cost of removal plus ten percent (10%) as an administrative fee shall be payable by Tenant within ten (10) days of invoice therefor.

9. **Use**. Tenant shall continuously occupy and use the Premises only for the Permitted Use (as set forth in the Basic Lease Information) and shall comply with all Laws relating to the use, condition, access to and occupancy of the Premises, and will not commit waste, overload the Building's Structure or the Building's Systems or subject the Premises to any use that would damage the Premises. Tenant, at its sole cost and expense, shall obtain and keep in effect during the Term, all permits, licenses, and other authorizations necessary to permit Tenant to use and occupy the Premises for the Permitted Use in accordance with applicable Law. The population density within the Premises as a whole shall at no time exceed one person for each one hundred and fifty (150) rentable square feet in the Premises. Notwithstanding anything in this Lease to the contrary, as between Landlord and Tenant: (a) Tenant shall bear the risk of complying with Title III of the Americans With Disabilities Act of 1990, any state laws governing handicapped access or architectural barriers, and all rules, regulations and guidelines promulgated under such laws, as amended from time to time (the "**Disabilities Acts**") in the Premises; and (b) Landlord shall bear the risk of complying with the Disabilities Acts in the Common Areas (subject to reimbursement as set forth in Exhibit C), other than compliance that is necessitated by the use of the Premises for other than the Permitted Use or as a result of any Alterations made by Tenant (which risk and responsibility shall be borne by Tenant). Tenant shall not use any substantial portion of the Premises for a "call center", any other telemarketing use, or any credit processing use. In addition, the Premises shall not be used for any purpose which creates strong, unusual or offensive odors, fumes, dust or vapors; which emits noise or sounds that are objectionable due to intermittence, beat, frequency, shrillness or loudness; which is associated with indecent or pornographic matters; or which involves political or moral issues (such as abortion issues). Tenant shall conduct its business and control each other Tenant Party so as not to create any nuisance or unreasonably interfere with other tenants or Landlord in its management of the Project. Tenant shall not knowingly conduct or permit to be conducted in the Premises any activity, or place any equipment in or about the Premises or the Building, which will invalidate the insurance coverage in effect or increase the rate of fire insurance or other insurance on the Premises or the Building. If any invalidation of coverage or increase in the rate of fire insurance or other insurance occurs or is threatened by any insurance company due to activity conducted from the Premises, or any act or omission by Tenant, its agents, employees, representatives or contractors, such statement or threat shall be conclusive evidence that the increase in such rate is due to such act of Tenant or the contents or equipment in or about the Premises, and, as a result thereof, Tenant shall be liable for such increase and such increase shall be considered

Additional Rent payable with the next monthly installment of Base Rent due under this Lease, and Landlord's acceptance of such amounts shall not waive any of Landlord's other rights. In no event shall Tenant introduce or permit to be kept on the Premises or brought into the Building any dangerous, noxious, radioactive or explosive substance.

10. **Assignment and Subletting**.

(a) **Transfers**. Tenant shall not, without the prior written consent of Landlord: (1) assign, transfer or encumber this Lease or any estate or interest herein, whether directly or by operation of law; (2) permit any other entity to become Tenant hereunder by merger, consolidation, or other reorganization; (3) if Tenant is an entity other than a corporation whose stock is publicly traded, permit the transfer of an ownership interest in Tenant so as to result in a change in the current control of Tenant; (4) sublet any portion of the Premises; (5) grant any license, concession, or other right of occupancy of any portion of the Premises; or (6) permit the use of the Premises by any parties other than Tenant (any of the events listed in Section 10(a)(1) through Section 10(a)(6) being a "**Transfer**").

(b) **Consent Standards**. Landlord shall not unreasonably withhold, condition or delay its consent to any assignment or subletting of the Premises, provided that Tenant is not then in default under the Lease beyond any applicable notice and cure period and the proposed transferee: (1) is creditworthy; (2) has a good reputation in the business community; (3) will use the Premises for the Permitted Use (thus, excluding without limitation, uses for credit processing and telemarketing) and will not use the Premises in any manner that would conflict with any exclusive use agreement or other similar agreement entered into by Landlord with any other tenant of the Project; (4) will not use the Premises or the Project in a manner that would materially increase the pedestrian or vehicular traffic to the Premises or the Project; (5) is not a governmental entity or subdivision or agency thereof; (6) is not another occupant of the Building, provided that Landlord has comparable vacant space in the Building to offer to such other occupant; provided, however that if such other occupant is located on the same floor as any increment of the Premises, then Landlord shall not withhold consent to a Transfer to such same floor occupant solely on the basis that such transferee is an occupant of the Building; and (7) is not a person or entity with whom Landlord is then, or has been within the three (3)-month period prior to the time Tenant seeks to enter into such assignment or subletting, negotiating to lease space in the Building, or any Affiliate of any such person or entity, provided that Landlord has comparable vacant space in the Building to offer to such other person or entity (all of the foregoing Section 10(b)(1) through Section 10(b)(7) being deemed reasonable bases for withholding consent); otherwise, Landlord may withhold its consent in its sole discretion. Landlord shall have no obligation to consent to any requested Transfer if Tenant is then in default under this Lease beyond any applicable notice and cure period.

(c) **Request for Consent**. If Tenant requests Landlord's consent to a Transfer, then, at least fifteen (15) Business Days prior to the effective date of the proposed Transfer, Tenant shall provide Landlord with a written description of all terms and conditions of the proposed Transfer, copies of the proposed pertinent documentation, and the following information about the proposed transferee: name and address; reasonably satisfactory information about its business and business history; its proposed use of the Premises; banking, financial and other credit information; and general references sufficient to enable Landlord to determine the proposed transferee's creditworthiness and character. Concurrently with Tenant's notice of any request for consent to a Transfer, Tenant shall pay to Landlord a fee of $1,000 to defray Landlord's expenses in reviewing such request, and Tenant shall also reimburse Landlord immediately upon request for its reasonable attorneys' fees incurred in connection with considering any request for consent to a Transfer.

(d) **Conditions to Consent**. If Landlord consents to a proposed Transfer, then the proposed transferee shall deliver to Landlord a written agreement whereby it expressly assumes Tenant's obligations hereunder; however, any transferee of less than all of the space in the Premises shall be liable only for obligations under this Lease that are properly allocable to the space subject to the Transfer for the period of the Transfer per the terms of the transfer document. No Transfer shall release Tenant from its obligations under this Lease, but rather Tenant and with respect to an assignment of this Lease, the assignee shall be jointly and severally liable therefor. Landlord's consent to any Transfer shall not be deemed consent to any subsequent Transfers. If an Event of Default occurs while the Premises or any part thereof are subject to a Transfer, then Landlord, in addition to its other remedies, may collect directly from such transferee all rents becoming due to Tenant and apply such rents against Rent due hereunder. Tenant authorizes its transferees to make payments of rent directly to Landlord upon receipt of notice from Landlord to do so following the occurrence of an Event of Default hereunder. Subject to Section 10(f) below, it is understood and agreed that all rents paid to Tenant by an assignee or subtenant shall be received by Tenant in trust for Landlord and shall be forwarded to Landlord without offset or reduction of any kind following the occurrence of an Event of Default hereunder. Tenant shall pay for the cost of any demising walls or other improvements necessitated by a proposed subletting or assignment (provided that the foregoing shall not waive any approval right that Landlord may have with respect to such improvements pursuant to another provision of this Lease).

(e) **Attornment by Subtenants**. Each sublease by Tenant hereunder shall be subject and subordinate to this Lease and to the matters to which this Lease is or shall be subordinate, and each subtenant by entering into a sublease is deemed to have agreed that in the event of termination, re-entry or dispossession by Landlord under this Lease, Landlord may, at its option, either terminate the sublease or take over all of the right, title and interest of Tenant, as sublandlord, under such sublease, and such subtenant shall, at Landlord's option, attorn to Landlord pursuant to the then executory provisions of such sublease, except that Landlord shall not be: (1) liable for any previous act or omission of Tenant under such sublease; (2) subject to any counterclaim, offset or defense that such subtenant might have against Tenant; (3) bound by any previous modification of such sublease or by any rent or additional rent or advance rent which such subtenant might have paid for more than the current month to Tenant, and all such rent shall remain due and owing, notwithstanding such advance payment; (4) bound by any security or advance rental deposit made by such subtenant which is not delivered or paid over to Landlord and with respect to which such subtenant shall look solely to Tenant for refund or reimbursement; or (5) obligated to perform any work in the subleased space or to prepare it for occupancy, and in connection with such attornment, the subtenant shall execute and deliver to Landlord any instruments Landlord may reasonably request to evidence and confirm such attornment. Each subtenant or licensee of Tenant shall be deemed, automatically upon and as a condition of its occupying or using the Premises or any part thereof, to have agreed to be bound by the terms and conditions set forth in this Section 10(e). The provisions of this Section 10(e) shall be self-operative, and no further instrument shall be required to give effect to this provision.

(f) **Additional Compensation**. Tenant shall pay to Landlord, within thirty (30) days following receipt thereof, fifty percent (50%) of the excess of all compensation received by Tenant for a Transfer over the Rent allocable to the portion of the Premises covered thereby, after deducting the following costs and expenses for such Transfer: (1) brokerage commissions (not to exceed commissions typically paid in the market at the time of such Transfer) and reasonable attorneys' fees; and (2) the actual costs paid in making any improvements in the Premises required by any Transfer.

(g) **Permitted Transfer**. Notwithstanding Section 10(a), Tenant may Transfer its interest in this Lease (a "**Permitted Transfer**") to the following types of entities (a "**Permitted Transferee**") without the written consent of Landlord:

(1) an Affiliate of Tenant;

(2) any corporation, limited partnership, limited liability partnership, limited liability company or other business entity in which or with which Tenant, or its corporate successors or assigns, is merged or consolidated, in accordance with applicable statutory provisions governing merger and consolidation of business entities, so long as (A) Tenant's obligations hereunder are assumed by the entity surviving such merger or created by such consolidation; and (B) the Tangible Net Worth of the surviving or created entity is not less than $5,000,000; or

(3) any corporation, limited partnership, limited liability partnership, limited liability company or other business entity acquiring all or substantially all of Tenant's assets if such entity's Tangible Net Worth after such acquisition is not less than $5,000,000.

Tenant shall promptly notify Landlord of any such Permitted Transfer. Tenant shall remain liable for the performance of all of the obligations of Tenant hereunder, or if Tenant no longer exists because of a merger, consolidation or acquisition, the surviving or acquiring entity shall expressly assume in writing the obligations of Tenant hereunder. Additionally, the Permitted Transferee shall comply with all of the terms and conditions of this Lease, including the Permitted Use, and the use of the Premises by the Permitted Transferee may not violate any other agreements affecting the Premises, the Building or the Project, Landlord or other tenants of the Project. No later than five (5) Business Days prior to the effective date of any Permitted Transfer (provided Tenant is not prohibited by Law or any non-disclosure agreement), Tenant agrees to furnish Landlord with (A) a copy of the instrument effecting such Permitted Transfer, (B) documentation establishing Tenant's satisfaction of the requirements set forth above applicable to such Permitted Transfer, and (C) evidence of insurance as required under this Lease with respect to the Permitted Transferee. The occurrence of a Permitted Transfer shall not waive Landlord's rights as to any subsequent Transfers. "**Tangible Net Worth**" means the excess of total assets over total liabilities, in each case as determined in accordance with generally accepted accounting principles consistently applied ("**GAAP**"), excluding, however, from the determination of total assets all assets which would be classified as intangible assets under GAAP including goodwill, licenses, patents, trademarks, trade names, copyrights and franchises. Any subsequent Transfer by a Permitted Transferee shall be subject to the terms of this Section 10.

(h) **Waiver**. Tenant hereby waives any suretyship defenses it may now or hereafter have to an action brought by Landlord including those contained in Sections 2787 through 2856, inclusive, 2899 and 3433 of the California Civil Code, as now or hereafter amended, or similar laws of like import.

11. **Insurance; Waivers; Subrogation; Indemnity**.

(a) **Tenant's Insurance**. Effective as of the earlier of: (1) the date Tenant enters or occupies the Premises; or (2) the Commencement Date, and continuing throughout the Term, Tenant shall maintain the following insurance policies: (A) commercial general liability insurance of not less than $3,000,000 per occurrence, with an annual aggregate limit of not less than $5,000,000, or, following the expiration of the initial Term, such other amounts as Landlord may from time to time reasonably require (and, if the use and occupancy of the Premises include any activity or matter that is or may be excluded from coverage under a commercial general liability policy [e.g., the sale, service or consumption of alcoholic beverages], Tenant shall obtain such endorsements to the commercial general liability policy or otherwise obtain insurance to insure all liability arising from such activity or matter [including liquor liability, if applicable] in such amounts as Landlord may reasonably require), insuring Tenant, and adding Landlord, Landlord's Property Manager, Invesco and Harvest as additional insureds against all liability for injury to or death of a person or persons or damage to property arising from the use and occupancy of the Premises and (without implying any consent by Landlord to the installation thereof) the installation, operation, maintenance, repair or removal of Tenant's Off-Premises Equipment with an additional insured endorsement in form CG 20 26 11 85 (or another equivalent form approved in writing by Landlord); (B) if Tenant utilizes motor vehicles in the operation of its business in the Premises, Automobile Liability covering any owned, non-owned, leased, rented or borrowed vehicles of Tenant with limits no less than $1,000,000 combined single limit for property damage and bodily injury; (C) All Risk Property insurance covering the full value of all Alterations in the Premises, naming Landlord and Landlord's Mortgagee (as defined in Section 12(a)) as additional loss payees as their interests may appear; (D) All Risk Property insurance covering the full value of all furniture, trade fixtures and personal property (including property of Tenant or others) in the Premises or otherwise placed in the Project by or on behalf of a Tenant Party (including Tenant's Off-Premises Equipment) it being understood that no lack or inadequacy of insurance by Tenant shall in any event make Landlord subject to any claim by virtue of any theft of or loss or damage to any uninsured or inadequately insured property; (E) contractual liability insurance sufficient to cover Tenant's indemnity obligations hereunder (but only if such contractual liability insurance is not already included in Tenant's commercial general liability insurance policy); (F) worker's compensation insurance in amounts not less than statutorily required, and Employers' Liability insurance with limits of not less than $1,000,000; (G) business interruption insurance in an amount that will reimburse Tenant for loss of earnings attributable to all perils insured against under Section 11(a)(C) or attributable to the prevention of access to the Building or the Premises; (H) in the event Tenant performs any Alterations or repairs in, on or to the Premises and for the duration of the construction of Alterations, Builder's Risk Insurance on an All Risk basis on a completed value (non-reporting) form, or by endorsement including such coverage pursuant to Section 11(a)(C) hereinabove, for full replacement value covering all work incorporated in the Building and all materials and equipment in or about the Premises; and (I) such other insurance or any changes or endorsements to the insurance required herein, including increased limits of coverage, as Landlord, or any mortgagee or lessor of Landlord, may reasonably require from time to time so long as such types and amounts are consistent with the types and amounts then being required by prudent, institutional property owners of comparable office building projects in the same geographic area as the Project. Tenant's insurance shall provide primary coverage to Landlord and shall not require contribution by any insurance maintained by Landlord, when any policy issued to Landlord provides duplicate or similar coverage, and in such circumstance Landlord's policy will be excess over Tenant's policy. Tenant shall furnish to Landlord certificates of such insurance, with an additional insured endorsement in form CG 20 26 11 85 (or another equivalent form approved in writing by

Landlord), and such other evidence satisfactory to Landlord of the maintenance of all insurance coverages required hereunder at least ten (10) days prior to the earlier of the Commencement Date or the date Tenant enters or occupies the Premises, and at least fifteen (15) days prior to each renewal of said insurance, and Tenant shall reasonably attempt to obtain a written obligation on the part of each insurance company to notify Landlord at least thirty (30) days before cancellation or a material change of any such insurance policies. All such insurance policies shall be in form, and issued by companies licensed to do business in the State of California and with a Best's rating of A:VII or better, reasonably satisfactory to Landlord. If Tenant fails to comply with the foregoing insurance requirements or to deliver to Landlord the certificates or evidence of coverage required herein, Landlord, following ten (10) days written notice to Tenant, in addition to any other remedy available pursuant to this Lease or otherwise, may, but shall not be obligated to, obtain such insurance and Tenant shall pay to Landlord on demand the premium costs thereof, plus an administrative fee of fifteen percent (15%) of such cost. It is expressly understood and agreed that the foregoing minimum limits of insurance coverage shall not limit the liability of Tenant for its acts or omissions as provided in this Lease.

(b) **Landlord's Insurance**. Throughout the Term of this Lease, Landlord shall maintain, as a minimum, the following insurance policies: (1) property insurance for the Building's replacement value (excluding property required to be insured by Tenant), less a commercially-reasonable deductible if Landlord so chooses; and (2) commercial general liability insurance in an amount of not less than $3,000,000. Landlord may, but is not obligated to, maintain such other insurance and additional coverages as it may deem necessary. Tenant shall pay its Proportionate Share of the cost of all insurance carried by Landlord with respect to the Project, as set forth on Exhibit C. The foregoing insurance policies and any other insurance carried by Landlord shall be for the sole benefit of Landlord and under Landlord's sole control, and Tenant shall have no right or claim to any proceeds thereof or any other rights thereunder.

(c) **No Subrogation**. Landlord and Tenant each waives any claim it might have against the other for any damage to or theft, destruction, loss, or loss of use of any property, to the extent the same is insured against under any insurance policy that covers the Building, the Premises, Landlord's or Tenant's fixtures, personal property, leasehold improvements, or business, or is required to be insured against under the terms hereof, regardless of whether the negligence of the other party caused such Loss (as such term is defined below). Landlord and Tenant each hereby waive any right of subrogation and right of recovery or cause of action for injury including death or disease to respective employees of either as covered by worker's compensation (or which would have been covered if Tenant or Landlord, as the case may be, was carrying the insurance as required by this Lease). Each party shall cause its insurance carrier to endorse all applicable policies waiving the carrier's rights of recovery under subrogation or otherwise against the other party.

(d) **Indemnity**. Subject to Section 11(c), and except to the extent caused by the gross negligence or willful misconduct of Landlord, Tenant shall indemnify, defend and hold harmless Landlord and the Indemnitees from and against all claims, demands, liabilities, causes of action, suits, judgments, damages and expenses (including reasonable attorneys' fees) and all losses and damages arising from: (1) any injury to or death of any person or the damage to or theft, destruction, loss, or loss of use of any property or inconvenience (a "**Loss**") arising from any occurrence in the Premises during the Term (or after the expiration of the Term if Tenant holds over), the use of the Common Areas by any Tenant Party, or the installation, operation, maintenance, repair or removal of any of Tenant's Off-Premises Equipment; or (2) Tenant's failure to perform its obligations under this Lease. The indemnities set forth in this Section 11(d) shall survive the expiration or earlier termination of this Lease and shall not terminate or be waived, diminished or affected in any manner by any abatement or apportionment of Rent under any provision of this Lease. If any proceeding is filed for which indemnity is required hereunder, Tenant agrees, upon request therefor, to defend Landlord in such proceeding at its sole cost utilizing counsel satisfactory to Landlord in its reasonable discretion.

12. **Subordination; Attornment; Notice to Landlord's Mortgagee**.

(a) **Subordination**. This Lease shall be subject and subordinate to any deed of trust, mortgage or other security instrument (each, as renewed, modified and/or extended from time to time, a "**Mortgage**"), or any ground lease, master lease or primary lease (each, as renewed, modified and/or extended from time to time, a "**Primary Lease**"), that now or hereafter covers all or any part of the Premises (the mortgagee under any such Mortgage, beneficiary under any such deed of trust, or the lessor under any such Primary Lease is referred to herein as a "**Landlord's Mortgagee**"). Any Landlord's Mortgagee may elect at any time, unilaterally, to make this Lease superior to its Mortgage, Primary Lease, or other interest in the Premises by so notifying Tenant in writing. The provisions of this Section 12 shall be self-operative and no further instrument of subordination shall be required; however, in confirmation of such subordination, Tenant shall execute and return to Landlord (or such other party designated by Landlord) within ten (10) Business Days after written request therefor such documentation, in recordable form if required, as a Landlord's Mortgagee may reasonably request to evidence the subordination of this Lease to such Landlord's Mortgagee's Mortgage or Primary Lease (including a subordination, non-disturbance and attornment agreement) or, if the Landlord's Mortgagee so elects, the subordination of such Landlord's Mortgagee's Mortgage or Primary Lease to this Lease; provided such forms do not increase Tenant's obligations or diminish Tenant's rights or privileges set forth herein. In consideration of, and as a condition precedent to, Tenant's agreement to permit its interest pursuant to this Lease to be subordinated to any particular future Mortgage and/or Primary Lease, Landlord's Mortgagee shall execute and deliver to Tenant a non-disturbance agreement on such Mortgagee's standard form (a "**Non-Disturbance Agreement**"). Within thirty (30) days following the full execution and delivery of this Lease, Landlord shall use commercially reasonable efforts to provide Tenant with a Non-Disturbance Agreement in the form attached hereto as Exhibit I executed and delivered by Metropolitan Life Insurance Company (the "**Existing Landlord's Mortgagee**"); provided, however, that Landlord's failure to obtain such Non-Disturbance Agreement shall not void this Lease. Landlord represents and warrants to Tenant that there are no present Mortgages or Primary Leases other than the existing Mortgage held by the Existing Landlord's Mortgagee.

(b) **Attornment**. Tenant shall attorn to any party succeeding to Landlord's interest in the Premises, whether by purchase, foreclosure, deed in lieu of foreclosure, power of sale, termination of lease, or otherwise, upon such party's request, and shall execute such agreements confirming such attornment as such party may reasonably request provided such agreement does not increase Tenant's obligations or diminish Tenant's rights or privileges set forth herein.

