UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 16, 2017

Guidewire Software, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**001-35394**	**36-4468504**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

**1001 East Hillsdale Blvd., Suite 800
Foster City, CA 94404**
(Address of principal executive offices, including zip code)

(650) 357-9100
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

On February17, 2017, Guidewire Software, Inc. (the "Company") filed a Current Report on Form 8-K (the "Original Form 8-K") reporting that on February 16, 2017, the Company completed its acquisition of ISCS, Inc. (“ISCS”). This Form 8-K/A amends the Original Form 8-K to include the historical audited financial statements of ISCS and the unaudited pro forma condensed combined financial information required by Items 9.01(a) and 9.01(b) of Form 8-K that were excluded from the Original Form 8-K in reliance on the instructions to such items, and are filed as exhibits hereto. All other items in the Original Report remain the same.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The audited financial statements of ISCS as of and for the year ended December 31, 2016 are filed herewith as Exhibit 99.1. The consent of Armanino, LLP, ISCS's independent auditors, are filed herewith as Exhibit 23.1.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined financial information of the Company as of and for the three months ended October 31, 2016, and for the year ended July 31, 2016 giving effect to the acquisition of ISCS are filed herewith as Exhibit 99.2.

(d) Exhibits.

Exhibit No.	Description of Exhibits
2.1*	Agreement and Plan of Merger, by and among Guidewire Software, Inc., Igloo Acquisition Sub, Inc., Power Management Group, Inc., ISCS, Inc., Andrew Scurto and Timothy Shelton dated December 16, 2016.
23.1	Consent of Armanino LLP, Independent Auditors.
99.1	Audited financial statements of ISCS as of and for the year ended December 31, 2016.
99.2	Unaudited pro forma condensed combined financial information of Guidewire Software, Inc. as of and for the three months ended October 31, 2016, and for the year ended July 31, 2016.

* Incorporated by reference to Exhibit 2.1 filed with registrant’s Current Report on Form 8-K, filed December 19, 2016.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 26, 2017

GUIDEWIRE SOFTWARE, INC.

By: /s/ Richard Hart

Richard Hart

Chief Financial Officer

EXHIBIT INDEX

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Exhibit 23.1

Consent of Independent Auditors

We have issued our report dated January 31, 2017, with respect to the financial statements of ISCS, Inc. as of December 31, 2016 and for the year then ended included in the Current Report on Form 8-K/A of Guidewire Software, Inc. We consent to the incorporation by reference of said report in the Registration Statements of Guidewire Software, Inc. on Form S-8 (Nos. 333-216530, 333-209906, 333-202541, 333-179799, 333-187004, and 333-194290) and in the registration statements on Form S-3 (Nos. 333-191856 and 333-191834).

/s/ Armanino LLP
San Jose, California
April 26, 2017

ISCS, Inc.

Financial Statements

December 31, 2016

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<u>INDEPENDENT AUDITOR'S REPORT</u>

To the Shareholder
ISCS, Inc.
San Jose, California

We have audited the accompanying financial statements of ISCS, Inc. (a California S-corporation), which comprise the balance sheet as of December 31, 2016, and the related statements of operations, shareholder equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ISCS, Inc. as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Armanino LLP

San Jose, California
January 31, 2017

ISCS, INC.
Balance Sheet
December 31, 2016

ASSETS

Current assets	
Accounts receivable, net	$ 11,982,577
Prepaid expenses	886,409
Total current assets	12,868,986
Property and equipment, net	1,052,900
Other assets	129,365
Related party receivable	239,935
Total assets	$ 14,291,186

LIABILITIES AND SHAREHOLDER DEFICIT

Current liabilities	
Bank overdraft	$ 334,364
Accounts payable	3,919,011
Accrued expenses	3,902,185
Note payable - related party	900,000
Term loan	353,000
Deferred revenue, current	9,558,874
Capital lease obligations	62,636
Deferred rent	82,410
Total current liabilities	19,112,480
Deferred revenue, non-current	34,255,772
Total liabilities	53,368,252
Shareholder deficit	
Shareholder contributions	264,035
Shareholder distributions	(3,793,734)
Accumulated deficit	(35,547,367)
Total shareholder deficit	(39,077,066)
Total liabilities and shareholder deficit	$ 14,291,186