(c) **Notice to Landlord's Mortgagee**. Tenant shall not seek to enforce any remedy it may have for any default on the part of Landlord without first giving written notice by certified mail, return receipt requested, specifying the default in reasonable detail, to any Landlord's Mortgagee whose address has been given to Tenant, and affording such Landlord's Mortgagee a reasonable opportunity to perform Landlord's obligations hereunder.

(d) **Landlord's Mortgagee's Protection Provisions**. If Landlord's Mortgagee shall succeed to the interest of Landlord under this Lease, Landlord's Mortgagee shall not be: (1) liable for any act or omission of any prior lessor (including Landlord); (2) bound by any rent or additional rent or advance rent which Tenant might have paid for more than one (1) month in advance to any prior lessor (including Landlord), and all such rent shall remain due and owing, notwithstanding such advance payment; (3) bound by any security or advance rental deposit made by Tenant which is not delivered or paid over to Landlord's Mortgagee and with respect to which Tenant shall look solely to Landlord for refund or reimbursement; (4) bound by any termination, amendment or modification of this Lease made without Landlord's Mortgagee's consent and written approval, except for those terminations, amendments and modifications permitted to be made by Landlord without Landlord's Mortgagee's consent pursuant to the terms of the loan documents between Landlord and Landlord's Mortgagee; (5) subject to the defenses which Tenant might have against any prior lessor (including Landlord); and (6) subject to the offsets which Tenant might have against any prior lessor (including Landlord) except for those offset rights which (A) are expressly provided in this Lease, (B) relate to periods of time following the acquisition of the Building by Landlord's Mortgagee, and (C) Tenant has provided written notice to Landlord's Mortgagee and provided Landlord's Mortgagee a reasonable opportunity to cure the event giving rise to such offset event. Landlord's Mortgagee shall have no liability or responsibility under or pursuant to the terms of this Lease or otherwise after it ceases to own an interest in the Building. Nothing in this Lease shall be construed to require Landlord's Mortgagee to see to the application of the proceeds of any loan, and Tenant's agreements set forth herein shall not be impaired on account of any modification of the documents evidencing and securing any loan.

13. **Rules and Regulations**. Tenant shall comply with the rules and regulations of the Project which are attached hereto as Exhibit B. Landlord may, from time to time, rescind, change and/or augment such rules and regulations for the safety, care or cleanliness of the Project, provided that such modifications are applicable to all tenants of the Project, are reasonable, will not unreasonably interfere with Tenant's use of the Premises and are enforced by Landlord in a non-discriminatory manner. Tenant shall be responsible for the compliance with such rules and regulations by each Tenant Party. In the event of a conflict between this Lease and the rules and regulations, this Lease shall control. All approvals or determinations by Landlord as set forth in the rules and regulations shall be reasonable.

14. **Condemnation**.

(a) **Total Taking**. If the entire Building or Premises are taken by right of eminent domain or conveyed in lieu thereof (a "**Taking**"), this Lease shall terminate as of the date of the Taking.

(b) **Partial Taking - Tenant's Rights**. If any part of the Building becomes subject to a Taking and such Taking will prevent Tenant from conducting its business in the Premises in a manner reasonably comparable to that conducted immediately before such Taking for a period of more than one hundred eighty (180) days, then Tenant may terminate this Lease as of the date of such Taking by giving written notice to Landlord within thirty (30) days after the Taking, and Rent shall be apportioned as of the date of such Taking. If Tenant does not terminate this Lease, then Rent shall be abated on a reasonable basis as to that portion of the Premises rendered untenantable by the Taking.

(c) **Partial Taking - Landlord's Rights**. If any material portion, but less than all, of the Building becomes subject to a Taking, or if Landlord is required to pay any of the proceeds arising from a Taking to a Landlord's Mortgagee, then Landlord may terminate this Lease by delivering written notice thereof to Tenant within thirty (30) days after such Taking, and Rent shall be apportioned as of the date of such Taking. If Landlord does not so terminate this Lease, then this Lease will continue, but if any portion of the Premises has been taken, Rent shall abate as provided in the last sentence of Section 14(b).

(d) **Award**. If any Taking occurs, then Landlord shall receive the entire award or other compensation for the Land, the Building, and other improvements taken; however, Tenant may separately pursue a claim (to the extent it will not reduce Landlord's award) against the condemnor for the value of Tenant's personal property which Tenant is entitled to remove under this Lease, moving costs, loss of business, and other claims it may have.

(e) **Repair**. If the Lease is not terminated, Landlord shall proceed with reasonable diligence to restore the remaining part of the Premises and the Building substantially to their former condition to the extent feasible to constitute a complete and tenantable Premises and Building; provided, however, that Landlord shall only be required to reconstruct Building-standard leasehold improvements existing in the Premises as of the date of the Taking, and Tenant shall be required to pay the cost for restoring any other leasehold improvements. In no event shall Landlord be required to spend more than the condemnation proceeds received by Landlord for such repair.

(f) **Waiver**. The rights contained in this Section 14 shall be Tenant's sole and exclusive remedy in the event of a taking or condemnation. Landlord and Tenant each waives the provisions of Sections 1265.130 and 1265.150 of the California Code of Civil Procedure and the provisions of any successor or other law of like import.

15. **Fire or Other Casualty**.

(a) **Repair Estimate**. If the Premises or the Building are damaged by fire or other casualty (a "**Casualty**"), Landlord shall use good faith efforts to deliver to Tenant within sixty (60) days after such Casualty a good faith estimate (the "**Damage Notice**") of the time needed to repair the damage caused by such Casualty.

(b) **Tenant's Rights**. If a material portion of the Premises is damaged by Casualty such that Tenant is prevented from conducting its business in the Premises in a manner reasonably comparable to that conducted immediately before such Casualty and Landlord estimates that the damage caused thereby cannot be repaired within two hundred forty (240) days after the commencement of repairs (the "**Repair Period**"), then Tenant may terminate this Lease by delivering written notice to Landlord of its election to terminate within thirty (30) days after the Damage Notice has been delivered to Tenant.

(c) **Landlord's Rights**. If a Casualty damages the Premises or a material portion of the Building and: (1) Landlord estimates that the damage to the Premises cannot be repaired within the Repair Period; (2) the damage to the Premises exceeds fifty percent (50%) of the replacement cost thereof (excluding foundations and footings), as reasonably estimated by Landlord, and such damage occurs during the last two (2) years of the Term; (3) regardless of the extent of damage to the Premises, Landlord makes a good faith determination that restoring the Building would be uneconomical; or (4) Landlord is required to pay any insurance proceeds arising out of the Casualty to a Landlord's Mortgagee, then Landlord may terminate this Lease by giving written notice of its election to terminate within thirty (30) days after the

Damage Notice has been delivered to Tenant (provided that Landlord elects to terminate the all or substantially all similarly situated tenants in the Project).

(d) **Repair Obligation**. If neither party elects to terminate this Lease following a Casualty, then Landlord shall, within a reasonable time after such Casualty, begin to repair the Premises and shall proceed with reasonable diligence to restore the Premises to substantially the same condition as they existed immediately before such Casualty; however, other than Building-standard leasehold improvements Landlord shall not be required to repair or replace any Alterations within the Premises (which shall be promptly and with due diligence repaired and restored by Tenant at Tenant's sole cost and expense) or any furniture, equipment, trade fixtures or personal property of Tenant or others in the Premises or the Building, and Landlord's obligation to repair or restore the Premises shall be limited to the extent of the insurance proceeds actually received by Landlord for the Casualty in question plus the amount of any deductibles. If this Lease is terminated under the provisions of this Section 15, Landlord shall be entitled to the full proceeds of the insurance policies to the extent providing coverage for all Alterations in the Premises (and, if Tenant has failed to maintain insurance on such items as required by this Lease, Tenant shall pay Landlord an amount equal to the proceeds Landlord would have received had Tenant maintained insurance on such items as required by this Lease).

(e) **Abatement of Rent**. If the Project is damaged by Casualty, Rent for the portion of the Premises rendered untenantable or inaccessible by the damage shall be abated on a reasonable basis from the date of damage until the completion of Landlord's repairs (or until the date of termination of this Lease by Landlord or Tenant as provided above, as the case may be), unless the gross negligence or willful misconduct of a Tenant Party caused such damage, in which case, Tenant shall continue to pay Rent without abatement.

(f) **Casualty During Last Year of Term**. In the event that a Casualty occurs during the last twelve (12) months of the Term, and the damage to the Premises resulting from such Casualty cannot be repaired within ninety (90) days from the date of such Casualty, then either party may terminate this Lease by written notice to the other party delivered within thirty (30) days following delivery of the Damage Notice; provided however, if Tenant exercises its option to extend the Term of this Lease (if any remains) within ten (10) Business Days from receipt of Landlord's termination notice, then such termination shall not be effective.

(g) **Waiver**. The rights contained in this Section 15 shall be Tenant's sole and exclusive remedy in the event of a Casualty. Tenant hereby waives the provisions of Sections 1932(2) and 1933(4) of the California Civil Code and the provisions of any successor or other law of like import.

16. **Personal Property Taxes**. Tenant shall be liable for all taxes levied or assessed against personal property, furniture, or fixtures placed by Tenant in the Premises or in or on the Building or the Project. If any taxes for which Tenant is liable are levied or assessed against Landlord or Landlord's property and Landlord elects to pay the same, or if the assessed value of Landlord's property is increased by inclusion of such personal property, furniture or fixtures and Landlord elects to pay the taxes based on such increase, then Tenant shall pay to Landlord, within thirty (30) days following written request therefor, the part of such taxes for which Tenant is primarily liable hereunder.

17. **Events of Default**. Each of the following occurrences shall be an "**Event of Default**":

(a) **Payment Default**. Tenant's failure to pay Rent within three (3) Business Days after Tenant's receipt of Landlord's written notice that the same is due; provided, however, Landlord shall not be obligated to provide written notice of monetary default more than twice in any calendar year, and each subsequent monetary default shall be an Event of Default if not received within three (3) Business Days after the same is due; provided further, such notice shall be in lieu of, and not in addition to, any notice required under Section 1161 et seq. of the California Code of Civil Procedure;

(b) **Abandonment**. Tenant abandons the Premises, abandonment being defined as Tenant's vacation of the Premises for a period of fourteen (14) or more consecutive days and failure to meet one (1) or more lease obligations;

(c) **Estoppel/Financial Statement**. Tenant fails to provide: (i) any estoppel certificate after Landlord's written request therefor pursuant to Section 26(e); or (ii) any financial statement after Landlord's written request therefor pursuant to Section 26(q), and such failure shall continue for five (5) Business Days after Landlord's second (2nd) written notice thereof to Tenant;

(d) **Insurance**. Tenant fails to procure, maintain and deliver to Landlord evidence of the insurance policies and coverages as required under Section 11(a), subject to the cure period set forth in Section 11(a);

(e) **Mechanic's Liens**. Tenant fails to pay and release of record, or diligently contest and bond around, any mechanic's lien filed against the Premises or the Project for any work performed, materials furnished, or obligation incurred by or at the request of Tenant, within the time and in the manner required by Section 8(c);

(f) **Other Defaults**. Tenant's failure to perform, comply with, or observe any other agreement or obligation of Tenant under this Lease and the continuance of such failure for a period of thirty (30) calendar days or more after Landlord has delivered to Tenant written notice thereof, which notice shall be in lieu of, and not in addition to, any notice required under Section 1161 et seq. of the California Code of Civil Procedure; provided, however, if such default is of the type which cannot reasonably be cured within thirty (30) days, then Tenant shall have such longer time as is reasonably necessary provided Tenant commences to cure within ten (10) days after receipt of written notice from Landlord and diligently prosecutes such cure to completion within sixty (60) days of such notice; and

(g) **Insolvency**. The filing of a petition by or against Tenant (the term "Tenant" shall include, for the purpose of this Section 17(g), any guarantor of Tenant's obligations hereunder): (1) in any bankruptcy or other insolvency proceeding; (2) seeking any relief under any state or federal debtor relief law; (3) for the appointment of a liquidator or receiver for all or substantially all of Tenant's property or for Tenant's interest in this Lease; or (4) for the reorganization or modification of Tenant's capital structure; however, if such a petition is filed against Tenant, then such filing shall not be an Event of Default unless Tenant fails to have the proceedings initiated by such petition dismissed within sixty (60) calendar days after the filing thereof.

18. **Remedies**. Upon any Event of Default, Landlord may, in addition to all other rights and remedies afforded Landlord hereunder or by law or equity, take any one or more of the following actions:

(a) **Termination of Lease**. Terminate this Lease by giving Tenant written notice thereof, in which event Tenant shall immediately surrender the Premises to Landlord. In the event that Landlord shall elect to so terminate this Lease, then Landlord may recover from Tenant:

(i) The worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such Rent loss Tenant proves reasonably could have been avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such Rent loss that Tenant proves reasonably could be avoided; plus

(iv) Any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course would be likely to result therefrom, including all amounts due under Section 19(a); plus

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable California law.

As used in subparagraphs (i) and (ii) above, the "worth at the time of award" is computed by allowing interest at the Default Rate. As used in subparagraph (iii) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Forbearance by Landlord to enforce one or more of the remedies herein provided upon an Event of Default shall not be deemed or construed to constitute a waiver of such default. Tenant hereby waives for Tenant and for all those claiming under Tenant all rights now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination of this Lease.

(b) **Termination of Possession**. Terminate Tenant's right to possess the Premises without terminating this Lease by giving written notice thereof to Tenant, in which event Tenant shall pay to Landlord: (1) all Rent and other amounts accrued hereunder to the date of termination of possession; (2) all amounts due from time to time under Section 19(a); and (3) all Rent and other net sums required hereunder to be paid by Tenant during the remainder of the Term, diminished by any net sums thereafter received by Landlord through reletting the Premises during such period, after deducting all costs incurred by Landlord in reletting the Premises. Any sums due under the foregoing Section 18(b)(3) shall be calculated and due monthly. If Landlord elects to proceed under this Section 18(b), Landlord may remove all of Tenant's property from the Premises and store the same in a public warehouse or elsewhere at the cost of, and for the account of, Tenant, without becoming liable for any loss or damage which may be occasioned thereby. If and to the extent required by applicable Law, Landlord shall use commercially reasonable efforts to relet the Premises on such terms as Landlord in its sole discretion may determine (including a term different from the Term, rental concessions, and alterations to, and improvement of, the Premises); however, Landlord shall not be obligated to expend funds in connection with reletting the Premises, nor to relet the Premises before leasing other portions of the Building, and Landlord shall not be obligated to accept any prospective tenant proposed by Tenant unless such proposed tenant meets all of Landlord's leasing criteria. Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished because of, Landlord's failure to relet the Premises or to collect rent due for such reletting. Tenant shall not be entitled to the excess of any consideration obtained by reletting over the Rent due hereunder. Reentry by Landlord in the Premises shall not affect Tenant's obligations hereunder for the unexpired Term; rather, Landlord may, from time to time, bring an action against Tenant to collect amounts due by Tenant, without the necessity of Landlord's waiting until the expiration of the Term. Unless Landlord delivers written notice to Tenant expressly stating that it has elected to terminate this Lease, all actions taken by Landlord to dispossess or exclude Tenant from the Premises shall be deemed to be taken under this Section 18(b). If Landlord elects to proceed under this Section 18(b), it may at any time elect to terminate this Lease under Section 18(a);

(c) **Continue Lease in Effect**. In addition to all other rights and remedies provided Landlord in this Lease and by Law, Landlord shall have the remedy described in California Civil Code Section 1951.4 (Landlord may continue the Lease in effect after Tenant's breach and abandonment and recover Rents as they become due if Tenant has the right to sublet or assign the Lease, subject to reasonable limitations);

(d) **Perform Acts on Behalf of Tenant**. Perform any act Tenant is obligated to perform under the terms of this Lease (and enter upon the Premises in connection therewith if necessary) in Tenant's name and on Tenant's behalf, without being liable for any claim for damages therefor, and Tenant shall reimburse Landlord on demand for any expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease (including, but not limited to, collection costs and legal expenses), plus interest thereon at the Default Rate; or

(e) **Attorneys' Fees**. If either Landlord or Tenant brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, or appeal thereon, shall be entitled to its reasonable attorneys' fees and court costs to be paid by the losing party as fixed by the court in the same or separate suit, and whether or not such action is pursued to decision or judgment. The attorneys' fee award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees and court costs reasonably incurred. Landlord shall be entitled to reasonable attorneys' fees and all other costs and expenses incurred in the preparation and service of notices of default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such default.

19. **Payment by Tenant; Non-Waiver; Cumulative Remedies**.

(a) **Payment by Tenant**. Upon any Event of Default, Tenant shall pay to Landlord all costs incurred by Landlord (including court costs and reasonable attorneys' fees and expenses) in: (1) obtaining possession of the Premises; (2) removing and storing Tenant's or any other occupant's property; (3) repairing, restoring, altering, remodeling, or otherwise putting the Premises into condition acceptable to a new tenant; (4) if Tenant is dispossessed of the Premises and this Lease is not terminated, reletting all or any part of the Premises (including brokerage commissions, cost of tenant finish work, and other costs incidental to such reletting); (5) performing Tenant's obligations which Tenant failed to perform; and (6) enforcing, or advising Landlord of, its rights, remedies and recourses arising out of the Event of Default. To the full extent permitted by Law, Landlord and Tenant agree the federal and state courts of the State of California shall have exclusive jurisdiction over any matter relating to or arising from this Lease and the parties' rights and obligations under this Lease.

(b) **No Waiver**. Landlord's acceptance of Rent following an Event of Default shall not waive Landlord's rights regarding such Event of Default. No waiver by Landlord of any violation or breach of any of the terms contained herein shall waive Landlord's rights regarding any future violation of such term. Landlord's acceptance of any partial payment of Rent shall not waive Landlord's rights with regard to the remaining portion of the Rent that is due, regardless of any endorsement or other statement on any instrument delivered in payment of Rent or any writing delivered in connection therewith; accordingly, Landlord's acceptance of a partial payment of Rent shall not constitute an accord and satisfaction of the full amount of the Rent that is due.

(c) **Cumulative Remedies**. Any and all remedies set forth in this Lease: (1) shall be in addition to any and all other remedies Landlord may have at law or in equity; (2) shall be cumulative; and (3) may be pursued successively or concurrently as Landlord may elect. The exercise of any remedy by Landlord shall not be deemed an election of remedies or preclude Landlord from exercising any other remedies in the future.

(d) **No Designation**. To the extent allowed by Law, if Tenant is in arrears in payment of Rent, Tenant waives its right, if any, to designate the items to which any payments made by Tenant are to be credited, and Landlord may apply any payments made by Tenant to such items as Landlord sees fit, irrespective of any designation or request by Tenant as to the items to which any such payments shall be credited.

(e) **No Counterclaims**. To the extent allowed by Law, Tenant shall not interpose any counterclaim (other than a compulsory counterclaim) in any summary proceeding commenced by Landlord to recover possession of the Premises and shall not seek to consolidate such proceeding with any action which may have been or will be brought by Tenant or any other person or entity.

20. **Intentionally Deleted**.

21. **Surrender of Premises**. No act by Landlord shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender of the Premises shall be valid unless it is in writing and signed by Landlord. At the expiration or earlier termination of this Lease, Tenant shall (i) deliver the Premises to Landlord with all improvements located therein in good repair and condition, free of Hazardous Materials placed on the Premises by Tenant or any Tenant Party during the Term, broom-clean, reasonable wear and tear (and condemnation and Casualty damage, as to which Section 14 and Section 15 shall control) excepted, (ii) remove any Alterations installed in the Premises in accordance with the provisions of Section 8(a) provided that Tenant shall have no obligation to remove any dedicated HVAC existing as of the date this Lease was fully executed by Landlord and Tenant, and (iii) deliver to Landlord all keys to the Premises. Tenant shall remove all unattached trade fixtures, furniture, and personal property placed in the Premises or elsewhere in the Project by Tenant (but Tenant may not remove any such item which was paid for, in whole or in part, by Landlord or any wiring or cabling unless Landlord requires such removal). Additionally, at Landlord's option, Tenant

shall (not later than the expiration date or earlier termination of the Lease) remove such trade fixtures, personal property, equipment, wiring, conduits, cabling and furniture (including Tenant's Off-Premises Equipment) as Landlord may request. Tenant shall repair all damage caused by such removal. All items not so removed shall, at Landlord's option, be deemed to have been abandoned by Tenant and may be appropriated, sold, stored, destroyed or otherwise disposed of by Landlord at Tenant's cost without notice to Tenant and without any obligation to account for such items. The provisions of this Section 21 shall survive the expiration or earlier termination of the Lease.

22. **Holding Over**. If Tenant fails to vacate the Premises at the end of the Term, then Tenant shall be a tenant at sufferance and, in addition to all other damages and remedies to which Landlord may be entitled for such holding over: (a) Tenant shall pay, in addition to the other Rent, Base Rent equal to one hundred twenty-five percent (125%) of the Base Rent payable during the last month of the Term; and (b) Tenant shall otherwise continue to be subject to all of Tenant's obligations under this Lease. The provisions of this Section 22 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at Law. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including any claims made by any succeeding tenant founded upon such failure to surrender, and any lost profits to Landlord resulting therefrom. Notwithstanding the foregoing, if Tenant holds over with Landlord's express written consent, then Tenant shall be a month-to-month tenant and Tenant shall pay, in addition to the other Rent, Base Rent equal to one hundred twenty percent (120%) of the Base Rent payable during the last month of the Term.