The accompany notes are an integral part of these financial statements

ISCS, INC.
Statement of Operations
For the Year Ended December 31, 2016

Revenues	
Professional service	$ 31,308,483
Hosting service	8,838,257
License	3,922,844
Maintenance	2,548,055
Fulfillment	3,197,185
Training and user conference	209,755
Total revenues	50,024,579
Cost of sales	33,738,360
Gross profit	16,286,219
Operating expenses	
General and administrative	6,434,302
Selling and marketing	5,369,310
Research and development	11,295,547
Total operating expenses	23,099,159
Operating loss	(6,812,940)
Other income (expense), net	
Other income	908,553
Interest expense	(103,136)
Total other income, net	805,417
Net loss	$ (6,007,523)

The accompany notes are an integral part of these financial statements

ISCS, INC.
Statement of Shareholder Equity (Deficit)
For the Year Ended December 31, 2016

	Shareholder Contributions	Shareholder Distributions	Accumulated Deficit	Total Shareholder Equity (Deficit)
Balances, December 31, 2015	$ 264,035	$ (3,789,549)	$ (29,539,844)	$ (33,065,358)
Shareholder distribution	—	(4,185)	—	(4,185)
Net loss	—	—	(6,007,523)	(6,007,523)
Balances, December 31, 2016	$ 264,035	$ (3,793,734)	$ (35,547,367)	$ (39,077,066)

The accompany notes are an integral part of these financial statements

ISCS, INC.
Statement of Cash Flows
For the Year Ended December 31, 2016

Cash flows from operating activities	
Net loss	$ (6,007,523)
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation	923,395
Changes in operating assets and liabilities	
Accounts receivable, net	(7,539,145)
Prepaid expenses	(501,563)
Other current assets	6,135
Other assets	(47,346)
Accounts payable	2,081,972
Accrued expenses	(264,980)
Deferred revenue	9,778,571
Deferred rent	34,579
Net cash used in operating activities	(1,535,905)
Cash flows from investing activities	
Related party receivable	24,000
Acquisition of property and equipment	(398,043)
Net cash used in investing activities	(374,043)
Cash flows from financing activities	
Bank overdrafts	334,364
Distribution to shareholder	(4,185)
Principal borrowings on term loan	853,094
Principal payments on term loan	(500,094)
Principal payments on capital lease obligation	(60,576)
Principal borrowings on note payable - related party	900,000
Net cash provided by financing activities	1,522,603
Net decrease in cash and cash equivalents	(387,345)
Cash and cash equivalents, beginning of period	387,345
Cash and cash equivalents, end of period	—
Supplemental disclosures of cash flow information	
Cash paid for interest	$ 50,166

The accompany notes are an integral part of these financial statements

1. Organization

ISCS, Inc. (the "Company"), a California S-corporation, was incorporated on July 18, 1994. The Company provides a technology platform which consists of three key elements: a cloud-based insurance processing platform, business intelligence and analytics, and digital engagement. The platform can be implemented as an enterprise system or with modules from other vendors for separate functionality. The Company supports the core insurance operations, including underwriting and policy administration, claims management and billing. The Company's customers include property and casualty insurance organizations.

2. Summary of Significant Accounting Policies

Cash equivalents

The Company considers all highly liquid debt instruments purchased with original maturity of three months or less to be cash equivalents.

Accounts receivable and allowance for doubtful accounts

Accounts receivable are presented net of an allowance for doubtful accounts. The Company evaluates the collectability of its accounts receivable on a regular basis based on the Company's historical losses and existing economic conditions. The allowance for doubtful accounts was $322,498 as of December 31, 2016.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Property and equipment under capital leases are stated at the present value of minimum lease payments. Depreciation on property and equipment is calculated on a straight-line basis over the estimated useful lives of the assets, typically three years. Leasehold improvements are amortized over the shorter of the asset life or remaining lease term. Improvements are capitalized while repairs and maintenance are charged to expense in the period incurred.

Impairment of long-lived assets

The Company reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable. If such review indicates that the carrying amount of long-lived assets is not recoverable, the carrying amount is reduced to fair value. In addition to the recoverability assessment, the Company routinely reviews the remaining estimated useful lives of its long-lived assets. Any reduction in the useful life assumption will result in increased depreciation and amortization expense in the period when such determination is made, as well as in subsequent periods. There was no impairment of long-lived assets or changes in estimated useful lives during 2016.