23. **Certain Rights Reserved by Landlord**. Landlord shall have the following rights:

(a) **Building Operations**. To decorate, to perform maintenance and repairs, and to make inspections, alterations, additions, changes or improvements, whether structural or otherwise, in and about the Project or any part thereof; to enter upon the Premises (after giving Tenant reasonable notice thereof, which may be oral notice, except in cases of real or apparent emergency, in which case no notice shall be required) and, during the continuance of any such work, to temporarily close doors, entryways, public space and corridors in the Building; to interrupt or temporarily suspend Building services and facilities; to change the name of the Building; and to change the arrangement and location of entrances or passageways, doors, doorways, corridors, elevators, stairs, restrooms or other public parts of the Building;

(b) **Access Control**. To take such reasonable access control measures as Landlord deems advisable (provided, however, that any such access control measures are for Landlord's own protection, and Tenant acknowledges that Landlord is not a guarantor of the security or safety of any Tenant Party and that all such security matters are the responsibility of Tenant); including evacuating the Building for cause, suspected cause, or for drill purposes; temporarily denying access to the Building; and closing the Building after Normal Business Hours and on Saturdays, Sundays and Holidays, subject, however, to Tenant's right to enter when the Building is closed after Normal Business Hours under such reasonable regulations as Landlord may prescribe from time to time;

(c) **Repairs and Maintenance**. To enter the Premises upon not less than twenty-four (24) hours* advance notice (which notice may be written or oral) to perform Landlord's repair and maintenance obligations and rights under the Lease, provided, however, no advance notice shall be required for the performance of routine janitorial and maintenance; and

(d) **Prospective Purchasers and Lenders**. To enter the Premises upon forty-eight (48) hours* advance notice (which notice may be written or oral) to show the Premises to prospective purchasers or lenders; and

(e) **Prospective Tenants**. At any time during the last nine (9) months of the Term (or earlier if Tenant has notified Landlord in writing that it does not desire to renew the Term) or at any time following the occurrence of an Event of Default, to enter the Premises upon forty-eight (48) hours* advance notice (which notice may be written or oral) to show the Premises to prospective tenants; provided, however, that during the last six (6) months of the Term, only twenty-four (24) hours* advance notice (which notice may be written or oral) shall be required.

(f) **Premises Access**. Landlord shall retain a key for all of the doors for the Premises, excluding Tenant's vaults, safes and files. Landlord shall have the right to use any and all means to open the doors to the Premises in an emergency in order to obtain entry thereto without liability to Tenant therefor. Any entry to the Premises by Landlord by any of the foregoing means, or otherwise, shall not be construed or deemed to be a forcible or unlawful entry into or a detainer of the Premises, or an eviction, partial eviction or constructive eviction of Tenant from the Premises or any portion thereof, and shall not relieve Tenant of its obligations hereunder.

24. **Intentionally Deleted**.

25. **Hazardous Materials**.

(a) During the Term of this Lease, Tenant shall comply with all Environmental Laws (as defined in Section 25(i) below) applicable to the operation or use of the Premises, will cause all other persons occupying or using the Premises to comply with all such Environmental Laws, will immediately pay or cause to be paid all costs and expenses incurred by reason of such compliance.

(b) Tenant shall not generate, use, treat, store, handle, release or dispose of, or permit the generation, use, treatment, storage, handling, release or disposal of Hazardous Materials (as defined in Section 25(i) hereof) on the Premises or the Project, or transport or permit the transportation of Hazardous Materials to or from the Premises or the Project except for: (i) limited quantities of household cleaning products and office supplies used or stored at the Premises and required in connection with the routine operation and maintenance of the Premises, and in compliance with all applicable Environmental Laws, and (ii) a limited quantity of diesel fuel necessary for the operation of the Backup Generator (as defined in Exhibit D) and used and stored in compliance with all applicable Environmental Laws. Notwithstanding anything to the contrary contained herein, however, under no circumstances may Tenant permit any generation, use, treatment, storage, handling, release or disposal of such diesel fuel in a

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* Provided in all instances if such advance notice is delivered on a Saturday or Sunday, such notice shall not be deemed delivered until 8:00 am on the immediately following Monday.

manner that may cause the Premises or the Project to be contaminated by any Hazardous Materials or in violation of any Environmental Laws.

(c) At any time and from time to time during the Term of this Lease, Landlord may perform an environmental site assessment report concerning the Premises, prepared by an environmental consulting firm chosen by Landlord, indicating the presence or absence of Hazardous Materials caused or permitted by Tenant and the potential cost of any compliance, removal or remedial action in connection with any such Hazardous Materials on the Premises. Tenant shall grant and hereby grants to Landlord and its agents access to the Premises upon not less than forty-eight (48) hours prior notice and specifically grants Landlord an irrevocable non-exclusive license to undertake such an assessment. If such assessment report indicates the presence of Hazardous Materials in violation of this Section 25 caused or permitted by Tenant or any Tenant Party, then such report shall be at Tenant's sole cost and expense and the cost of such assessment shall be due and payable within thirty (30) days of receipt of an invoice therefor.

(d) Tenant will promptly advise Landlord in writing of any of the following: (1) any pending or threatened Environmental Claim (as defined in Section 25(i) below) against Tenant relating to the Premises or the Project; (2) any condition or occurrence on the Premises or the Project that (a) results in noncompliance by Tenant with any applicable Environmental Law, or (b) could reasonably be anticipated to form the basis of an Environmental Claim against Tenant or Landlord or the Premises; (3) any condition or occurrence on the Premises or any property adjoining the Premises that could reasonably be anticipated to cause the Premises to be subject to any restrictions on the ownership, occupancy, use or transferability of the Premises under any Environmental Law; and (4) the actual or anticipated taking of any removal or remedial action by Tenant in response to the actual or alleged presence of any Hazardous Material on the Premises or the Project. All such notices shall describe in reasonable detail the nature of the claim, investigation, condition, occurrence or removal or remedial action and Tenant's response thereto. In addition, Tenant will provide Landlord with copies of all communications regarding the Premises with any governmental agency relating to Environmental Laws, all such communications with any person relating to Environmental Claims, and such detailed reports of any such Environmental Claim as may reasonably be requested by Landlord.

(e) Tenant will not change or permit to be changed the Permitted Use of the Premises.

(f) Tenant agrees to indemnify, defend and hold harmless the Indemnitees from and against all obligations (including removal and remedial actions), losses, claims, suits, judgments, liabilities, penalties, damages (including consequential and punitive damages), costs and expenses (including reasonable attorneys' and consultants' fees and expenses) of any kind or nature whatsoever that may at any time be incurred by, imposed on or asserted against such Indemnitees directly or indirectly based on, or arising or resulting from (a) the actual or alleged presence of Hazardous Materials on the Project which is caused or permitted by Tenant or a Tenant Party and (b) any Environmental Claim relating in any way to Tenant's operation or use of the Premises (the "**Hazardous Materials Indemnified Matters**"). The provisions of this Section 25 shall survive the expiration or sooner termination of this Lease.

(g) To the extent that the undertaking in the preceding paragraph may be unenforceable because it is violative of any law or public policy, Tenant will contribute the maximum portion that it is permitted to pay and satisfy under applicable Law to the payment and satisfaction of all Hazardous Materials Indemnified Matters incurred by the Indemnitees.

(h) All sums paid and costs incurred by Landlord with respect to any Hazardous Materials Indemnified Matter shall bear interest at the Default Rate from the date so paid or incurred until reimbursed by Tenant, and all such sums and costs shall be immediately due and payable on demand.

(i) (a) "**Hazardous Materials**" means: (i) petroleum or petroleum products, natural or synthetic gas, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, and radon gas; (ii) any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "contaminants" or "pollutants," or words of similar import, under any applicable Environmental Law; and (iii) any other substance exposure which is regulated by any governmental authority; (b) "**Environmental Law**" means any federal, state or local statute, law, rule, regulation, ordinance, code, policy or rule of common law now or hereafter in effect and in each case as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the environment, health, safety or Hazardous Materials, including without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. §§ 9601 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801 et seq.; the Clean Water Act, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq.; the Clean Air Act, 42 U.S.C. §§ 7401 et seq.; the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq.; the Atomic Energy Act, 42 U.S.C. §§ 2011 et seq.; the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §§ 136 et seq.; the Occupational Safety and Health Act, 29 U.S.C. §§ 651 et seq.; and (c) "**Environmental Claims**" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, investigations, proceedings, consent orders or consent agreements relating in any way to any Environmental Law or any Environmental Permit, including without limitation (i) any and all Environmental Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law and (ii) any and all Environmental Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment.

26. **Miscellaneous**.

(a) **Landlord Transfer**. Landlord may transfer any portion of the Project and any of its rights under this Lease. If Landlord assigns its rights under this Lease, then Landlord shall thereby be released from any further obligations hereunder arising after the date of transfer, provided that the assignee assumes Landlord's obligations hereunder in writing.

(b) **Landlord's Liability**. The liability of Landlord (and its partners, shareholders or members) to Tenant (or any person or entity claiming by, through or under Tenant) for any default by Landlord under the terms of this Lease or any matter relating to or arising out of the occupancy or use of the Premises and/or other areas of the Building or the Project shall be limited to Tenant's actual direct, but not consequential (or other speculative), damages therefor and shall be recoverable only from the interest of Landlord in the Project, and Landlord (and its partners, shareholders or members) shall not be personally liable for any deficiency. For purposes of this Section 26(b), "**the interest of Landlord in the Project**" shall include the unencumbered rents or other income from the Project received by Landlord. Additionally, to the extent allowed by Law, Tenant hereby waives any statutory lien it may have against Landlord or its assets, including without limitation, the Building.

(c) **Force Majeure**. Other than for Tenant's obligations under this Lease that can be performed by the payment of money (e.g., payment of Rent and maintenance of insurance) and Tenant's obligations pursuant to Exhibit D hereto, whenever a period of time is herein prescribed for action to be taken by either party hereto, such party shall not be liable or responsible for, and there shall be excluded from the computation of any such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, acts of terrorism, governmental laws, regulations, or restrictions, or any other causes of any kind whatsoever which are beyond the control of such party.

(d) **Brokerage**. Neither Landlord nor Tenant has dealt with any broker or agent in connection with the negotiation or execution of this Lease, other than as set forth in the Basic Lease Information. Tenant shall indemnify, defend and hold Landlord harmless from and against all costs, expenses, attorneys' fees, liens and other liability for commissions or other compensation claimed by any broker or agent claiming the same by, through, or under Tenant other than Tenant's broker set forth in the Basic Lease Information ("**Tenant's Broker**") as a result of Landlord's Broker failing to pay Tenant's Broker a commission pursuant to a separate written agreement between Landlord's Broker and Tenant's Broker. Landlord shall indemnify, defend and hold Tenant harmless from and against all costs, expenses, attorneys' fees, liens and other liability for commissions or other compensation claimed by any broker or agent claiming the same by, through, or under Landlord. The foregoing indemnities shall survive the expiration or earlier termination of the Lease.

(e) **Estoppel Certificates**. From time to time, Tenant shall furnish to any party designated by Landlord, within ten (10) Business Days after Landlord has made a request therefor, a certificate signed by Tenant confirming and containing such factual certifications and representations as to this Lease as Landlord may reasonably request. Unless otherwise required by Landlord's Mortgagee or a prospective purchaser or mortgagee of the Building, the initial form of estoppel certificate to be signed by Tenant is attached hereto as Exhibit F.

(f) **Notices**. All notices and other communications given pursuant to this Lease shall be in writing, shall be addressed to the parties hereto at the respective addresses specified in the Basic Lease Information, and shall be: (1) mailed by first class, United States Mail, postage prepaid, certified, with return receipt requested; (2) hand delivered; or (3) sent by a nationally recognized overnight courier service providing a delivery receipt. All notices shall be effective upon the earlier to occur of actual receipt, one (1) Business Day following deposit with a nationally recognized overnight courier service, or three (3) days following deposit in the United States mail. The parties hereto may change their addresses by giving notice thereof to the other in conformity with this provision.

(g) **Separability**. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future Laws, then the remainder of this Lease shall not be affected thereby and in lieu of such clause or provision, there shall be added as a part of this Lease a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

(h) **Amendments; Binding Effect**. This Lease may not be amended except by instrument in writing signed by Landlord and Tenant. No provision of this Lease shall be deemed to have been waived by either party hereto unless such waiver is in writing signed by the other party hereto, and no custom or practice which may evolve between the parties in the administration of the terms hereof shall waive or diminish the right of either party hereto to insist upon the performance by the other party in strict accordance with the terms hereof. The terms and conditions contained in this Lease shall inure to the benefit of and be binding upon the parties hereto, and upon their respective successors in interest and legal representatives, except as otherwise herein expressly provided. This Lease is for the sole benefit of Landlord and Tenant, and, other than Landlord's Mortgagee, no third party shall be deemed a third party beneficiary hereof.

(i) **Quiet Enjoyment**. Provided Tenant has performed all of its obligations hereunder, Tenant shall peaceably and quietly hold and enjoy the Premises for the Term, without hindrance from Landlord or any party claiming by, through or under Landlord, but not otherwise, subject to the terms and conditions of this Lease.

(j) **No Merger**. There shall be no merger of the leasehold estate hereby created with the fee estate in the Premises or any part thereof if the same person acquires or holds, directly or indirectly, this Lease or any interest in this Lease and the fee estate in the leasehold Premises or any interest in such fee estate.

(k) **No Offer**. The submission of this Lease to Tenant shall not be construed as an offer, and Tenant shall not have any rights under this Lease unless Landlord executes a copy of this Lease and delivers it to Tenant.

(l) **Entire Agreement**. This Lease constitutes the entire agreement between Landlord and Tenant regarding the subject matter hereof and supersedes all oral statements and prior writings relating thereto. Except for those set forth in this Lease, no representations, warranties or agreements have been made by Landlord or Tenant to the other with respect to this Lease or the obligations of Landlord or Tenant in connection therewith. The normal rule of construction that any ambiguities be resolved against the drafting party shall not apply to the interpretation of this Lease or any exhibits or amendments hereto.

(m) **Waiver of Jury Trial**. IN *GRAFTON PARTNERS L.P. V. SUPERIOR COURT*, 36 CAL.4TH 944 (2005), THE CALIFORNIA SUPREME COURT RULED THAT CONTRACTUAL, PRE-DISPUTE JURY TRIAL WAIVERS ARE UNENFORCEABLE. THE PARTIES, HOWEVER, ANTICIPATE THAT THE CALIFORNIA LEGISLATURE MAY ENACT LEGISLATION TO PERMIT SUCH WAIVERS IN CERTAIN CASES. IN ANTICIPATION OF SUCH LEGISLATION, LANDLORD AND TENANT HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE, AS OF THE EFFECTIVE DATE OF SUCH LEGISLATION AND TO THE EXTENT PERMITTED BY APPLICABLE REQUIREMENTS, THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE OR ANY DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HEREWITH OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF EITHER PARTY ARISING OUT OF OR RELATED IN ANY MANNER WITH THE PREMISES (INCLUDING WITHOUT LIMITATION, ANY ACTION TO RESCIND OR CANCEL THIS LEASE OR ANY CLAIMS OR DEFENSES ASSERTING THAT THIS LEASE WAS FRAUDULENTLY INDUCED OR IS OTHERWISE VOID OR VOIDABLE). THIS WAIVER IS A MATERIAL INDUCEMENT FOR LANDLORD TO ENTER INTO AND ACCEPT THIS LEASE. LANDLORD

AND TENANT AGREE TO TAKE ALL FURTHER ACTION REQUIRED TO EFFECTUATE THEIR WAIVER UNDER SUCH LEGISLATION, INCLUDING EXECUTING ADDITIONAL DOCUMENTS SATISFYING ALL REQUIREMENTS THEREOF. Landlord and Tenant agree and intend that this paragraph constitutes a written consent to waiver of trial by jury within the meaning of California Code of Civil Procedure Section 631(d)(2). Each party hereby authorizes and empowers the other to file this Section 26(m) and this Lease with the clerk or judge of any court of competent jurisdiction as a written consent to waiver of jury trial.

(n) **Governing Law**. This Lease shall be governed by and construed in accordance with the laws of the State of California.

(o) **Recording**. Tenant shall not record this Lease or any memorandum of this Lease without the prior written consent of Landlord, which consent may be withheld or denied in the sole and absolute discretion of Landlord, and any recordation by Tenant shall be a material breach of this Lease. Tenant grants to Landlord a power of attorney to execute and record a release releasing any such recorded instrument of record that was recorded without the prior written consent of Landlord, which power of attorney is coupled with an interest and is non-revocable during the Term.

(p) **Joint and Several Liability**. If Tenant is comprised of more than one (1) party, each such party shall be jointly and severally liable for Tenant's obligations under this Lease. All unperformed obligations of Tenant hereunder not fully performed at the end of the Term shall survive the end of the Term, including payment obligations with respect to Rent and all obligations concerning the condition and repair of the Premises.

(q) **Financial Reports**. Within fifteen (15) days after Landlord's request, Tenant will furnish Tenant's most recent audited financial statements (including any notes to them) to Landlord, or, if no such audited statements have been prepared, such other financial statements (and notes to them) as may have been prepared by an independent certified public accountant or, failing those, Tenant's internally prepared financial statements. If Tenant is a publicly traded corporation, Tenant may satisfy its obligations hereunder by providing to Landlord Tenant's most recent annual and quarterly reports. Tenant will discuss its financial statements with Landlord. Landlord will not disclose any aspect of Tenant's financial statements that Tenant designates to Landlord as confidential except: (1) to Landlord's Mortgagee or prospective mortgagees or purchasers of the Project; (2) to Landlord's advisors and consultants; (3) in litigation between Landlord and Tenant; and (4) if required by court order. Tenant shall not be required to deliver the financial statements required under this Section 26(q) more than once in any twelve (12)-month period unless requested by Landlord's Mortgagee or a prospective buyer or lender of the Project or an Event of Default occurs.

(r) **Landlord's Fees**. Whenever Tenant requests Landlord to take any action not required of it hereunder or give any consent required or permitted under this Lease, Tenant will reimburse Landlord for Landlord's reasonable, out-of-pocket costs payable to third parties and incurred by Landlord in reviewing the proposed action or consent, including reasonable attorneys', engineers' or architects' fees, within thirty (30) days after Landlord's delivery to Tenant of a statement of such costs. Tenant will be obligated to make such reimbursement without regard to whether Landlord consents to any such proposed action.

(s) **Telecommunications**. Tenant and its telecommunications companies, including local exchange telecommunications companies and alternative access vendor services companies, shall have no right of access to and within the Building, for the installation and operation of telecommunications systems, including voice, video, data, Internet, and any other services provided over wire, fiber optic, microwave, wireless, and any other transmission systems ("**Telecommunications Services**"), for part or all of Tenant's telecommunications within the Building and from the Building to any other location without Landlord's prior written consent, which consent shall not be unreasonably withheld. All providers of Telecommunications Services shall be required to comply with the rules and regulations of the Building, applicable Laws and Landlord's reasonable policies and practices for the Building. Tenant acknowledges that Landlord shall not be required to provide or arrange for any Telecommunications Services and that Landlord shall have no liability to any Tenant Party in connection with the installation, operation or maintenance of Telecommunications Services or any equipment or facilities relating thereto. Tenant, at its cost and for its own account, shall be solely responsible for obtaining all Telecommunications Services.

(t) **Confidentiality**. Tenant acknowledges that the terms and conditions of this Lease are to remain confidential for Landlord's benefit, and may not be disclosed by Tenant to anyone, by any manner or means, directly or indirectly, without Landlord's prior written consent, provided Tenant may disclose this Lease (1) to any prospective purchasers of Tenant; (2) to Tenant's Affiliates; (3) to Tenant's advisors and consultants; (4) in litigation between Landlord and Tenant; (5) to a prospective assignee or subtenant; (6) if required by Law or a court order; and (7) in any S-1 or 10K Filing. The consent by Landlord to any disclosures shall not be deemed to be a waiver on the part of Landlord of any prohibition against any future disclosure.

(u) **Authority**. Tenant (if a corporation, partnership or other business entity) hereby represents and warrants to Landlord that Tenant is a duly formed and existing entity qualified to do business in the State of California, that Tenant has full right and authority to execute and deliver this Lease, and that each person signing on behalf of Tenant is authorized to do so. Landlord (if a corporation, partnership or other business entity) hereby represents and warrants to Tenant that Landlord is a duly formed and existing entity qualified to do business in the State of California, that Landlord has full right and authority to execute and deliver this Lease, and that each person signing on behalf of Landlord is authorized to do so.

(v) **Incorporation of Exhibits**. All exhibits attached hereto are incorporated herein by this reference.

27. **USA Patriot Act and Anti-Terrorism Laws**.

(a) Tenant represents and warrants to, and covenants with, Landlord that neither Tenant nor any of its respective constituent owners or affiliates currently are, or shall be at any time during the Term hereof, in violation of any laws relating to terrorism or money laundering (collectively, the "**Anti-Terrorism Laws**"), including without limitation Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 and relating to Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (the "**Executive Order**") and/or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56) (the "**USA Patriot Act**").

(b) Tenant covenants with Landlord that neither Tenant nor any of its respective constituent owners or affiliates is or shall be during the Term hereof a "Prohibited Person," which is defined as follows: (i) a person or entity that is listed in the Annex to, or is otherwise subject to, the provisions of the Executive Order; (ii) a person or entity owned or controlled by, or acting for or on behalf of, any person or entity that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order; (iii) a person or entity with whom Landlord is prohibited from dealing with or otherwise engaging in any transaction by any Anti-Terrorism Law, including without limitation the Executive Order and the USA Patriot Act; (iv) a person or entity who commits, threatens or conspires to commit or support “terrorism” as defined in Section 3(d) of the Executive Order; (v) a person or entity that is named as a “specially designated national and blocked person” on the then-most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, http://www.treas.gov/offices/eotffc/ofac/sdn/t11sdn.pdf, or at any replacement website or other replacement official publication of such list; and (vi) a person or entity who is affiliated with a person or entity listed in items (i) through (v) above.

(c) At any time and from time to time during the Term, Tenant shall deliver to Landlord, within ten (10) Business Days after receipt of a written request therefor, a written certification or such other evidence reasonably acceptable to Landlord evidencing and confirming Tenant’s compliance with this Section 27.

28. **Disclaimer**. LANDLORD AND TENANT EXPRESSLY DISCLAIM ANY IMPLIED WARRANTY THAT THE PREMISES ARE SUITABLE FOR TENANT’S INTENDED COMMERCIAL PURPOSE, AND TENANT’S OBLIGATION TO PAY RENT HEREUNDER IS NOT DEPENDENT UPON THE CONDITION OF THE PREMISES OR THE PERFORMANCE BY LANDLORD OF ITS OBLIGATIONS HEREUNDER, AND, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, TENANT SHALL CONTINUE TO PAY THE RENT, WITHOUT ABATEMENT, DEMAND, SETOFF OR DEDUCTION, NOTWITHSTANDING ANY BREACH BY LANDLORD OF ITS DUTIES OR OBLIGATIONS HEREUNDER, WHETHER EXPRESS OR IMPLIED.

[*Remainder of Page Intentionally Left Blank*]

This Lease is executed on the respective dates set forth below, but for reference purposes, this Lease shall be dated as of the date first above written. If the execution date is left blank, this Lease shall be deemed executed as of the date first written above.

LANDLORD:

PARKSIDE TOWERS, L.P.,
a Delaware limited partnership

By: Harvest Parkside Investors, LLC,
a Delaware limited liability company,
its General Partner

By: /s/ Thomas Wagner
Name: Thomas Wagner
Title: Vice President
Execution Date: 12/9, 2011

TENANT:

GUIDEWIRE SOFTWARE, INC.,
a Delaware corporation

By: /s/ Marcus Ryu
Name: Marcus Ryu
Title: CEO

By: /s/ Karen Blasing
Name: Karen Blasing
Title: Chief Financial Officer
Execution Date: Dec. 6, 2011

[If Tenant is a corporation, Tenant should have one officer from each of the following categories sign for Tenant: (a) a president, vice president or chairman of the board and (b) a secretary, assistant secretary, chief financial officer or assistant treasurer (unless the Lease is returned accompanied by a corporate resolution identifying a single authorized signatory).]

EXHIBIT A-1

DIAGRAM OF SUITE 700E SPACE

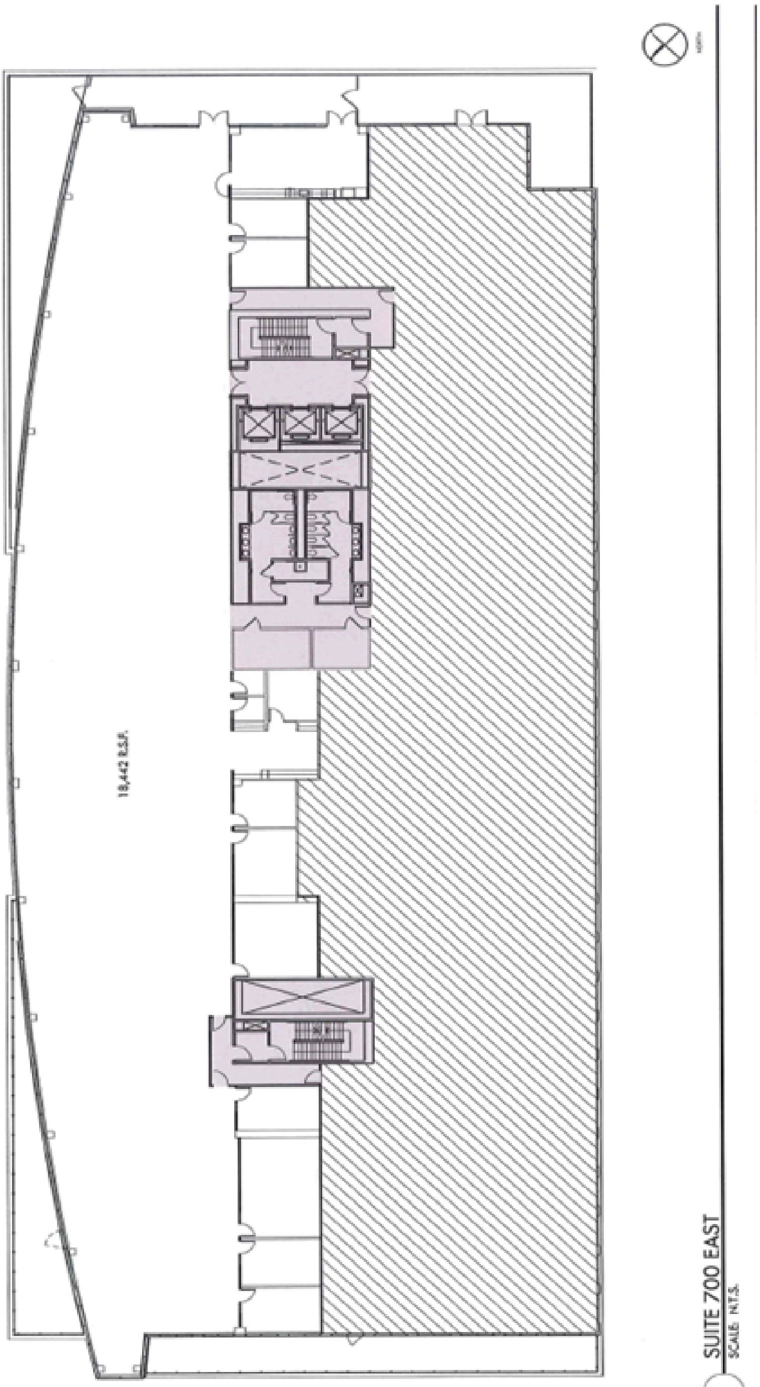

EXHIBIT A-2

DIAGRAM OF SUITE 800E SPACE

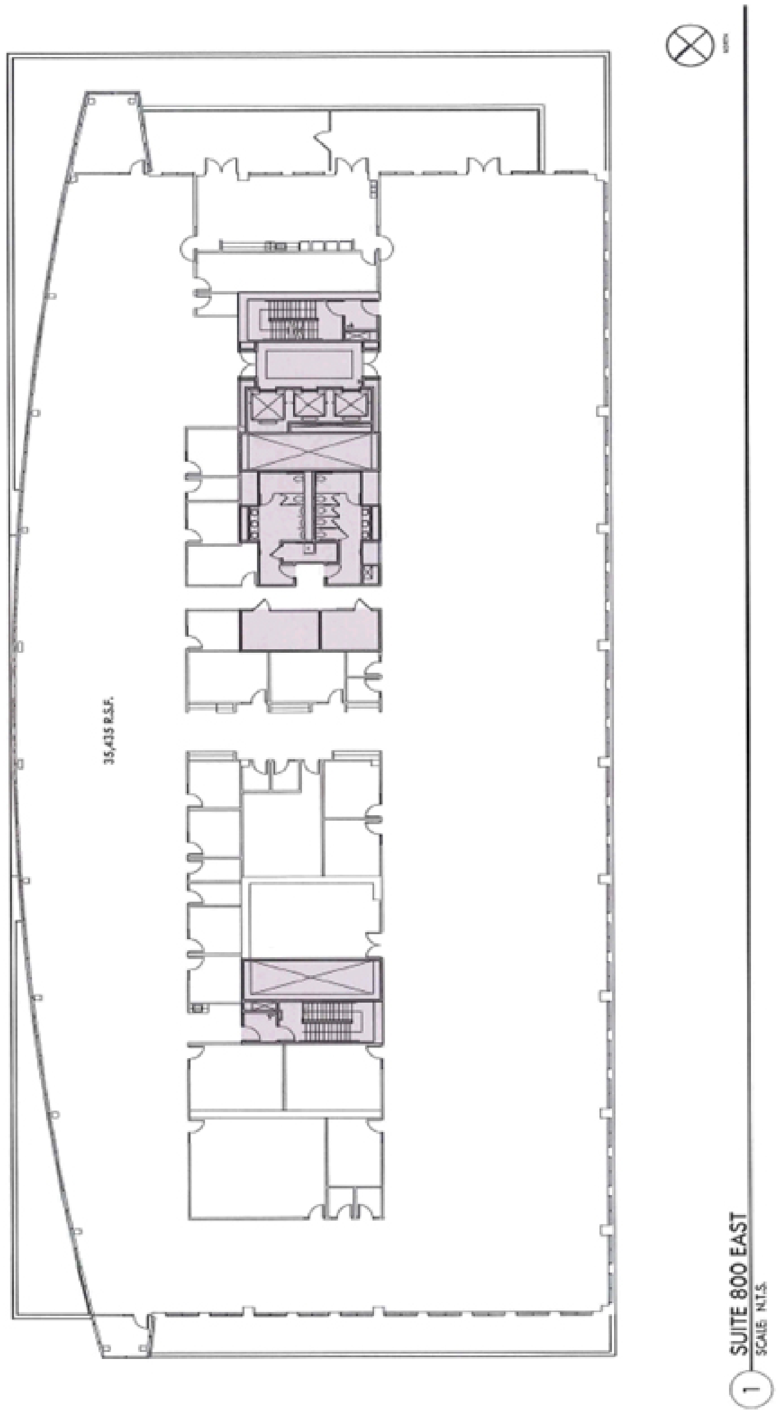

EXHIBIT A-3

DIAGRAM OF SUITE 800W SPACE

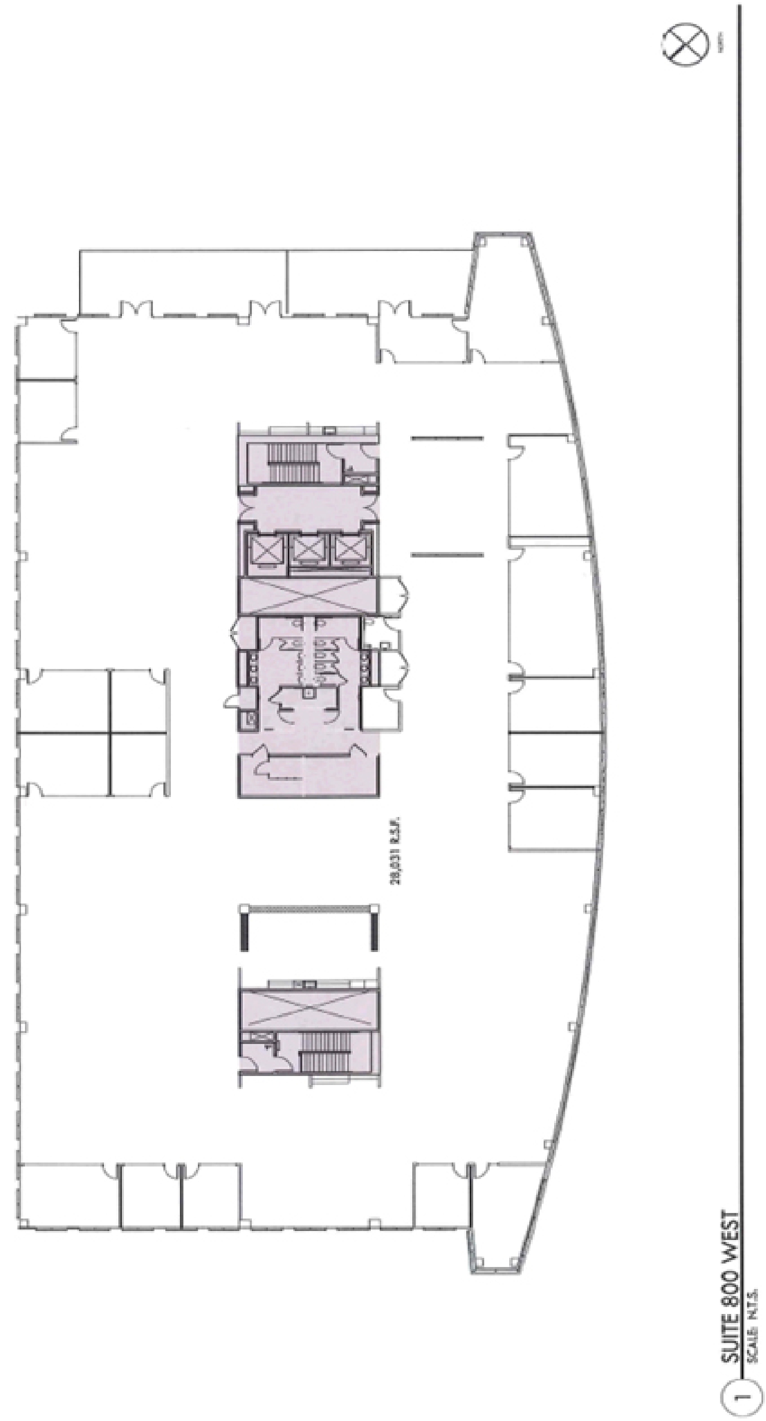

EXHIBIT A-3(A)

SUITE 800W SPACE FURNITURE

1. Room #803 – All Furniture
2. Room #805 – All Furniture
3. Room #806 – 1 conference room table, 18 chairs
4. Room #807 – All Furniture
5. Room #808 – 1 conference room table, 10 chairs
6. Room #809 – 1 conference room table, 10 chairs
7. Room #814 – All Furniture
8. Room #815 – 1 Executive Desk, 1 chair
9. Room #818 – 1 Executive Desk, 1 chair
10. Room #819 – All Furniture
11. Room #820 – 1 Desk, 1 Table, 4 chairs
12. Room #823 – 1 conference room table, 10 chairs
13. Room #824 – 1 conference room table, 10 chairs
14. Room #825 – 1 conference room table, 8 chairs
15. Room #827 – 1 conference room table, 8 chairs
16. Room #836 – Server equipment as follows:
    - TWO (2) 7 1/2 TON DEDICATED AC UNITS
    - SERVER ROOM RACKS
    - CABLING (FUNCTIONALLY REMOVED FROM FURNITURE SYSTEMS AND **NOT CUT**)
    - SECURITY SYSTEM
    - TRANSFORMER IN THE ROOM
17. Room #845 – 4 Break room tables, 16 chairs
18. All task chairs located in Suite 800W

EXHIBIT A-3(B)

EXCLUDED SUITE 800W SPACE FURNITURE

All Existing Cubicles to be removed by Landlord. Cabling to cubicles functionally removed and not cut.

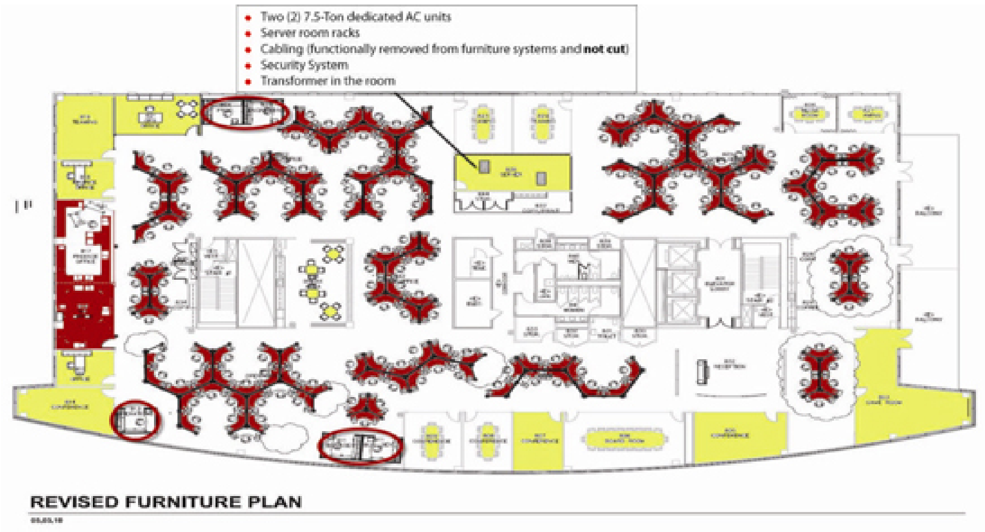

EXHIBIT A-4

DIAGRAM OF SUITE 550W SPACE

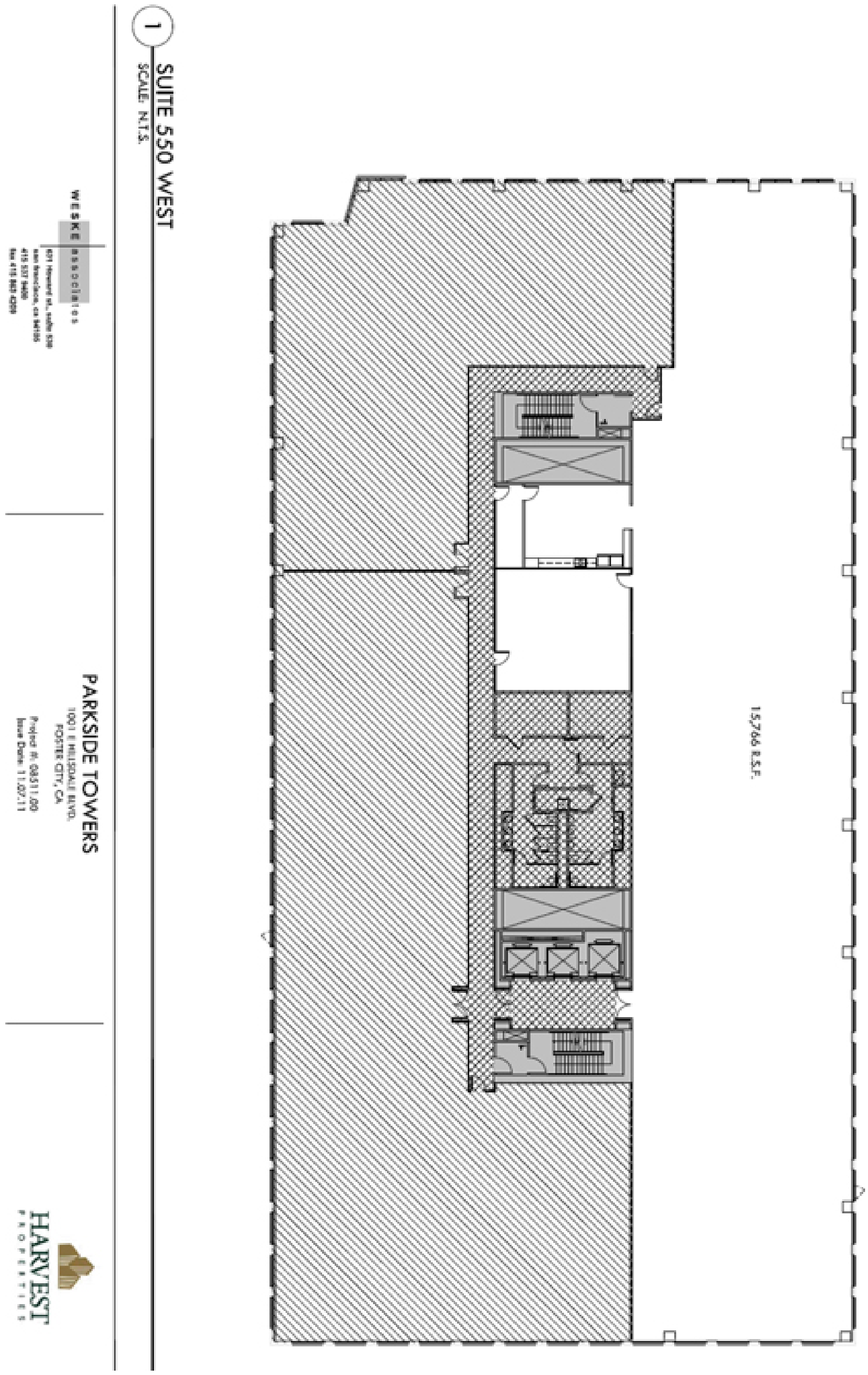

EXHIBIT A-4(A)

SUITE 550W SPACE FURNITURE

- 19 TON DEDICATED AC UNIT
- SERVER ROOM RACKS
- CABLING (FUNCTIONALLY REMOVED FROM FURNITURE SYSTEMS AND **NOT CUT**)
- SECURITY SYSTEM
- UPS BATTERY SYSTEM

EXHIBIT B

BUILDING RULES AND REGULATIONS

The following rules and regulations shall apply to the Premises, the Building, the Project (including the parking facilities associated therewith), and the appurtenances thereto:

1. Sidewalks, doorways, vestibules, halls, stairways and other similar areas shall not be obstructed by tenants or used by any tenant for purposes other than ingress and egress to and from their respective leased premises and for going from one to another part of the Building. Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation and interest of the Building and its tenants; provided that nothing herein contained shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal or unlawful activities.

2. Plumbing fixtures and appliances shall be used only for the purposes for which designed, and no sweepings, rubbish, rags or other unsuitable material shall be thrown or deposited therein. Damage resulting to any such fixtures or appliances from misuse by a tenant or its agents, employees or invitees, shall be paid by such tenant.

3. No signs, advertisements or notices (other than those that are not visible outside the Premises) shall be painted or affixed on or to any windows or doors or other part of the Building without the prior written consent of Landlord. Tenant shall not place anything against or near glass partitions or doors or windows which may appear unsightly from outside the Premises.

4. Landlord shall provide all door locks in each tenant's leased premises, at the cost of such tenant, and no tenant shall place any additional door locks in its leased premises without Landlord's prior written consent, which consent shall not be unreasonably withheld. Tenant shall be permitted to install, at Tenant's sole cost, a security card access system to the Premises. Landlord shall furnish to each tenant a reasonable number of keys to such tenant's leased premises, at such tenant's cost, and no tenant shall make a duplicate thereof. Upon Lease termination, Tenant shall surrender to Landlord all keys to the Premises.