Revenue recognition

The Company derives its revenue from the licensing and implementation of software solutions and associated software maintenance and support. While the Company offers its platform as an on-premise solution, its managed Software-as-a-Service (SaaS) solution enables the Company to offer and manage multiple services and eliminates the need for customers to host the Company's solutions on-premises. The Company's arrangements with customers typically include: (a) license fee paid for the use of software solutions in perpetuity, implementation and training services (b) maintenance and support fees related to technical support and software updates and (c) managed SaaS.

License

The Company derives its license revenue from the sale of perpetual licenses. The Company evaluates the nature and scope of professional services for each arrangement and if it determines that the professional services revenue should not be accounted for separately from license revenue, the license revenue is recognized together with the professional services revenue using the zero gross margin method, where revenues recognized are limited to the costs incurred for the implementation services.

Professional Services

In cases where professional services are deemed to have significant customization of the software, the entire arrangement is accounted for using contract accounting until the essential services are complete. If reliable estimates of total project costs can be made, the Company applies the percentage-of-completion method whereby 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 generally billed monthly on a time and material basis. The fees related to the maintenance are recognized over the period the maintenance is provided.

If reliable estimates of total project costs cannot be made or vendor-specific objective evidence ("VSOE") for maintenance has not been established 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. When zero gross margin method is applied for lack of reliable project estimates and subsequently project estimates become reliable, the Company switches to the percentage-of-completion method, 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.

Managed SaaS

SaaS revenue derives from onsite management and hosting of client data and is earned based on total premium written of each customer. The Company recognizes revenue when (1) the Company enters into a legally binding arrangement with a customer; (2) the Company delivers the services; (3) the sale price is fixed or determinable and free of contingencies or significant uncertainties; and (4) collection is probable.

Maintenance and Support

Maintenance and support revenue includes post-implementation customer support and the right to unspecified software updates and enhancements on a when and if available basis. The Company recognizes revenue from maintenance arrangements ratably over the period in which the services are provided.

Deferred revenue

Deferred revenue is comprised of unamortized license, professional service and maintenance revenue as of December 31, 2016.

Income taxes

The Company is a qualified S-corporation subsidiary wholly owned by Power Management Group, Inc. ("PMG"), a California S-corporation. The taxable earnings of the Company are therefore included in the income tax returns of PMG and passed through to its shareholders. Accordingly, no provision has been made for the effect of federal income taxes in these financial statements except for the minimum corporate tax imposed on S-corporations in California of $800. Deferred tax assets and liabilities are not considered material to the financial statements and have not been recorded. The Company's Federal and State tax filings remain open for examination for the years from 2013 to 2016, respectively.

The Company has evaluated its current tax positions and has concluded that as of December 31, 2016, the Company does not have any significant uncertain tax positions for which it is more likely-than-not to result in a tax liability to the Company.

Concentration

Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and accounts receivables. Cash on deposit with financial institutions may, at times, exceed federally insured limits. Management believes that these financial institutions are financially sound and, accordingly, minimal credit risk exists.

Accounts receivable

Significant portions of the Company's receivables are derived from a few customers. During 2016, 59% of accounts receivable were attributed to two customers.

Use of estimates

The preparation of the financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the provisions required for non-collectible accounts receivable, the estimate of the carrying amount of property and equipment and the estimates surrounding the zero gross margin revenue recognition policy. Actual results could differ from those estimates.

3. Property and Equipment, Net

Property and equipment consist of the following at December 31, 2016:

Computer equipment	$	3,405,480
Software		568,624
Furniture and fixtures		163,835
Leasehold improvements		106,185
Total property and equipment		4,244,124
Less: accumulated depreciation and amortization		3,191,224
Total property and equipment, net	$	1,052,900

Depreciation expense totaled $923,395 for the year ended December 31, 2016. Included in computer equipment are assets purchased under capital leases with total net book value of $60,598 at December 31, 2016. Amortization of assets held under capital leases is included with depreciation expense.

4. Debt

Term loan

On June 29, 2016, the Company amended their existing revolving line of credit facility with an outstanding balance of $853,094. The Company converted the revolving facility to a term loan requiring twelve equal installment payments with a new maturity date of May 31, 2017, at which time all unpaid principal, interest and fees are due and payable in full. As of December 31, 2016, $353,000 was outstanding under this agreement.