5. Movement in or out of the Building of furniture or office equipment, or dispatch or receipt by tenants of any bulky material, merchandise or materials which require use of elevators or stairways, or movement through the Building entrances or lobbies shall be conducted under Landlord's supervision at such times and in such a manner as Landlord may reasonably require. Prearrangements with Landlord shall be made regarding the time, method and routing of such movement. Each tenant assumes all risks of and shall be liable for all damage to articles moved and injury to persons or public engaged or not engaged in such movement, including equipment, property and personnel of Landlord if damaged or injured as a result of acts in connection with carrying out this service for such tenant.

6. Landlord may prescribe weight limitations and determine the locations for safes and other heavy equipment or items, which shall in all cases be placed in the Building so as to distribute weight in a manner acceptable to Landlord, which may include the use of such supporting devices as Landlord may require. All damages to the Building caused by the

installation or removal of any property of a tenant, or done by a tenant's property while in the Building, shall be repaired at the expense of such tenant.

7. Corridor doors, when not in use, shall be kept closed. Nothing shall be swept or thrown into the corridors, halls, lobbies, elevator shafts or stairways. No birds or animals (other than guide animals) shall be brought into or kept in, on or about any tenant's leased premises. No portion of any tenant's leased premises shall at any time be used or occupied as sleeping or lodging quarters.

8. Tenant shall not make or permit any vibration or improper, objectionable or unpleasant noises or odors in the Building or otherwise interfere in any way with other tenants or persons having business with them.

9. No machinery of any kind (other than normal office equipment) shall be operated by any tenant on its leased area without Landlord's prior written consent, nor shall any tenant use or keep in the Building any flammable or explosive fluid or substance (other than typical office supplies [e.g., photocopier toner] used in compliance with all Laws).

10. Landlord will not be responsible for lost or stolen personal property, money or jewelry from tenant's leased premises or public or common areas regardless of whether such loss occurs when the area is locked against entry or not.

11. No vending or dispensing machines of any kind may be maintained in any leased premises without the prior written permission of Landlord, other than those used for Tenant's employees. No cooking shall be done in the Premises except in connection with convenience lunchroom or beverage service for employees and business invitees (on a non-commercial basis) in a manner that complies with this Lease and applicable Law.

12. Tenant shall not conduct any activity on or about the Premises or the Building that is disreputable or which may draw pickets, demonstrators, or the like.

13. Canvassing, soliciting or peddling in or about the Premises or the Project is prohibited and Tenant shall cooperate to prevent same.

14. No tenant may enter into phone rooms, electrical rooms, mechanical rooms, or other service areas of the Building unless accompanied by Landlord or the Property Manager.

15. Tenant shall not mark, drive nails, saw or drill into the partitions, woodwork or plaster or in any way deface the Premises or any part thereof, except for hanging artwork or other decorations.

16. Tenant shall not employ any person for the purpose of cleaning the Premises other than the Building's cleaning and maintenance personnel.

17. Tenant shall not tamper with or adjust temperature control thermostats in the Premises.

18. The directory of the Building will be provided exclusively for the display of the name and location of tenants only, and Landlord reserves the right to exclude any other names therefrom.

19. Tenant shall not install any radio or television antenna, loudspeaker or other devices on the roof or exterior walls of the Premises. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

20. Tenant shall store all its trash and garbage within its Premises or in other facilities provided by Landlord. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by Landlord. Tenant shall comply with the Building's recycling program in effect from time to time.

21. The Premises shall not be used for the storage of merchandise held for sale to the general public, or for lodging or for manufacturing of any kind, nor shall the Premises be used for any improper, immoral or objectionable purpose.

22. Tenant shall not use in the Premises any hand truck except those equipped with rubber tires and side guards or such other material-handling equipment as Landlord may approve.

23. Tenant and its employees may use the Building fitness center at its and their sole risk during such hours as such fitness center may be open and subject to Landlord's rules, regulations and procedures in effect from time to time. Landlord shall have the right to close the fitness center at any time, so long as showers are provided for employees of tenants (other than temporary closure of such showers due to repair and maintenance).

24. Landlord reserves the right to exclude from the Building during non-Normal Business Hours, or such other hours as may be established from time to time by Landlord, and on Saturdays, Sundays and Holidays, any person unless that person is known to the person or employee in charge of the Building and has a pass or is properly identified. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to Landlord for all acts of such persons. Landlord reserves the right to exclude or expel from the Building any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the Rules and Regulations of the Building. Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. Landlord reserves the right to prevent access to the Building in case of invasion, mob, riot, public excitement or other commotion by closing the doors or by other appropriate action.

25. Landlord reserves the right, without notice or liability to any tenant, to change the name and street address(es) of the Project.

26. Tenant shall not permit its employees, invitees or guests to smoke in the Premises or the lobbies, passages, corridors, elevators, stairways, rest rooms or any other area shared in common with other tenants in the Building. Nor shall the tenant permit its employees, invitees or guests to loiter at the Building entrances for the purposes of smoking. Landlord may, but shall not be required to, designate an area for smoking outside the Building.

27. Tenant and its employees may only park passenger cars, light trucks and motorcycles in the Building parking facilities. No vehicle may remain at the Project for a period of more than seventy-two (72) consecutive hours. Tenant shall not use or permit its employees

to use any spaces designated for vanpools, carpools, handicapped or other restricted categories of use, except to the extent an employee is qualified to use such designated spaces.

EXHIBIT C

ADDITIONAL RENT, TAXES, AND INSURANCE

1. **Additional Rent**. Tenant shall pay to Landlord the amount (per each rentable square foot in the Premises) ("**Additional Rent**") by which the annual Operating Costs (defined below) per rentable square foot in the Project for each year of the Term exceed the annual Operating Costs per rentable square foot in the Project for the Base Year. Landlord may make a good faith estimate of the Additional Rent to be due by Tenant for any calendar year or part thereof during the Term. During each calendar year or partial calendar year of the Term after the Base Year, Tenant shall pay to Landlord, in advance concurrently with each monthly installment of Base Rent, an amount equal to the estimated Additional Rent for such calendar year or part thereof divided by the number of months therein. From time to time, Landlord may reasonably estimate and re-estimate the Additional Rent to be due by Tenant and deliver a copy of the estimate or re-estimate to Tenant. Thereafter, the monthly installments of Additional Rent payable by Tenant shall be appropriately adjusted in accordance with the estimations so that, by the end of the calendar year in question, Tenant shall have paid all of the Additional Rent as estimated by Landlord. Any amounts paid based on such an estimate shall be subject to adjustment as herein provided when actual Operating Costs are available for each calendar year. Operating Costs for the Base Year, for the purpose of comparisons of the Base Year with subsequent years only, shall be calculated so as to not include market-wide labor-rate increases due to extraordinary circumstances, including boycotts and strikes; utility rate increases due to extraordinary circumstances, including conservation surcharges, boycotts, embargos or other shortages; or amortized costs relating to capital improvements.

2. **Operating Costs**. The term "**Operating Costs**" shall mean all expenses and disbursements (subject to the limitations set forth below) that Landlord incurs in connection with the ownership, operation and maintenance of the Project, determined in accordance with sound accounting principles consistently applied, including the following costs: (a) wages and salaries of all on-site employees engaged in the management, operation, maintenance or repair of the Project or the control of access thereto (in each case together with Landlord's reasonable allocation of expenses of off-site employees who perform a portion of their services in connection with the operation, maintenance or repair of the Project or the control of access thereto), including taxes, insurance and benefits relating thereto; (b) all supplies and materials used in the operation, maintenance, repair or replacement of the Project or the control of access thereto; (c) costs for improvements made to the Project which, although capital in nature, are (i) expected to reduce the normal operating costs (including all utility costs) of the Project, as amortized using a commercially reasonable interest rate over the time period reasonably estimated by Landlord to recover the costs thereof taking into consideration the anticipated cost savings, as determined by Landlord using its good faith, commercially reasonable judgment, as well as (ii) capital improvements made in order to comply with any Law hereafter promulgated by any governmental authority or any interpretation hereafter rendered with respect to any existing Law, as amortized using a commercially reasonable interest rate over the useful economic life of such improvements as determined by Landlord in its reasonable discretion, as well as (iii) capital improvements made to improve the health, safety and welfare of the Building and its occupants, as amortized using a commercially reasonable interest rate over the useful economic life of such improvements as determined by Landlord in its reasonable discretion; (d) cost of all utilities; (e) repairs, replacements and general maintenance of the Project, and as to replacements as amortized using a commercially reasonable interest rate over the useful economic life of such replacement as determined by Landlord in its reasonable discretion; (f) fair market rental and other costs with respect to the management office for the Project; (g) service

and maintenance contracts with independent contractors for the operation, maintenance, repair or replacement of the Project or the control of access thereto, and (h) a management cost recovery equal to three percent (3%) of all income (excluding such management cost recovery) derived from the Project, including all Rent hereunder, all rent and other payments derived from other tenants in the Building, parking revenues and all other revenues derived from licensees of any other part of or right in the Building or the Project.

Operating Costs shall not include costs for: (1) repair, replacements and general maintenance paid by proceeds of insurance or by Tenant or other third parties; (2) interest, amortization or other payments on loans to Landlord; (3) depreciation; (4) leasing commissions; (5) legal expenses for services, other than those that benefit the Project tenants (e.g., tax disputes); (6) renovating or otherwise improving leased premises of the Project or vacant space in the Project; (7) Taxes and Insurance which are paid separately pursuant to Sections 3 and 4 below; (8) federal income taxes imposed on or measured by the income of Landlord from the operation of the Project; (9) ground lease rental; (10) the cost of any work or service performed for any tenant of the Building (other than Tenant) to a materially greater extent or in a materially more favorable manner than that furnished generally to the tenants and other occupants (including Tenant); (11) the cost of correcting defects in the construction of the Building or in the Building's Systems; (12) damage and repairs necessitated by the gross negligence or willful misconduct of Landlord, Landlord's employees, contractors, or agents; (13) salaries of officers and executives of Landlord; (14) advertising costs: (15) capital costs other than as set forth in part (c) or (e) of the first grammatical paragraph of this Section 2; and (16) Landlord's general overhead expenses not related to the Project.

3. **Taxes**. Tenant shall also pay Tenant's Proportionate Share of any increase in Taxes for each year and partial year falling within the Term over the Taxes for the Base Year. Tenant shall pay Tenant's Proportionate Share of Taxes in the same manner as provided above for Tenant's Proportionate Share of Operating Costs. "**Taxes**" shall mean taxes, assessments and governmental charges or fees whether federal, state, county or municipal, and whether they be by taxing districts or authorities presently taxing or by others, subsequently created or otherwise, and any other taxes and assessments (including non-governmental assessments for common charges under a restrictive covenant or other private agreement that are not treated as part of Operating Costs) now or hereafter attributable to the Project (or its operation), excluding, however, penalties and interest thereon and transfer fees, estate taxes, federal and state taxes on income (if the present method of taxation changes so that in lieu of or in addition to the whole or any part of any Taxes, there is levied on Landlord a capital tax directly on the rents received therefrom or a franchise tax, assessment or charge based, in whole or in part, upon such rents for the Project, then all such taxes, assessments or charges, or the part thereof so based, shall be deemed to be included within the term "Taxes" for purposes hereof). Taxes shall include the costs of consultants retained in an effort to lower taxes and all costs incurred in disputing any taxes or in seeking to lower the tax valuation of the Project. For property tax purposes, to the extent allowed by Law, Tenant waives all rights to protest or appeal the appraised value of the Premises, as well as the Project, and all rights to receive notices of reappraisement.

4. **Insurance**. Tenant shall also pay Tenant's Proportionate Share of any increases in Insurance for each year and partial year falling within the Term over the Insurance for the Base Year. Tenant shall pay Tenant's Proportionate Share of Insurance in the same manner as provided above for Tenant's Proportionate Share of Operating Costs. "**Insurance**" shall mean property, liability and other insurance coverages carried by Landlord, including without limitation deductibles and risk retention programs and an allocation of a portion of the cost of blanket insurance policies maintained by Landlord and/or its Affiliates; provided, however,

notwithstanding the foregoing or anything to the contrary in the Lease, Insurance shall not include the cost of any new type of insurance coverage which is obtained or effected by Landlord during any calendar year or part thereof following the Base Year but which was not obtained or effected during the Base Year unless Landlord adjusts the Base Year to include the cost of such new type of insurance coverage that would have been included in the Base Year had Landlord then maintained such insurance coverage. In addition, Tenant's Proportionate Share of any deductibles included as "Insurance" hereunder shall be a one-time cost per occurrence (and not amortized) and shall not exceed $97,000.00 in any single calendar year.

5. **Operating Costs and Tax and Insurance Statement**. By May 1 of each calendar year, or as soon thereafter as practicable, Landlord shall furnish to Tenant a statement of Operating Costs for the previous year, adjusted as provided in Section 6 of this Exhibit C, and of the Taxes and Insurance for the previous year (the "**Operating Costs, Tax and Insurance Statement**"). If Tenant's estimated payments of Operating Costs or Taxes or Insurance under this Exhibit C for the year covered by the Operating Costs, Tax and Insurance Statement exceed Tenant's share of such items as indicated in the Operating Costs, Tax and Insurance Statement, then Landlord shall promptly credit or reimburse Tenant for such excess; likewise, if Tenant's estimated payments of Operating Costs, Taxes or Insurance under this Exhibit C for such year are less than Tenant's share of such items as indicated in the Operating Costs, Tax and Insurance Statement, then Tenant shall promptly pay Landlord such deficiency, notwithstanding that the Term has expired and Tenant has vacated the Premises. Landlord shall have the same remedies for a default in the payment of Tenant's Proportionate Share of Operating Costs, Taxes and Insurance as for a default in the payment of Base Rent.

6. **Gross-Up**. With respect to any calendar year or partial calendar year in which the Building is not occupied to the extent of 100% of the rentable area thereof, or Landlord is not supplying services to 100% of the rentable area thereof, any Operating Cost which varies dependent on occupancy for such period shall, for the purposes hereof, be increased to the amount which would have been incurred had the Building been occupied to the extent of 100% of the rentable area thereof and Landlord had been supplying services to 100% of the rentable area thereof.

EXHIBIT D

TENANT FINISH-WORK: TENANT PERFORMS TENANT IMPROVEMENTS
(Tenant Performs the Tenant Improvement Work Subject to an Allowance)

1. **Acceptance of Premises**. Tenant agrees to accept the Premises in their "AS IS" state and condition on the date this Lease is entered into, and to complete the construction of the Premises in accordance with this Exhibit D. Tenant shall secure Landlord's prior written approval, not to be unreasonably withheld, of all designs, plans, specifications, materials and contractors for Tenant's Work (as defined below). Subject to Section 6 of this Exhibit, Landlord shall have no obligation to perform any tenant improvement work in the Premises or to fund any such tenant improvements. Prior to any modification of the Premises by or on behalf of Tenant, Tenant shall adhere to the following, Landlord's construction rules and regulations in effect from time to time, as well as the provisions of Section 8 of the Lease.

2. **Space Plans**.

(a) **Preparation and Delivery**. On or before the ninetieth (90th) day following the date of this Lease, Tenant shall deliver to Landlord a space plan prepared by a design consultant reasonably acceptable to Landlord (the "**Architect**") depicting improvements to be installed in the Premises by or on behalf of Tenant (the "**Space Plans**").

(b) **Approval Process**. Landlord shall notify Tenant whether it approves of the submitted Space Plans within five (5) Business Days after Tenant's submission thereof. If Landlord disapproves of such Space Plans, then Landlord shall notify Tenant thereof specifying in reasonable detail the reasons for such disapproval, in which case Tenant shall, within three (3) Business Days after such notice, revise such Space Plans in accordance with Landlord's objections and submit same to Landlord for its review and approval. Landlord shall notify Tenant in writing whether it approves of the resubmitted Space Plans within three (3) Business Days after its receipt thereof. This process shall be repeated until the Space Plans have been finally approved by Landlord and Tenant. If Landlord fails to notify Tenant of Landlord's reasonable approval, approval with reasonable conditions or reasonable disapproval of the Space Plans within such five (5) Business Day period, then Tenant shall have the right to provide Landlord with a second written request for approval (a "**Space Plans Second Request**") that contains the following statement in bold and capital letters: "**THIS IS A SPACE PLANS SECOND REQUEST FOR APPROVAL OF SPACE PLANS PURSUANT TO THE PROVISIONS OF SECTION 2(b) OF THE WORK LETTER ATTACHED TO THE LEASE. IF LANDLORD FAILS TO RESPOND WITHIN FOUR (4) BUSINESS DAYS AFTER RECEIPT OF THIS NOTICE, THEN LANDLORD SHALL BE DEEMED TO HAVE APPROVED THE SPACE PLANS DESCRIBED THEREIN**." If Landlord fails to respond to such Space Plans Second Request within four (4) Business Days after receipt by Landlord, the Space Plans in question shall be deemed approved by Landlord.

3. **Working Drawings**.

(a) **Preparation and Delivery**. Following the date on which the Space Plans are approved by Landlord and Tenant, Tenant shall provide to Landlord for its approval final working drawings based on the approved Space Plans, prepared by the Architect, of all improvements that Tenant proposes to install in the Premises ("**Tenant's Work**"); such working drawings shall include the partition layout, ceiling plan, electrical outlets and switches, telephone outlets, drawings for any modifications to the mechanical and plumbing systems of the Building, and detailed plans and specifications for the construction of the improvements called for under this Exhibit in accordance with all applicable Laws (the "**Working Drawings**"). At Tenant's election, Tenant's Work may include the purchase and installation of a new backup electrical generator (the "**Backup Generator**") with a 200 Kw capacity manufactured by either Caterpillar, Onan or Kohler and a OSHA/EPA-approved minimum 150 gallon double-walled belly diesel tank. The installation of the Backup Generator shall include: (A) installation of an integral main circuit breaker for the Backup Generator, (B) testing of the Backup Generator to confirm that it is operational, (C) connecting the Backup Generator to Tenant's conduit, and (D) installation in a location to be mutually agreed by Landlord and Tenant of an automatic transfer switch for the Backup Generator. Landlord shall have the right to review and approve the Backup Generator specifications and manufacturer warranty (including extended warranty options) provided that such review and approval is received by Tenant no later than the date which is ten (10) Business Days following delivery of the specifications and warranty information to Landlord, which approval shall not be unreasonably withheld. Tenant shall provide Landlord with copies of the shop drawings for the Backup Generator as well as copies of all field and factory tests for the Backup Generator. The Backup Generator shall be for Tenant's exclusive use. Tenant shall be solely responsible for repairing and maintaining the Backup Generator, including supplying fuel and testing. Tenant shall be responsible, at its sole cost, for obtaining all permits necessary to perform Tenant's Work including with respect to the Backup Generator.

(b) **Approval Process**. Landlord shall notify Tenant whether it approves of the submitted Working Drawings within ten (10) Business Days after Tenant's submission thereof. If Landlord disapproves of such Working Drawings, then Landlord shall notify Tenant thereof specifying in reasonable detail the reasons for such disapproval, in which case Tenant shall, within three (3) Business Days after such notice, revise such Working Drawings in accordance with Landlord's objections and submit the revised Working Drawings to Landlord for its review and approval. Landlord shall notify Tenant in writing whether it approves of the resubmitted Working Drawings within five (5) Business Days after its receipt thereof. This process shall be repeated until the Working Drawings have been finally approved by Tenant and Landlord. If Landlord fails to notify Tenant of Landlord's reasonable approval, approval with reasonable conditions or reasonable disapproval of the Working Drawings within such ten (10) Business Day period, then Tenant shall have the right to provide Landlord with a second written request for approval (a "**Working Drawings Second Request**") that contains the following statement in bold and capital letters: "**THIS IS A WORKING DRAWINGS SECOND REQUEST FOR APPROVAL OF WORKING DRAWINGS PURSUANT TO THE PROVISIONS OF SECTION 3(b) OF THE WORK LETTER ATTACHED TO THE LEASE. IF LANDLORD FAILS TO RESPOND WITHIN FIVE (5) BUSINESS DAYS AFTER RECEIPT OF THIS NOTICE, THEN LANDLORD SHALL BE DEEMED TO HAVE APPROVED THE WORKING DRAWINGS DESCRIBED THEREIN**." If Landlord fails to respond to such Working Drawings Second Request within five (5) Business Days after receipt by Landlord, the Working Drawings in question shall be deemed approved by Landlord

4. **Change Orders.** Tenant may initiate changes in Tenant's Work. Each such change must receive the prior written approval of Landlord, such approval not to be unreasonably withheld or delayed; however: (1) if such requested change would adversely affect (in the reasonable discretion of Landlord) (a) the Building's Structure or any of the Building's Systems (including the Building's restrooms or mechanical rooms) or (b) the exterior appearance of the Building; or (2) if any such requested change might delay the Commencement Date, Landlord may withhold its consent in its sole and absolute discretion. Tenant shall, upon completion of Tenant's Work, furnish Landlord with an accurate architectural "as-built" plan of Tenant's Work as constructed, which plan shall be incorporated into this Exhibit

for all purposes by this reference. If Tenant requests any changes to Tenant's Work described in the Space Plans or the Working Drawings, then such increased costs and any additional design costs incurred in connection therewith as the result of any such change shall be added to the Total Construction Costs (as defined below).

5. **Excess Costs**. The entire cost of performing Tenant's Work (including the design of Tenant's Work and the preparation of the Working Drawings, costs of construction labor and materials, electrical usage during construction, additional janitorial services, general tenant signage, related taxes and insurance costs, and the construction supervision fee referenced in Section 7 of this Exhibit, all of which costs are herein collectively called the "**Total Construction Costs**"), shall be paid by Tenant.

6. **Test-Fit Allowance**. Landlord shall reimburse Tenant for its initial design costs in space planning for the Premises up to, but not exceeding, the amount of $5,500.00 (the "**Test-Fit Allowance**"). Once the Lease has been fully executed by Landlord and Tenant, the Test-Fit Allowance shall be payable within thirty (30) days after the date on which Tenant delivered to Landlord paid invoices for such design costs.

7. **Allowance**. Upon and subject to the terms and conditions of this Exhibit, Landlord shall reimburse Tenant for the costs of Tenant's Work; provided, however, Landlord's obligation to reimburse Tenant for Tenant's Work shall be limited to the lesser of (A) actual Total Construction Costs incurred by third parties on behalf of Tenant in its construction of Tenant's Work; and (B) an amount up to, but not exceeding, $3,418,590.00, based on $35.00 per rentable square foot of the Premises (the "**Allowance**"). Landlord shall pay the Allowance to Tenant within thirty (30) days after Landlord's receipt of Tenant's written request (the "**Disbursement Request**") therefor accompanied by partial, conditional lien waivers and copies of invoices from third parties providing services as part of the Tenant's Work using AIA G701/702/703 documents, disbursed in the following increments:

(a) 20% of the Allowance no earlier than thirty (30) days following the First Access Date to the extent of paid invoices submitted.

(b) 20% of the Allowance no earlier than sixty (60) days following the First Access Date to the extent of paid invoices submitted.

(c) 20% of the Allowance no earlier than ninety (90) days following the First Access Date to the extent of paid invoices submitted.

(d) 25% of the Allowance no earlier than one hundred and twenty (120) days following the First Access Date to the extent of paid invoices submitted.

Each Disbursement Request shall be signed by Tenant's Representative. Landlord shall have no obligation to disburse any portion of the Allowance if there is an Event of Default outstanding under the Lease until such Event of Default is cured. Each Disbursement Request pursuant to this Section 7 must be accompanied by copies of paid invoices as evidenced by unconditional progress waivers from contractors and subcontractors. Notwithstanding the foregoing, the final disbursement of the remaining 15% of the Allowance shall be disbursed within thirty (30) days after Tenant's written request therefor once Tenant has substantially completed all of the Tenant's Work in accordance with the Working Drawings, all building permits issued in connection with the Tenant's Work, all applicable Laws and the terms and provisions of this Work Letter. Such final Disbursement Request shall be accompanied by: (i) third-party invoices for costs incurred by Tenant in constructing Tenant's Work; (ii) evidence that Tenant has paid the invoices for such costs; (iii) final, unconditional lien waivers and mechanics' lien releases from any contractor or subcontractor who has constructed any portion of Tenant's Work or any materialman who has supplied materials used or incorporated into any portion of Tenant's Work (if applicable), all such waivers and releases to be in the forms prescribed by California Civil Code Section 3262; (iv) an executed Confirmation of Commencement Date letter in the form attached to this Lease as Exhibit E; and (v) a copy of the certificate of occupancy for the Premises. All bills for Tenant's Work must be submitted to Landlord within twelve (12) months after the Commencement Date, and Landlord will make no further payments related to Tenant's Work after such twelve (12)-month period. Any unfunded portion of the Allowance shall be deemed forfeited. Upon written notice delivered to Landlord prior to December 31, 2012, Tenant may elect to use up to $5.00 per rentable square foot of the Premises of the Allowance as a credit against Rent next due under the Lease.

8. **Landlord Inspection**. Upon reasonable prior notice (which may be oral or written), Tenant shall permit access to the Premises and inspection of the Tenant's Work by Landlord and Landlord's architects, engineers, contractors and other representatives, at all times during the period in which the Tenant's Work is being planned, constructed and installed and following completion of the Tenant's Work.

9. **Construction**. Tenant's Work shall be performed in a good and workmanlike manner, and in compliance with all applicable Laws, including the Disabilities Acts. Tenant shall be solely responsible to obtain all required construction permits. Any roof penetration shall be performed only by Landlord's contractor. The insurance and indemnity provisions of the Lease shall expressly apply during any period of construction. Tenant's finished Work shall be subject to Landlord's approval and acceptance.

10. **Construction Representatives**. Landlord's and Tenant's representatives for coordination of construction and approval of change orders will be as follows, provided that either party may change its representative upon written notice to the other:

Landlord's Representative:	Christine Scheerer c/o Harvest Properties, Inc. 1300 Island Drive, Suite 100 Redwood City, CA 94065 Telephone: (650) 802-2850 x1003
Tenant's Representative:	Heather Levinger Guidewire Software, Inc. 2211 Bridgepointe Parkway, Suite 200 San Mateo, CA 94404 Telephone: (650) 357-5165
	c/o Doug Roth Project Manager Skyline Partners Telephone: (650) 924-0757

EXHIBIT E

FORM OF CONFIRMATION OF COMMENCEMENT DATE

, 2012

____
____
____
____

Re: Office Lease Agreement (the "**Lease**") dated as of December 5, 2011, between PARKSIDE TOWERS, L.P., a Delaware limited partnership ("**Landlord**"), and Guidewire Software, Inc., a Delaware corporation ("**Tenant**"). Capitalized terms used herein but not defined shall be given the meanings assigned to them in the Lease.

Ladies and Gentlemen:

1. **Condition of Premises**. Tenant has accepted possession of the Premises pursuant to the Lease. Furthermore, Tenant acknowledges that the Premises are suitable for the Permitted Use.

2. **Commencement Date**. The Commencement Date of the Lease is August 1, 2012.

3. **Expiration Date**. The Term is scheduled to expire on July 31, 2019.

4. **Contact Person**. Tenant's contact person in the Premises is:

____
____
____
Attention: ________________________________
Telephone: ________________________________

5. **Ratification**. Tenant hereby ratifies and confirms its obligations under the Lease. Additionally, Tenant further confirms and ratifies that, as of the date hereof, (a) the Lease is and remains in good standing and in full force and effect, and (b) Tenant has no claims, counterclaims, set-offs or defenses against Landlord arising out of the Lease or in any way relating thereto or arising out of any other transaction between Landlord and Tenant.

6. **Binding Effect; Governing Law**. Except as modified hereby, the Lease shall remain in full effect and this letter shall be binding upon Landlord and Tenant and their respective successors and assigns. If any inconsistency exists or arises between the terms of this letter and the terms of the Lease, the terms of this letter shall prevail. This letter shall be governed by the laws of the State of California.

Please indicate your agreement to the above matters by signing this letter in the space indicated below and returning an executed original to us.

Sincerely,

[Property Manager] ,
a

By:
Name:
Title:

Agreed and accepted:

GUIDEWIRE SOFTWARE, INC.,
a Delaware corporation

By:
Name:
Title:

EXHIBIT F

FORM OF TENANT ESTOPPEL CERTIFICATE

The undersigned is the Tenant under the Lease (defined below) between PARKSIDE TOWERS, L.P., a Delaware limited partnership, as Landlord, and the undersigned as Tenant, for the Premises on the seventh and eighth floors of the office building located at 1051 East Hillsdale Boulevard, Foster City, California and on the fifth and eighth floors of the office building located at 1001 East Hillsdale Boulevard, Foster City, California, and such buildings are part of the office complex commonly known as Parkside Towers, and hereby certifies as follows:

1. The Lease consists of the original Office Lease Agreement dated as of December 5, 2011 between Tenant and Landlord and the following amendments or modifications thereto (if none, please state "none"):

____

____ .

The documents listed above are herein collectively referred to as the "Lease" and represent the entire agreement between the parties with respect to the Premises. All capitalized terms used herein but not defined shall be given the meaning assigned to them in the Lease.

2. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in Section 1 above.

3. The Term commenced on August 1, 2012, and the Term expires, excluding any renewal options, on July 31, 2019, and Tenant has no option to purchase all or any part of the Premises or the Building or, except as expressly set forth in the Lease, any option to terminate or cancel the Lease.

4. Tenant currently occupies the Premises described in the Lease and Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows (if none, please state "none"):

____

____ .

5. All monthly installments of Base Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through , 20 . The current monthly installment of Base Rent is $.

6. To Tenant's actual knowledge, all conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and Landlord is not in default thereunder. In addition, Tenant has not delivered any notice to Landlord regarding a default by Landlord thereunder.

7. As of the date hereof, there are no existing defenses or offsets, or, to the undersigned's knowledge, claims or any basis for a claim, that the undersigned has against Landlord and no event has occurred and no condition exists, which, with the giving of notice or the passage of time, or both, will constitute a default under the Lease.

8. No rental has been paid more than thirty (30) days in advance and no security deposit has been delivered to Landlord except as provided in the Lease.

9. If Tenant is a corporation, partnership or other business entity, each individual executing this Estoppel Certificate on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in the State of California and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

10. There are no actions pending against Tenant under any bankruptcy or similar laws of the United States or any state.

11. Other than as approved by Landlord in writing and used in compliance with all applicable laws and incidental to the ordinary course of the use of the Premises, the undersigned has not used or stored any hazardous substances in the Premises.

12. To Tenant's actual knowledge, all tenant improvement work to be performed by Landlord under the Lease has been completed in accordance with the Lease and has been accepted by the undersigned and all reimbursements and allowances due to the undersigned under the Lease in connection with any tenant improvement work have been paid in full.

Tenant acknowledges that this Estoppel Certificate may be delivered to Landlord, Landlord's Mortgagee or to a prospective mortgagee or prospective purchaser, and their respective successors and assigns, and acknowledges that Landlord, Landlord's Mortgagee and/or such prospective mortgagee or prospective purchaser will be relying upon the statements contained herein in disbursing loan advances or making a new loan or acquiring the property of which the Premises are a part and that receipt by it of this certificate is a condition of disbursing loan advances or making such loan or acquiring such property.

Executed as of   , 20   .

TENANT: GUIDEWIRE SOFTWARE, INC.,
a Delaware corporation

By: ____________________
Name: ____________________
Title: ____________________

EXHIBIT G

RENEWAL OPTION

A. If Tenant has not committed an Event of Default at any time during the Term, and Tenant (or a Permitted Transferee) is occupying the entire Premises at the time of such election, Tenant may renew this Lease for one (1) additional period of five (5) years (the "**Renewal Term**"), by delivering written notice (the "**Renewal Notice**") of the exercise thereof to Landlord not earlier than twelve (12) months nor later than nine (9) months before the expiration of the initial Term. The Base Rent payable for each month during the Renewal Term shall be the Fair Market Rent (as defined below) as of the commencement date of the Renewal Term. Within thirty (30) days after receipt of Tenant's Renewal Notice, Landlord shall deliver to Tenant written notice of Landlord's Fair Market Rent proposal for the Renewal Term ("**Landlord's Fair Market Rent Proposal**") and shall advise Tenant of the required adjustment to Base Rent, if any, and the other terms and conditions offered. Within ten (10) days after receipt of Landlord's Fair Market Rent Proposal, Tenant shall notify Landlord in writing whether Tenant accepts or rejects Landlord's Fair Market Rent Proposal. If Tenant rejects Landlord's Fair Market Rent Proposal, then Tenant's written notice shall include Tenant's determination of the Fair Market Rent. If Tenant does not deliver Tenant's written determination of Fair Market Rent to Landlord within ten (10) days after receipt of Landlord's Fair Market Rent Proposal, then Landlord shall provide Tenant with a second notice (the "**Second Notice**") that contains the following statement in bold and capital letters: "**THIS IS A SECOND REQUEST FOR TENANT'S DETERMINATION OF FAIR MARKET RENT PURSUANT TO EXHIBIT G ATTACHED TO THE LEASE. IF TENANT FAILS TO RESPOND WITHIN FIVE (5) BUSINESS DAYS AFTER RECEIPT OF THIS NOTICE, THEN TENANT SHALL BE DEEMED TO HAVE ACCEPTED LANDLORD'S DETERMINATION OF FAIR MARKET RENT**." If Tenant fails to respond to such Second Notice within five (5) Business Days after receipt by Tenant, then Tenant will be deemed to have accepted Landlord's Fair Market Rent Proposal. If Tenant and Landlord disagree on the Fair Market Rent, then Landlord and Tenant shall attempt in good faith to agree upon the Fair Market Rent. If by that date which is five (5) months prior to the commencement of the Renewal Term (the "**Trigger Date**"), Landlord and Tenant have not agreed in writing as to the Fair Market Rent, the parties shall determine the Fair Market Rent in accordance with the procedure set forth in Paragraph C below.

B. For purposes of this Exhibit G, the term "**Fair Market Rent**" shall mean the rental rate for comparable space to be used for office purposes under primary lease (and not sublease) to new tenants, taking into consideration such amenities as existing improvements, location of the premises in the building and the like, situated in comparable office parks in the Foster City metropolitan area, in comparable physical and economic condition, taking into consideration the then-prevailing ordinary rental market practices with respect to tenant concessions, including without limitation, payment of parking charges for parking spaces allocated to the Premises to the extent applicable in the market. Fair Market Rent shall include the periodic rental increases, if any, that would be included for space leased for the period the space will be covered by the Lease. As used herein, "**then-prevailing**" shall mean the time period which is five (5) months prior to the commencement of the Renewal Term and not the commencement date of the Renewal Term.

C. If Landlord and Tenant are unable to reach agreement on the Fair Market Rent by the Trigger Date, then within seven (7) days of the Trigger Date, Landlord and Tenant shall each simultaneously submit to the other in a sealed envelope its good faith estimate of the Fair Market Rent for the Renewal Term. If either Landlord or Tenant fails to propose a Fair Market

Rent, then the Fair Market Rent for the Renewal Term proposed by the other party shall prevail. If the higher of such estimates is not more than one hundred five percent (105%) of the lower, then the Fair Market Rent shall be the average of the two. Otherwise, the dispute shall be resolved by arbitration in accordance with the remainder of this Paragraph C. Within seven (7) days after the exchange of estimates, the parties shall select as an arbitrator either (i) a licensed real estate broker with at least ten (10) years of experience leasing premises in office buildings in the Foster City area or (ii) an independent MAI appraiser with at least five (5) years of experience in appraising office buildings in the Foster City area (a "**Qualified Arbitrator**"). If the parties cannot agree on a Qualified Arbitrator, then within a second period of seven (7) days, each shall select a Qualified Arbitrator and within ten (10) days thereafter the two appointed Qualified Arbitrators shall select a third Qualified Arbitrator and the third Qualified Arbitrator shall be the sole arbitrator. If one party shall fail to select a Qualified Arbitrator within the second seven (7)-day period, then the Qualified Arbitrator chosen by the other party shall be the sole arbitrator. Within thirty (30) days after submission of the matter to the sole arbitrator, the sole arbitrator shall determine the Fair Market Rent by choosing whichever of the estimates submitted by Landlord and Tenant the arbitrator judges to be more accurate. The sole arbitrator shall notify Landlord and Tenant of his or her decision, which shall be final and binding. If the arbitrator believes that expert advice would materially assist him or her, the arbitrator may retain one or more qualified persons to provide expert advice. The fees of the sole arbitrator and the expenses of the arbitration proceeding, including the fees of any expert witnesses retained by the arbitrator, shall be shared equally by Landlord and Tenant. Each party shall pay the fees of its respective counsel and the fees of any witness called by that party.

D. On or before the commencement date of the Renewal Term, Landlord and Tenant shall execute an amendment to this Lease prepared by Landlord extending the Term on the same terms provided in this Lease, except as follows:

(i) Base Rent shall be adjusted to the Fair Market Rent (which shall be the rental rate set forth in Landlord's Fair Market Rent Proposal or the Fair Market Rent determined by mutual agreement or arbitration, as the case may be);

(ii) Tenant shall have no further renewal option unless expressly granted by Landlord in writing; and

(iii) Landlord shall lease to Tenant the Premises in their then-current condition, and Landlord shall not provide to Tenant any allowances (e.g., moving allowance, construction allowance, and the like) or other tenant inducements.

E. In the event that Fair Market Rent is not established prior to the commencement of the Renewal Term, then Tenant shall continue to pay the Base Rent at the rate in effect immediately prior to the expiration of the initial Term of the Lease and within thirty (30) days of the determination of Fair Market Rent, Landlord and Tenant shall reconcile any difference.

F. Tenant's rights under this Exhibit shall terminate if (1) this Lease or Tenant's right to possession of the Premises is terminated, (2) Tenant assigns any of its interest in this Lease or sublets any portion of the Premises other than pursuant to a Permitted Transfer, or (3) Tenant fails to timely exercise its option under this Exhibit, time being of the essence with respect to Tenant's exercise thereof.

EXHIBIT H

RIGHT OF FIRST OFFER

A. Subject to then-existing renewal or expansion options of other tenants (or, even if not a right under such existing tenant's lease, the renewal of a lease with such existing tenant by Landlord for the subject Offer Space (hereinafter defined)) ("**Prior Rights**"), if and when any increment of the following spaces become available for leasing (each such increment is referred to herein as the "**Offer Space**"): (i) those certain premises commonly known as Suite 710E consisting of approximately 18,504 rentable square feet in the 1051 Tower as more particularly shown on Exhibit H-1 attached hereto, (ii) those certain premises commonly known as Suite 500W consisting of approximately 11,227 rentable square feet in the 1001 Tower as more particularly shown on Exhibit H-2 attached hereto, (iii) those certain premises commonly known as Suite 560W consisting of approximately 6,966 rentable square feet in the 1001 Tower as more particularly shown on Exhibit H-3 attached hereto, and (iv) those certain premises commonly known as Suite 700W consisting of approximately 29,468 rentable square feet in the 1001 Tower as more particularly shown on Exhibit H-4 attached hereto, Landlord shall, prior to offering the same to any party (other than tenants with Prior Rights), first offer to lease such space to Tenant by delivery of written notice to Tenant (the "**Availability Notice**"). Such Availability Notice shall indicate the identity of the subject Offer Space, the approximate date of availability for leasing by Tenant, the rent and tenant improvement allowance, if any, for the subject Offer Space, and any other terms for the leasing of such space that will differ from the terms of this Lease (the "**Offer Terms**"). The Availability Notice shall also identify Landlord's determination of the Base Rent for the subject Offer Space for the remainder of the Term based on the Fair Market Rent. The Term for the subject Offer Space shall be coterminous with the Term for the Premises and shall commence upon delivery.

B. Tenant shall have five (5) Business Days from receipt of Landlord's Availability Notice in which to notify Landlord in writing of Tenant's decision and/or to negotiate an alternative Base Rent amount. If Tenant accepts Landlord's proposal, or if the parties mutually agree within said five (5) Business Day period to an alternative proposal, then Landlord and Tenant shall, within fifteen (15) days, execute an amendment to the Lease (prepared by Landlord) incorporating the subject Offer Space into the Premises, setting forth Tenant's Base Rent and new Proportionate Share and any other adjustments to the Lease negotiated by the parties (or logically necessitated by the addition of the subject Offer Space). If Tenant declines Landlord's proposal (or otherwise does not reach agreement with Landlord regarding terms for the expansion), or if Tenant does not timely respond to Landlord's proposal or does not timely execute the lease amendment drafted by Landlord (in all events within ten (10) days of delivery of such amendment to Tenant), then Landlord shall be free to lease the subject Offer Space to any third party or parties on such terms as Landlord may elect in its sole and absolute discretion (a "**Third Party Lease**"), without any further liability to Tenant with respect to the subject Offer Space unless and until (i) such Third Party Lease for such Offer Space expires or is terminated and (ii) the subject Offer Space thereby becomes available for leasing again during the Term; provided, however, if the net effective rent that Landlord is prepared to accept under a Third Party Lease is greater than seven and one-half percent (7.5%) more favorable than the Offer Terms offered by Landlord to Tenant, then Landlord shall first make an offer of such more favorable terms (the "**New Offer Terms**") to Tenant by written notice (the "**Additional Notice**") setting forth the New Offer Terms, and Tenant shall have five (5) Business Days from Tenant's receipt of the Additional Notice to accept the New Offer Terms set forth in the Additional Notice. If Tenant does not timely accept the New Offer Terms set forth in the Additional Notice, then Landlord shall be free to enter into a Third Party Lease for the subject Offer Space on such net effective rent which is greater than seven and one-half percent (7.5%) more favorable than the New Offer Terms set forth in the Additional Notice, without any further liability to Tenant with respect to the subject Offer Space unless and until (x) such Third Party Lease for such Offer Space expires or is terminated and (y) the subject Offer Space thereby becomes available for leasing again during the Term.

C. If the Premises are expanded as hereinabove provided, the subject Offer Space shall be delivered to Tenant in its “AS IS” condition, without requirement for any tenant improvement allowance, unless same shall be agreed upon by the parties; provided, however, that Tenant shall have the option of performing tenant improvements in the Offer Space subject to all of the terms and provisions of the Lease.

D. In no event shall Landlord be obligated to pay a commission with respect to any space leased by Tenant under this Exhibit, and Tenant shall indemnify, defend, and hold Landlord harmless from and against all costs, expenses, attorneys’ fees, and other liability for commissions or other compensation claimed by any broker or agent claiming the same by, through, or under Tenant.

E. Tenant’s rights under this Exhibit shall terminate if (1) this Lease or Tenant’s right to possession of the Premises is terminated, (2) Tenant assigns any of its interest in this Lease or sublets any portion of the Premises other than pursuant to a Permitted Transfer; (3) less than twenty-four (24) months remain in the Term; or (4) Landlord determines, in its sole but reasonable discretion, that Tenant’s financial condition or creditworthiness has materially deteriorated since the date of this Lease.