Note payable - related party

The shareholders of PMG, which is the sole shareholder of the Company, are also minority shareholders in SureProducts Insurance Agency ("SPIA"). On February 17, 2016, the Company entered into a promissory note agreement with SPIA in the amount of $1,000,000 with an interest rate of 7.5% at December 31, 2016. Payments are due in monthly installments of interest only until the maturity of the note on March 17, 2017 at which time all unpaid principal and interest are due and payable in full. At December 31, 2016, $900,000 of principal and $52,971 of accrued interest was outstanding under this note.

Capital lease obligations

The Company has entered into a capital lease for the purchase of equipment. This capital lease obligation has an effective interest rate of 3.5% and expires on December 31, 2017. At
December 31, 2016, $62,636 was outstanding under this capital lease obligation.

Future minimum payments for this capital lease at December 31, 2016 is as follows:

Year Ending December 31,		
2017	$	63,778
Less amounts representing interest		(1,142)
Present value of minimum lease payments		62,636
Less current portion		(62,636)
Long-term capital lease obligation	$	—

Capital lease payments including interest totaled $63,778 for the year ended December 31, 2016.

5. Commitments and Contingencies

Operating lease commitments

The Company leases several facilities under long-term non-cancelable agreements. In the normal course of business, it is expected that its leases will be renewed or replaced by leases on other properties.

Future minimum lease payments under all non-cancelable operating leases are as follows:

2017	$	451,657
2018		468,131
2019		394,160
2020		208,098
2021		310,011
Total	$	1,832,057

Rental expenses for the year ended December 31, 2016 totaled $1,039,237.

Legal proceedings

The Company may from time to time be involved in various legal actions in the normal course of business. It is management's opinion that the resolution of such matters relating to litigation is either covered by insurance or will not have a material adverse impact on the financial position or results of operations of the Company.

6. Retirement Plan

The Company sponsors a 401(k) defined contribution plan covering eligible employees who elect to participate. Employees contribute to the Plan at their discretion, not to exceed the annual limit established by the Internal Revenue Code. Employee contributions fully vest at the time contributions are made while employer contributions vest over a five year period. The Company's matching contribution was $632,643 in 2016.

During 2016, the Plan went through a voluntary correction regarding excess employer contributions made for the Plan years 2008 through 2015. These excess contributions in the amount of $440,548 remain in the Plan as forfeitures. Per the Plan document, forfeitures may be used to defray Plan administrative expenses or can be applied to reduce future employer contributions.

7. Related Party Transactions

SPIA

The Company provides hosting and fulfillment services to SPIA. The Company received $245,143 during 2016 for these services. Amounts payable to SPIA as of December 31, 2016 were $119,019. There were no amounts due from SPIA as of December 31, 2016.

On December 1, 2016, the Company and SPIA entered into an agreement that provides SPIA a perpetual license to the Company's proprietary software for a one-time fee of $500,000 and hosting services for a minimum term of five years. Revenue associated with the agreement will be earned ratably over the term of the hosting agreement until all elements of the contract have been delivered. For the year ending December 31, 2016, $8,333 was included in license revenue on the statement of operations. As of December 31, 2016 $491,667 was included in deferred revenue on the balance sheet.

PMG

On December 31, 2015, PMG, which is the sole shareholder of the Company, entered into a note agreement with one of its shareholders, and subsequently transferred the receivable to the Company. The note bears an interest rate of 2%, which is due and accrued on an annual basis. Principal payments of $1,000 are due semi-monthly until the loan is fully repaid. The amount outstanding on this note receivable at December 31, 2016 is $239,935.

8. Sales Tax Liability

The Company has historically treated all revenue as either California based or out of state and has been compliant in the filing of all California quarterly sales tax returns since inception. During 2015, the Company determined that other states in which the Company provided services, had similar filing requirements and has begun a voluntary correction, with a lookback period between three to ten years, with each of the various states. As part of this voluntary correction, the Company identified multiple clients had either self-reported the sales tax or had a tax exempt status in their respective state. For those clients that either did not self-report or have a tax exempt status, the Company has accrued for an estimated tax liability in the amount of $1,555,875 as of December 31, 2016, which is included in accrued expenses on the balance sheet.

Under the contractual terms of each client sales agreement, the Company's clients are responsible for their associated sales tax and the Company recorded an initial receivable in the amount of $1,070,728 as of December 31, 2015. As the collectability of these receivables were not reasonably assured, the Company recorded an allowance against the full amount at December 31, 2015.