EXHIBIT H-1

DIAGRAM OF SUITE 710E SPACE

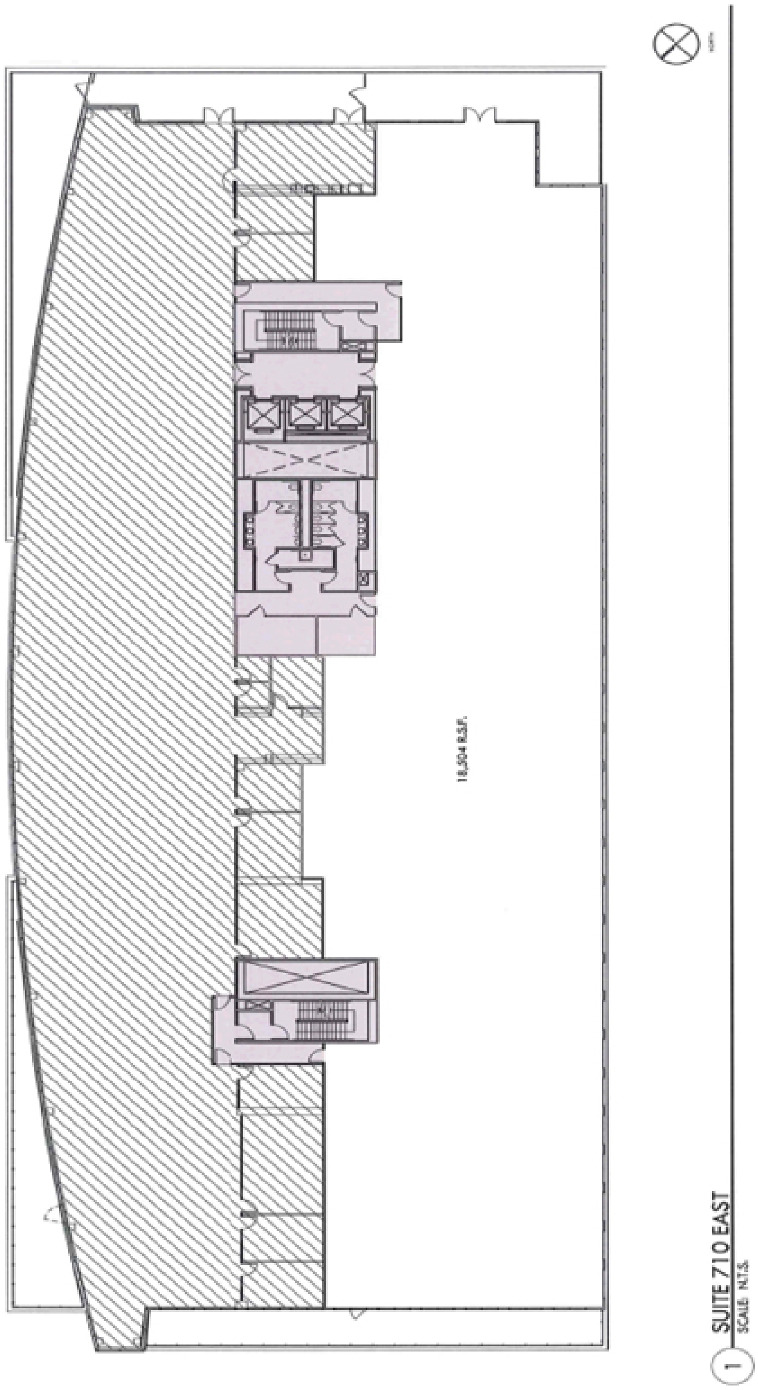

EXHIBIT H-2

DIAGRAM OF SUITE 500W SPACE

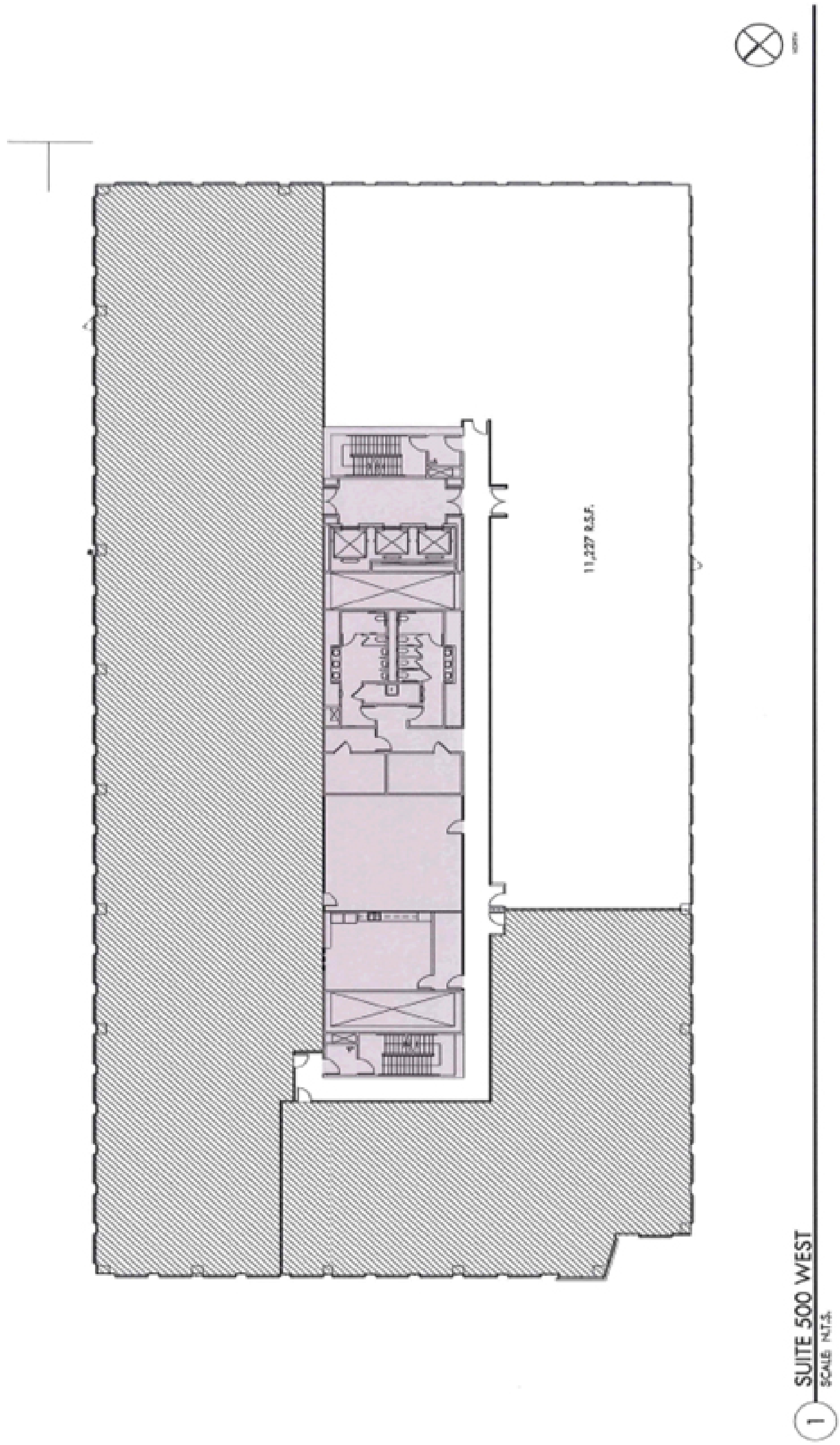

EXHIBIT H-3

DIAGRAM OF SUITE 560W SPACE

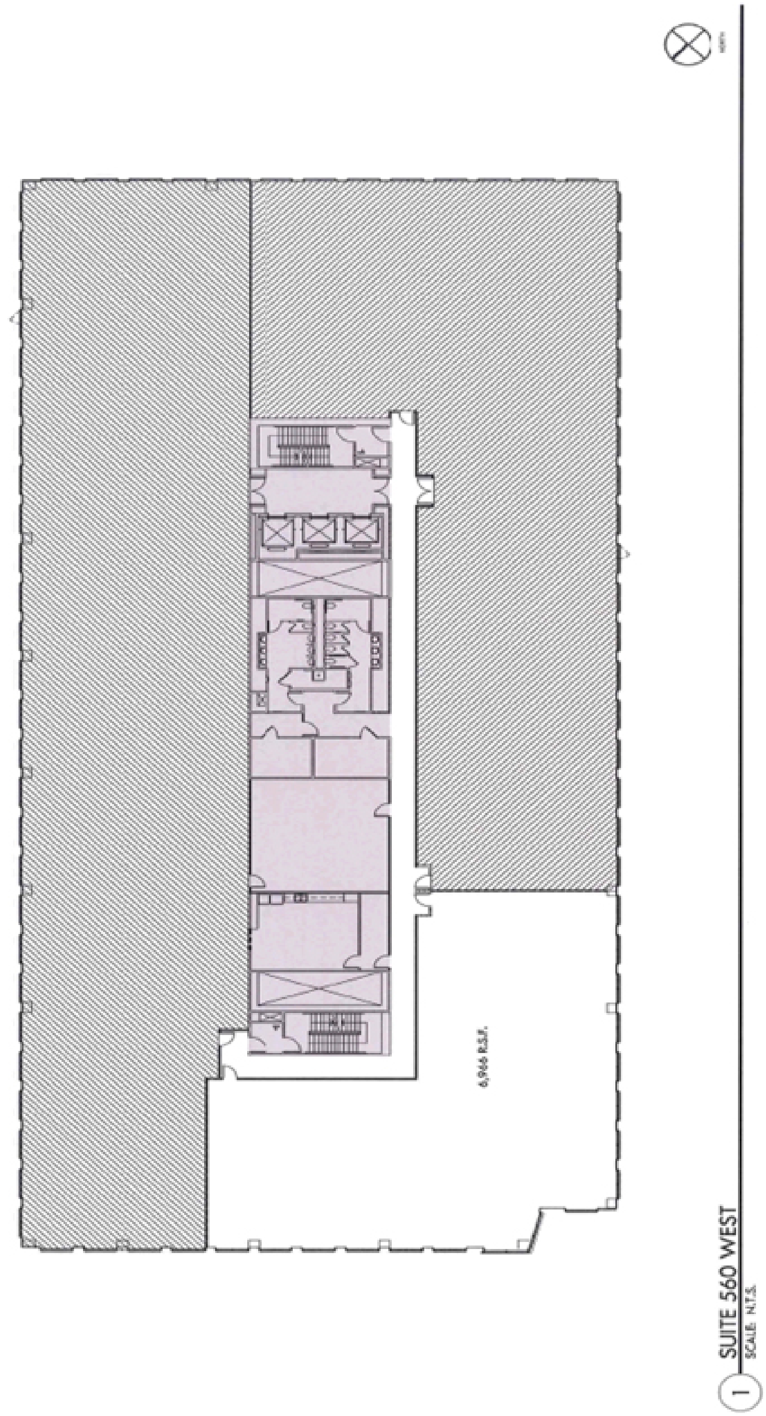

EXHIBIT H-4

DIAGRAM OF SUITE 700W SPACE

EXHIBIT I

FORM OF SNDA

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO: Metropolitan Life Insurance Company 425 Market Street, Suite 1050 San Francisco, CA 94105 Attn: Associate General Counsel, Law Department

SUBORDINATION
NONDISTURBANCE
AND ATTORNMENT AGREEMENT

NOTICE: THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

DEFINED TERMS

Execution Date: As of December , 2011
Beneficiary & Address: Metropolitan Life Insurance Company, a New York corporation, and its affiliates, as applicable 10 Park Avenue Morristown, New Jersey 07962 Attn: Senior Vice President Real Estate Investments **with a copy to:** Metropolitan Life Insurance Company 425 Market Street, Suite 1050 San Francisco, CA 94105 Attn: Nathan Elliott Real Estate Investments
Tenant & Address: Guidewire Software, Inc. 2211 Bridgepointe Parkway Suite 200 San Mateo, CA 94404
Landlord & Address: Parkside Towers, L.P.

c/o Harvest Properties, Inc.
6475 Christie Avenue, Suite 550
Emeryville, CA 94608
Attention: Parkside Towers Property Manager

with a copy to:

Parkside Towers, L.P.
Invesco Real Estate
Three Galleria Tower, Suite 500
13155 Noel Road
Dallas, TX 75240
Attention: Parkside Towers
Asset Manager

Loan: A first mortgage loan in the original principal amount of $92,000,000.00 from Beneficiary to Landlord.

Note: A Promissory Note executed by Landlord in favor of Beneficiary in the amount of the Loan dated as of March 13, 2008.

Deed of Trust: A Deed of Trust, Security Agreement and Fixture Filing dated as of March 13, 2008 executed by Landlord, to First American Title Insurance Company as Trustee, for the benefit of Beneficiary securing repayment of the Note to be recorded in the records of the County in which the Property is located.

Lease and Lease Date: The lease entered into by Landlord and Tenant dated as of December 5, 2011 covering the Premises.

Property:

1001/1051 East Hillsdale Boulevard
Foster City, CA 94404

The Property is more particularly described on Exhibit A.

THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT (the "Agreement") is made by and among Tenant, Landlord, and Beneficiary and affects the Property described in Exhibit A. Certain terms used in this Agreement are defined in the Defined Terms. This Agreement is entered into as of the Execution Date with reference to the following facts:

A. Landlord and Tenant have entered into the Lease covering certain space in the improvements located in and upon the Property (the "Premises").

B. Beneficiary has made or is making the Loan to Landlord evidenced by the Note. The Note is secured, among other documents, by the Deed of Trust.

C. Landlord, Tenant and Beneficiary all wish to subordinate the Lease to the lien of the Deed of Trust.

D. Tenant has requested that Beneficiary agree not to disturb Tenant's rights in the Premises pursuant to the Lease in the event Beneficiary forecloses the Deed of Trust, or acquires the Property pursuant to the trustee's power of sale contained in the Deed of Trust or receives a transfer of the Property by a conveyance in lieu of foreclosure of the Property (collectively, a "Foreclosure Sale") but only if Tenant is not then in default under the Lease beyond any applicable notice and cure period and Tenant attorns to Beneficiary or a third party purchaser at the Foreclosure Sale (a "Foreclosure Purchaser").

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties agree as follows:

1. Subordination. The Lease and the leasehold estate created by the Lease and all of Tenant's rights under the Lease are and shall remain subordinate to the Deed of Trust and the lien of the Deed of Trust, to all rights of Beneficiary under the Deed of Trust and to all renewals, amendments, modifications and extensions of the Deed of Trust.

2. Acknowledgments by Tenant. Tenant agrees that: (a) Tenant has notice that the Lease and the rent and all other sums due under the Lease have been or will be assigned to Beneficiary as security for the Loan. In the event that Beneficiary notifies Tenant of a default under the Deed of Trust and requests Tenant to pay its rent and all other sums due under the Lease to Beneficiary, Tenant shall pay such sums directly to Beneficiary or as Beneficiary may otherwise request. (b) Tenant shall send a copy of any notice or statement under the Lease to Beneficiary at the same time Tenant sends such notice or statement to Landlord. (c) This Agreement satisfies any condition or requirement in the Lease relating to the granting of a nondisturbance agreement. Landlord acknowledges and agrees that Tenant shall not be in default of the Lease for making such payment to Beneficiary upon notice from Beneficiary and that Tenant shall not have any obligation to investigate the accuracy of such notice from Beneficiary.

3. Foreclosure and Sale. In the event of a Foreclosure Sale,

(a) So long as Tenant complies with this Agreement and is not in default under any of the provisions of the Lease beyond any applicable notice and cure period, the Lease shall continue in full force and effect as a direct lease between Beneficiary and Tenant, and Beneficiary will not disturb the possession of Tenant, subject to this Agreement. To the extent that the Lease is extinguished as a result of a Foreclosure Sale, a new lease shall automatically go into effect upon the same provisions as contained in the Lease between Landlord and Tenant, except as set forth in this Agreement, for the unexpired term of the Lease. Tenant agrees to attorn to and accept Beneficiary as landlord under the Lease and to be bound by and perform all of the obligations imposed by the Lease, or, as the case may be, under the new lease, in the event that the Lease is extinguished by a Foreclosure Sale. Upon Beneficiary's acquisition of title to the Property, Beneficiary will perform all of the obligations imposed on the Landlord by the Lease except as set forth in this Agreement; provided, however, that Beneficiary shall not be: (i) liable for any act or omission of a prior landlord (including Landlord), provided that, Beneficiary shall be responsible for continuing defaults in the nature of repair, maintenance and replacement obligations of Landlord, or providing services by Landlord, as set forth in the Lease; or (ii) subject to any offsets or defenses that Tenant might have against any prior landlord (including Landlord); or (iii) bound by any rent or additional rent which Tenant might have paid in advance to any prior landlord (including Landlord) for a period in excess of one month or by any security deposit, cleaning deposit or other sum that Tenant may have paid in advance to any prior landlord (including Landlord) unless and to the extent actually received by Beneficiary; or (iv) bound by any amendment, modification, assignment or termination of the Lease made without the written consent of Beneficiary; (v) obligated or liable with respect to any representations, warranties or indemnities contained in the Lease; or (vi) liable to Tenant or any other party for any conflict between the provisions of the Lease and the provisions of any other lease affecting the Property which is not entered into by Beneficiary.

(b) Upon the written request of Beneficiary after a Foreclosure Sale, the parties shall execute a lease of the Premises upon the same provisions as contained in the Lease between Landlord and Tenant, except as set forth in this Agreement, for the unexpired term of the Lease.

(c) Notwithstanding any provisions of the Lease to the contrary, from and after the date that Beneficiary acquires title to the Property as a result of a Foreclosure Sale, (i) Beneficiary will not be obligated to expend any monies to restore casualty damage in excess of available insurance proceeds, reimbursements and the applicable insurance deductible; (ii) except as expressly set forth in the Lease, Tenant shall not have the right to make repairs and deduct the cost of such repairs from the rent without a judicial determination that Beneficiary is in default of its obligations under the Lease; (iii) in no event will Beneficiary be obligated to indemnify Tenant, except where Beneficiary is in breach of its obligations under the Lease or where Beneficiary has been actively negligent in the performance of its obligations as landlord; and (iv) other than determination of fair market value, no disputes under the Lease shall be subject to arbitration unless Beneficiary and Tenant agree to submit a particular dispute to arbitration.

4. Subordination and Release of Purchase Options. Tenant represents that it has no right or option of any nature to purchase the Property or any portion of the Property or any interest in the Landlord. To the extent Tenant has or acquires any such right or option, these rights or options are acknowledged to be subject and subordinate to the Mortgage and are waived and released as to Beneficiary and any Foreclosure Purchaser.

5. Acknowledgment by Landlord. In the event of a default under the Deed of Trust by Landlord, at the election of Beneficiary, Tenant shall and is directed to pay all rent and all other sums due under the Lease to Beneficiary. Landlord agrees that Tenant shall not be in default of the Lease for making such payment to Beneficiary and not Landlord and further that Tenant shall have no duty to investigate any notice of such default.

6. Construction of Improvements. Beneficiary shall not have any obligation or incur any liability with respect to the completion of tenant improvements for the Premises.

7. Notice. All notices under this Agreement shall be deemed to have been properly given if delivered by overnight courier service or mailed by United States certified mail, with return receipt requested, postage prepaid to the party receiving the notice at its address set forth in the Defined Terms (or at such other address as shall be given in writing by such party to the other parties) and shall be deemed complete upon receipt or refusal of delivery.

8. Miscellaneous. Beneficiary shall not be subject to any provision of the Lease that is inconsistent with this Agreement. Nothing contained in this Agreement shall be construed to derogate from or in any way impair or affect the lien or the provisions of the Deed of Trust. This Agreement shall be governed by and construed in accordance with the laws of the State of in which the Property is located.

9. Liability and Successors and Assigns. In the event that Beneficiary acquires title to the Premises or the Property, Beneficiary shall have no obligation nor incur any liability in an amount in excess of $5,000,000 and Tenant’s recourse against Beneficiary shall in no extent exceed the amount of $5,000,000. This Agreement shall run with the land and shall inure to the benefit of the parties and, their respective successors and permitted assigns including a Foreclosure Purchaser. If a Foreclosure Purchaser acquires the Property or if Beneficiary assigns or transfers its interest in the Note and Deed of Trust or the Property, all obligations and liabilities of Beneficiary under this Agreement shall terminate and be the responsibility of the Foreclosure Purchaser or other party to whom Beneficiary’s interest is assigned or transferred. The interest of Tenant under this Agreement may not be assigned or transferred except in connection with an assignment of its interest in the Lease which has been consented to by Beneficiary.

10. USA Patriot Act. Tenant hereby represents, warrants and covenants to Beneficiary, that neither Tenant, nor any Guarantor of Tenant's obligations under the Lease, nor or any person or entity that directly or indirectly, controls either Tenant or any such Guarantor or has an ownership interest in Tenant or such Guarantor of twenty-five percent (25%) or more, appears on the list of Specially Designated Nationals and Blocked Persons ("OFAC List") published by the Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury. The representations, warranties and covenants made by Tenant pursuant to this Section 10 shall be continuing during the term of the Lease and Tenant's failure to comply with the provisions of this Section 10 shall relieve Beneficiary of any of its obligations pursuant to Section 3(a) hereof. Additionally, Tenant agrees to provide to Beneficiary any information reasonably requested by Beneficiary including without limitation, organizational structural charts, organizational documents, and tax identification numbers which Beneficiary may deem to be necessary in order for Beneficiary to confirm Tenant's compliance with the provisions of this Section 10.

IN WITNESS WHEREOF, the parties have executed this Subordination, Nondisturbance and Attornment Agreement as of the Execution Date.

IT IS RECOMMENDED THAT THE PARTIES CONSULT WITH THEIR ATTORNEYS PRIOR TO THE EXECUTION OF THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT.

BENEFICIARY:

METROPOLITAN LIFE INSURANCE COMPANY,
a New York corporation

By ______________________________

Its ______________________________

State of

County of

On , 2011 before me, , personally appeared , personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature ______________________________ (Seal)

TENANT:

GUIDEWIRE SOFTWARE, INC.,
a Delaware corporation

By ____

Its ____

State of

County of

On , 2011 before me, , personally appeared , personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature ____ (Seal)

LANDLORD:

PARKSIDE TOWERS, L.P.,
a Delaware limited partnership

By: Harvest Parkside Investors, LLC,
a Delaware limited liability company,
its General Partner

By: ________________________
Name: ________________________
Title: ________________________

State of

County of

On , 2011 before me, , personally appeared , personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature ________________________ (Seal)

EXHIBIT A

PROPERTY DESCRIPTION

Real property in the City of Foster City, County of San Mateo, State of California, described as follows:

PARCEL I:

ALL THAT REAL PROPERTY SITUATE IN THE CITY OF FOSTER CITY, COUNTY OF SAN MATEO, STATE OF CALIFORNIA, BEING FORMER PARCELS 1, 2, 3, 4 AND 5 AS DESCRIBED IN THAT CERTAIN GRANT DEED FROM 1001 E. HILLSDALE, L.L.C. TO GATEWAY PHOENIX ASSOCIATES, L.P., AS DOCUMENT NUMBER 99-196609, RECORDED ON DECEMBER 1, 1999 IN THE OFFICE OF THE RECORDER OF SAN MATEO COUNTY, AND NOW BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST WESTERLY CORNER OF SAID LANDS DESCRIBED IN SAID DEED; THENCE ALONG THE NORTHWESTERLY LINE OF SAID LANDS NORTH 35° 08’ 18” EAST, A DISTANCE OF 600.00 FEET TO THE MOST NORTHERLY CORNER OF SAID LANDS; THENCE ALONG THE NORTHEASTERLY LINE SOUTH 54° 51’ 42” EAST, A DISTANCE OF 435.50 FEET; THENCE SOUTH 35° 08’ 18” WEST, A DISTANCE OF 450.00 FEET; THENCE NORTH 54° 51’ 42” WEST, A DISTANCE OF 5.50 FEET; THENCE SOUTH 35° 08’ 18” WEST, A DISTANCE OF 73.25 FEET; THENCE SOUTH 54° 51’ 42” EAST, A DISTANCE OF 5.50 FEET; THENCE SOUTH 35° 08’ 18” WEST, A DISTANCE OF 56.75 FEET TO THE BEGINNING OF A TANGENT CURVE TO THE RIGHT; THENCE ALONG SAID CURVE HAVING A RADIUS OF 20.00 FEET, THROUGH A CENTRAL ANGLE OF 90° 00’ 00”, AN ARC LENGTH OF 31.42 FEET; THENCE NORTH 54° 51’ 42” WEST, A DISTANCE OF 415.50 FEET TO THE POINT OF BEGINNING.

THE ABOVE LEGAL DESCRIPTION IS PURSUANT TO CERTAIN DOCUMENT ENTITLED “NOTICE OF VOLUNTARY MERGER OF PARCELS BY OWNER WITH CITY APPROVAL” AS EVIDENCED BY DOCUMENT RECORDED MAY 14, 2000 AS INSTRUMENT NO. 2000-071800 OF OFFICIAL RECORDS.

PARCEL II:

EASEMENTS FOR PARKING PURPOSES AND FOR INGRESS AND EGRESS, APPURTENANT TO PARCEL I, ABOVE, AS PROVIDED IN THE MUTUAL GRANT OF EASEMENTS AGREEMENT DATED DECEMBER 5, 1980, BY AND BETWEEN COMMUNITY BUILDERS, INC., AND LAUREL PROPERTIES NO. 2, RECORDED DECEMBER 16, 1980, BOOK 8015, PAGE 1469, SERIES NO. 24361-AR, SAN MATEO COUNTY RECORDS, AS AMENDED BY AMENDMENT NO. ONE TO MUTUAL GRANT OF EASEMENTS DATED AUGUST 18, 1981, RECORDED NOVEMBER 2, 1981, SERIES NO. 2791-AT, SAN MATEO COUNTY RECORDS.

APN: 094-524-220-4
JPN NO.: 094-051-512-02A; 094-051-512-04A; 094-051-512-05A; 094-051-512-06A and 094-051-512-07A

EXHIBIT B

In the event of foreclosure of the Deed of Trust, or upon a sale of the Property pursuant to the power of sale contained therein, or upon a transfer of the Property by conveyance in lieu of the foreclosure, the Lease shall be amended as follows:

EXHIBIT J

FORM OF LETTER OF CREDIT

Irrevocable Standby Letter of Credit No.

Beneficiary:

Issuance Date:

Parkside Towers, L.P.
c/o Harvest Properties, Inc.
6475 Christie Avenue, Suite 550
Emeryville, CA 94608
Attention: Parkside Towers Property Manager

with a copy to:

Parkside Towers, L.P.
Invesco Real Estate
Three Galleria Tower, Suite 500
13155 Noel Road
Dallas, TX 75240
Attention: Parkside Towers
Asset Manager

Accountee/Applicant:

Guidewire Software, Inc.
Address

Ladies and Gentlemen:

We hereby establish our Irrevocable Letter of Credit no. in your favor for the account of Guidewire Software, Inc. for an amount not to exceed in the aggregate U.S. Dollars ($).

Funds under this credit are available against presentation of this original Letter of Credit and the attached Exhibit A, with the blanks appropriately completed.

This Letter of Credit expires and is payable at the office of **[Issuing Bank's name, address, department, and fax number],** on or prior to , 20 **[enter the Expiration Date]**, or any extended date as hereinafter provided for (the "Expiration Date").

It is a condition of this Letter of Credit that the Expiration Date will be automatically extended without amendment for one (1) year from the Expiration Date hereof, or any future Expiration Date, unless at least sixty (60) days prior to any Expiration Date we notify you by registered mail, return receipt requested, or overnight courier service with proof of delivery to the address shown above, attention: , and notify , attention:

, in the same delivery method, that we elect not to extend the Expiration Date of this Letter of Credit. Upon your receipt of such notification, you may draw against this Letter of Credit by presentation of this original Letter of Credit and the attached Exhibit B, with the blanks appropriately completed.

Demands presented by fax (to fax number) are acceptable; provided that if any such demand is presented by fax, the original Exhibit and Letter of Credit shall be simultaneously forwarded by overnight courier service to our office located at the address stated above; provided further that the failure of the courier service to timely deliver shall not affect the efficacy of the demand. Further, you shall give telephone notice of a drawing to the Bank, attention: at , on the day of such demand, provided that your failure to provide such telephone notification shall not invalidate the demand.

Drawing(s) in compliance with all of the terms of this Letter of Credit, presented prior to 11:00 A.M., Pacific time, on a Business Day, shall be made to the account number or address designated by you of the amount specified, in immediately available funds, on the same Business Day.

Drawing(s) in compliance with all of the terms of this Letter of Credit, presented on or after 11:00 A.M., Pacific time, on a Business Day, shall be made to the account number or address designated by you of the amount specified, in immediately available funds, on the following Business Day.

This Letter of Credit is transferable without charge to you. Transfer must be requested in accordance with our transfer form, which is attached as Exhibit C, accompanied by the return of this original Letter of Credit and all amendments thereto for endorsement thereon by us to the transferee. This Letter of Credit is transferable provided that such transfer would not violate any governmental rule, order or regulation applicable to us.

We hereby engage with you that documents (including fax documents) presented in compliance with the terms and conditions of this Letter of Credit will be duly honored if presented to our bank on or before the Expiration Date of this Letter of Credit, which is , 20 .

Multiple and partial drawings are permitted.

This Letter of Credit is subject to the International Standby Practices 1998, International Chamber of Commerce Publication No. 590.

[Issuing Bank’s name]

By: ____________________
Name: ____________________
Title: ____________________

Exhibit A

Irrevocable Standby Letter of Credit No.

Date:

To:

Name of Issuing Bank
Address

Ladies and Gentlemen:

Re: Irrevocable Standby Letter of Credit No.

The undersigned, a duly authorized official of **[insert Beneficiary's name]** (hereinafter referred to as "Landlord"), hereby certifies that Landlord is entitled to draw upon Irrevocable Standby Letter of Credit No. in the amount of $ **[amount in words U.S. Dollars]** pursuant to that certain Lease (the "Lease") dated December 5, 2011, by and between Landlord and Guidewire Software, Inc., as Tenant.

Drawn under Irrevocable Standby Letter of Credit No. issued by **[name of Issuing Bank]**.

Payment of the amount demanded is to be made to the Beneficiary by wire transfer in immediately available funds in accordance with the following instructions:

[Payment instructions to be inserted]

[Beneficiary's name]

By: ______________________
Name: ______________________
Title: ______________________

Exhibit B

Irrevocable Standby Letter of Credit No.

Date:

To:

Name of Issuing Bank
Address

Ladies and Gentlemen:

Re: Irrevocable Standby Letter of Credit No.

The undersigned, a duly authorized official of **[insert Beneficiary's name]** (hereinafter referred to as "Landlord"), hereby certifies that Landlord is entitled to draw upon Irrevocable Standby Letter of Credit No. in the amount of $ **[amount in words U.S. Dollars]** as we have been notified that the Letter of Credit will not be extended and **[insert name of Accountee/Applicant]** has not provided us with an acceptable substitute irrevocable standby letter of credit in accordance with the terms of that certain Lease (the "Lease") dated December 5, 2011 by and between Landlord and Guidewire Software, Inc., as Tenant.

Drawn under Irrevocable Standby Letter of Credit No. issued by **[name of Issuing Bank]**.

Payment of the amount demanded is to be made to the Beneficiary by wire transfer in immediately available funds in accordance with the following instructions:

[Payment instructions to be inserted]

[Beneficiary's name]

By: ____________________
Name: ____________________
Title: ____________________

Exhibit C

Irrevocable Standby Letter of Credit No.

Date:

To:

Name of Issuing Bank
Address

Ladies and Gentlemen:

Re: Irrevocable Standby Letter of Credit No.

For value received, the undersigned beneficiary hereby irrevocably transfers to:

____
(Name of Transferee)

____
(Address)

____
(City, State, Zip Code)

all rights of the undersigned beneficiary to draw under the above Letter of Credit in its entirety.

By this transfer, all rights of the undersigned beneficiary in such Letter of Credit are transferred to the transferee and the transferee shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised direct to the transferee without necessity of any consent of or notice to the undersigned beneficiary.

The advice of such Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof, and forward it direct to the transferee with your customary notice of transfer.

Very truly yours,

[Beneficiary's name]

By: ____________________________
Name: __________________________
Title: ___________________________

The above signature with title as stated conforms to that on file with us and is authorized for the execution of said instruments.

[Name of Authenticating Bank]

By: ______________________________
Name: ____________________________
Title: _____________________________

EXHIBIT K

BUILDING NEW INFRASTRUCTURE REQUIREMENTS

ELECTRICAL:	**TENANT MAY INSTALL TWO (2) NEW CIRCUIT BREAKERS LOCATED IN THE MAIN ELECTRICAL ROOM.** • **TENANT MAY INSTALL A 300 AMP BREAKER, CONNECTED TO TENANT GENERATOR, TO SERVICE 7TH AND 8TH FLOOR EAST.** • **TENANT MAY INSTALL A 600 AMP BREAKER TO SERVICE 7TH AND 8TH FLOOR EAST.** • **IF TENANT ELECTS TO INSTALL EITHER OF SUCH BREAKERS, THEN TENANT SHALL ALSO INSTALL, AT TENANT'S SOLE COST, TWO NEW ELECTRICAL METERS TO MEASURE SUCH USAGE AND LANDLORD SHALL BILL TENANT FOR SUCH USAGE AS PROVIDED IN SECTION 7(B) OF THE LEASE.**
ROOFTOP 24/7 CHILLER:	**IN ADDITION TO THE TWO (2), 3-TON AND TWO (2), 5-TON AC UNITS CALLED OUT IN SECTION 3.(E) OF THE LEASE, TENANT WILL BE PROVIDED AN ADDITIONAL 45 TONS OF CAPACITY CONNECTED TO THE EXISTING 24X7 ROOF TOP CHILLER LOOP.**
TENANT DEDICATED COOLING:	**TENANT SHALL BE PROVIDED ROOF AREA FOR 20-TONS OF TENANT INSTALLED COOLING EQUIPMENT AND ADDITIONAL ROOF AREA FOR FUTURE COOLING EXPANSION. THIS AREA WILL BE IN AN AGREED UPON LOCATION.**
GENERATOR:	**TENANT SHALL INSTALL UP TO A 200KW BACKUP GENERATOR.**
CONDUIT & RACEWAY:	**TENANT SHALL HAVE THE OPTION TO UTILIZE EXISTING EMPTY AND UNUSED CONDUIT FOR NETWORKING CONNECTIVITY, PROVIDED SUCH USE SHALL BE ON AN "AS IS" BASIS. LANDLORD SHALL NOT BE RESPONSIBLE FOR ANY ABANDONED CABLING.**
SERVER ROOM:	**TENANT HAS THE RIGHT TO ADD/INSTALL SEPARATE FIRE SUPPRESSION SYSTEMS IN THE SERVER ROOM AREAS.**
CORE PENETRATIONS:	**TENANT HAS THE RIGHT TO CORE DRILL AS NEEDED FOR ELECTRICAL AND TELECOM INFRASTRUCTURE, SO LONG AS SUCH DRILLING DOES NOT CAUSED AN UNREASONABLE LEVEL OF NOISE AND DISRUPTION TO ADJACENT TENANTS INCLUDING LANDLORD'S ABILITY TO REQUIRE THAT SUCH**

WORK BE PERFORMED AFTER NORMAL BUSINESS HOURS.

EXHIBIT L

CONDUIT & RACEWAY

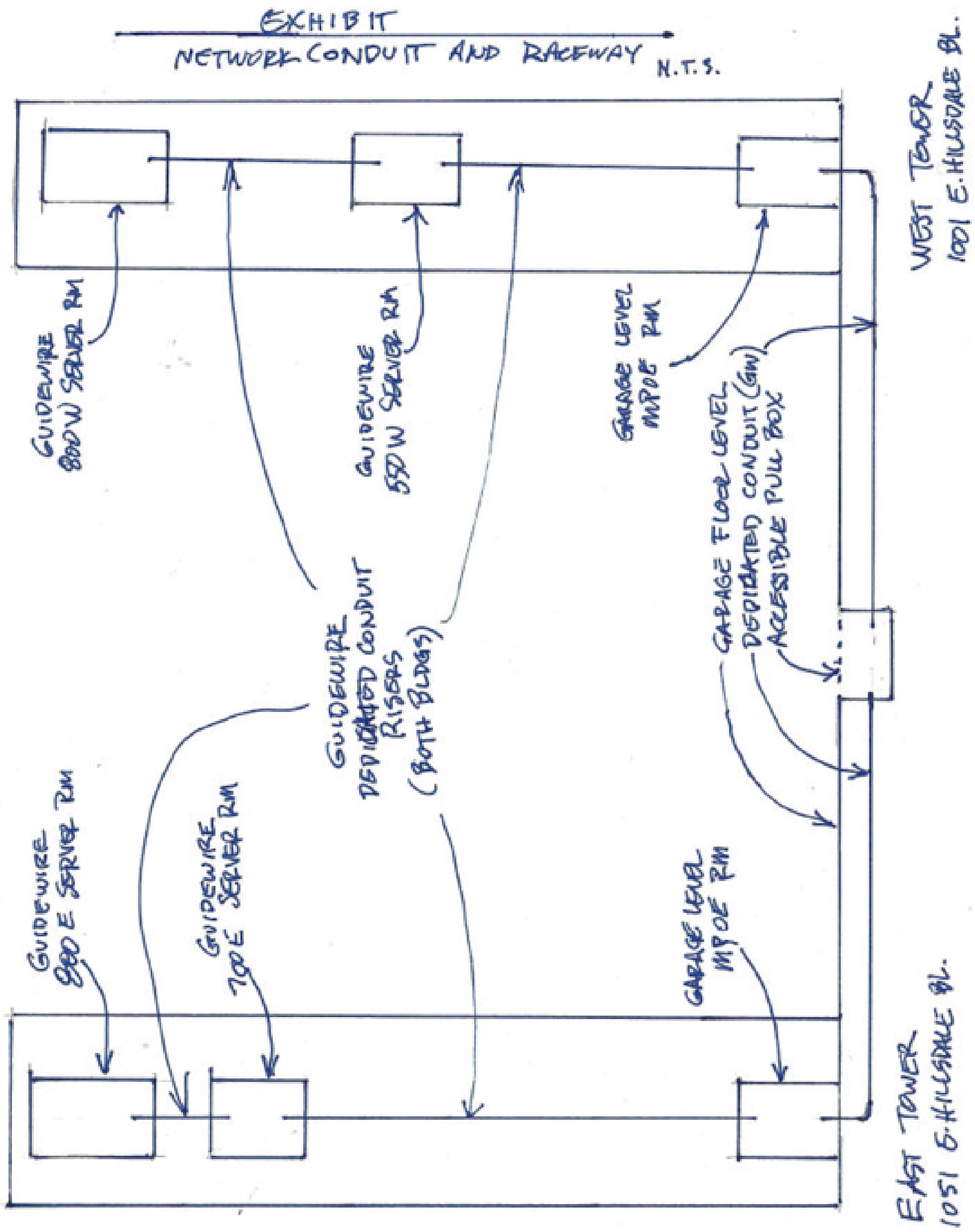

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Guidewire Software, Inc.:

We consent to the use of our report dated October 27, 2011, included herein and to the reference to our firm under the heading “Experts” in the prospectus.

/s/ KPMG LLP

Mountain View, California
December 13, 2011

Goodwin Procter LLP
Counselors at Law
Exchange Place
Boston, MA 02109
T: 617.570.1000
F: 617.523.1231

December 13, 2011

VIA EDGAR AND FEDERAL EXPRESS

United States Securities and Exchange Commission
Division of Corporation Finance
100 F Street, N.E.
Washington, D.C. 20549
Attention: Barbara Jacobs, Assistant Director
Katherine Wray, Staff Attorney
Patrick Gilmore, Accounting Branch Chief
David Edgar, Staff Accountant

Re: Guidewire Software, Inc.
Amendment No. 2 to Registration Statement on Form S-1
Filed November 23, 2011
File No. 333-176667

Dear Ms. Jacobs:

This letter is submitted on behalf of Guidewire Software, Inc. (the "Company") in response to the comments of the staff of the Division of Corporation Finance (the "Staff") of the Securities and Exchange Commission (the "Commission") with respect to the Company's Amendment No. 2 to the Registration Statement on Form S-1 filed on November 23, 2011 (the "Registration Statement"), as set forth in your letter dated December 9, 2011 addressed to Marcus S. Ryu, President and Chief Executive Officer of the Company (the "Comment Letter"). The Company is concurrently filing pre-effective Amendment No. 3 to the Registration Statement ("Amendment No. 3"), including changes that reflect responses to the Staff's comments.

For reference purposes, the text of the Comment Letter has been reproduced herein with responses below each numbered comment. For your convenience, we have italicized the reproduced Staff comments from the Comment Letter. Unless otherwise indicated, page references in the descriptions of the Staff's comments refer to the Registration Statement, and page references in the responses refer to Amendment No. 3. All capitalized terms used and not otherwise defined herein shall have the meanings set forth in Amendment No. 3.

Prospectus Summary, page 1

1. *We note your response to prior comment 1 and your related revisions to the prospectus summary and risk factor disclosure. As previously requested, please further revise your summary disclosure to identify U.S. Venture Partners and Bay Partners as your two*

largest stockholders that will continue to have effective control over the company following the offering.

RESPONSE: In response to the Staff's comment, the Company has revised page 4 of Amendment No. 3 to identify U.S. Venture Partners and Bay Partners as the Company's two largest stockholders.

<u>Critical Accounting Policies and Estimates</u>

<u>Stock-based Compensation</u>

<u>Stock-based Compensation, page 76</u>

2. *We note your disclosure of unrecognized stock-based compensation expense related to RSUs and options granted on September 14, 2011, however we are unable to locate similar disclosure for the RSUs and options granted on November 11, 2011. Please revise to disclose unrecognized stock-based compensation expense related to all RSUs and options granted subsequent to the balance sheet date.*

RESPONSE: In response to the Staff's comment, the Company has revised page 84 of Amendment No. 3 to disclose unrecognized stock-based compensation expense related to all RSUs and options granted through the date of filing of Amendment No. 3.

<u>Item 15. Recent Sales of Unregistered Securities, page II-2</u>

3. *Your revised disclosure on page 71 of the prospectus indicates that the company made unregistered issuances of stock-based awards to your employees on November 11, 2011. Please update your Part II disclosure regarding recent unregistered sales to reflect these and any other issuances required to be discussed here pursuant to Item 701 of Regulation S-K.*

RESPONSE: In response to the Staff's comment, the Company has revised Part II of Amendment No. 3 regarding recent unregistered sales to reflect the November 11, 2011 issuances and any other issuances through November 30, 2011.

If the Staff needs any additional information or has any further questions, please do not hesitate to contact the undersigned at (650) 752-3139.

Sincerely,

/s/ Richard A. Kline
Richard A. Kline

Enclosures

cc: Marcus S. Ryu, President and Chief Executive Officer, *Guidewire Software, Inc.*
Robert F. Donohue, General Counsel, *Guidewire Software, Inc.*
Craig M. Schmitz, Partner, *Goodwin Procter LLP*