During 2016, $991,535 of the sales tax receivable was recovered and is included in other income on the statement of operations. At December 31, 2016 the remaining sales tax receivable of $79,193 was outstanding and included in accounts receivable on balance sheet. As the collectability of these receivables are not reasonably assured, the Company has recorded an allowance against the full amount at December 31, 2016.

9. Liquidity

The Company has sustained significant losses from operations since its inception. At December 31, 2016, the Company has an accumulated deficit of $35,547,367, has negative cash flows from operations the past several years, and has no cash on hand.

Management will continue to monitor the Company’s cash position carefully and evaluate its future operating cash requirements with respect to its strategy, business objectives and performance. Management has entered into an agreement with Guidewire Software, Inc. (Note 10) where the Company will be acquired in 2017, which will address any concerns over liquidity.

10. Subsequent Events

The Company has evaluated subsequent events through January 31, 2017, the date which the financial statements were available to be issued, noting the following subsequent event:

On December 18, 2016, Guidewire Software, Inc., ("Guidewire"), and Igloo Acquisition Sub, Inc., a California corporation and wholly owned subsidiary of Guidewire (the "Merger Sub"), entered into an Agreement and Plan of Merger (the "Merger Agreement") with Power Management Group, Inc., a California corporation ("Seller"), and ISCS, Inc., a California corporation and wholly owned subsidiary of Seller (the "Company"). Pursuant to the Merger Agreement, the Merger Sub will merge with and into the Company on or around February 15, 2017, with the Company continuing as the surviving corporation and becoming a wholly owned subsidiary of Guidewire.

The aggregate consideration payable in exchange for all of the outstanding equity interests of the Company is approximately $160 million in cash. The consideration is subject to adjustment based on (i) working capital adjustment provisions, (ii) the amount of any Company transaction expenses, indebtedness or other transaction related payments that remain unpaid as of the closing of the acquisition and (iii) indemnification obligations of the Seller and the key stakeholders after the closing of the acquisition.

Exhibit 99.2

GUIDEWIRE SOFTWARE, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On February 16, 2017 (the "Acquisition Date"), pursuant to the Agreement and Plan of Merger entered into on December 18, 2016, Guidewire Software, Inc., a Delaware corporation (hereinafter referred to as "Guidewire", "the Company", "we," "our," "us" and similar terms unless the context indicates otherwise) completed its acquisition of ISCS, Inc., a California Subchapter S Corporation (“ISCS”) (the “Acquisition”). The following unaudited pro forma condensed combined financial information presents the historical condensed combined financial statements of Guidewire and ISCS after giving effect to Guidewire's acquisition of ISCS based on the assumptions, reclassifications and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined balance sheet as of October 31, 2016 is presented as if the Acquisition occurred on October 31, 2016. The unaudited pro forma condensed combined statements of income for the three months ended October 31, 2016 and for the year ended July 31, 2016 are presented as if the Acquisition occurred on August 1, 2015, the first day of our 2016 fiscal year.

The unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of Regulation S-X. The unaudited pro forma adjustments reflecting the Acquisition have been prepared in accordance with business combination accounting guidance as provided in Accounting Standards Codification 805, Business Combinations, and reflect the preliminary allocation of the purchase price to the acquired assets and assumed liabilities based upon a preliminary estimate of fair values, using available information and the assumptions set forth in the notes to the unaudited pro forma condensed combined financial information. These preliminary values may change in future reporting periods upon finalization of the valuation, which will occur no later than the third quarter of fiscal 2018.

The unaudited pro forma condensed combined financial information included herein was derived from our historical consolidated financial statements. We have a fiscal year end of July 31 whereas ISCS has historically had a December 31 fiscal year end. In order to conform the ISCS historical financial information to our fiscal periods, the ISCS historical financial information included herein is derived from the ISCS historical results as of and for the three months ended October 31, 2016 and for the twelve months ended July 31, 2016. Additionally, we have reclassified certain line items within the ISCS historical financial information to conform to the presentation of our consolidated financial statements.

The historical condensed combined financial information has been adjusted to give effect to pro forma events that are (1) directly attributable to the Acquisition, (2) factually supportable, and (3) with respect to the unaudited pro forma condensed combined statements of income, expected to have a continuing impact on the combined results. The unaudited pro forma condensed combined financial information should be read in conjunction with the Company's historical consolidated financial statements included in the Company's Annual Report on Form 10-K as of and for the year ended July 31, 2016, Quarterly Report on Form 10-Q as of and for the quarterly period ended October 31, 2016, and the historical financial statements of ISCS as of and for the year ended December 31, 2016 contained in this Form 8-K/A.

The unaudited pro forma adjustments are not necessarily indicative of or intended to represent the results that would have been achieved had the Acquisition been consummated as of the dates indicated or that may be achieved in the future. The actual results reported by the combined company in periods following the Acquisition may differ significantly from those that are reflected in the unaudited pro forma condensed combined financial information for a number of reasons, including the effects of applying final purchase accounting and the incremental costs incurred to integrate the two companies.

GUIDEWIRE SOFTWARE, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS
AS OF OCTOBER 31, 2016
(in thousands)

	Historical				
	Guidewire (As reported)	ISCS (As adjusted)	Pro Forma Adjustments		Pro Forma Combined
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 131,063	$ —	$ (111,683)	(a)(l)	$ 19,380
Short-term investments	399,279	—	(25,524)	(a)	373,755
Accounts receivable	55,132	6,099	—		61,231
Prepaid expenses and other current assets	20,019	1,078	1,847	(b)	22,944
Total current assets	605,493	7,177	(135,360)		477,310
Long-term investments	155,856	—	(18,478)	(a)	137,378
Property and equipment, net	13,010	1,212	(545)	(c)	13,677
Intangible assets, net	28,166	—	53,800	(d)	81,966
Deferred tax assets, net	45,571	—	128	(f)	45,699
Goodwill	46,343	—	96,178	(e)	142,521
Other assets	8,955	377	(252)	(g)	9,080
TOTAL ASSETS	$ 903,394	$ 8,766	$ (4,529)		$ 907,631
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Accounts payable	$ 10,566	$ 4,721	$ (4,721)	(h)	$ 10,566
Accrued employee compensation	19,594	1,574	(1,574)	(h)	19,594
Deferred revenues, current	63,023	10,925	(9,427)	(i)	64,521
Other current liabilities	6,887	5,510	(2,151)	(h)(j)	10,246
Total current liabilities	100,070	22,730	(17,873)		104,927
Deferred revenues, noncurrent	5,788	24,645	(24,492)	(i)	5,941
Other liabilities	3,317	63	(63)	(h)	3,317
Total liabilities	109,175	47,438	(42,428)		114,185
STOCKHOLDERS' EQUITY:					
Common stock	7	—	—		7
Additional paid-in capital	761,906	(3,526)	3,526	(k)	761,906
Accumulated other comprehensive loss	(7,667)	—	—		(7,667)
Retained earnings	39,973	(35,146)	34,373	(k)(l)	39,200
Total stockholders' equity	794,219	(38,672)	37,899		793,446
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 903,394	$ 8,766	$ (4,529)		$ 907,631

GUIDEWIRE SOFTWARE, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED OCTOBER 31, 2016
(in thousands, except share and per share amounts)

	Historical			
	Guidewire (As reported)	ISCS (As adjusted)	Pro Forma Adjustment	Pro Forma Combined
Revenues:				
License and other	$ 38,721	$ 916	$ (907) (m)	$ 38,730
Maintenance	16,532	692	(178) (m)	17,046
Services	38,874	11,141	(563) (m)	49,452
Total revenues	94,127	12,749	(1,648)	105,228
Cost of revenues:				
License and other	2,430	87	2,706 (p)	5,223
Maintenance	3,325	—	—	3,325
Services	36,264	9,161	123 (o)(q)	45,548
Total cost of revenues	42,019	9,248	2,829	54,096
Gross profit:				
License and other	36,291	829	(3,613)	33,507
Maintenance	13,207	692	(178)	13,721
Services	2,610	1,980	(686)	3,904
Total gross profit	52,108	3,501	(4,477)	51,132
Operating expenses:				
Research and development	30,750	2,411	243 (o)(q)	33,404
Sales and marketing	25,500	1,115	437 (o)(p)	27,052
General and administrative	14,160	1,883	(433) (n)(o)(q)	15,610
Total operating expenses	70,410	5,409	247	76,066
Loss from operations	(18,302)	(1,908)	(4,724)	(24,934)
Interest income (expense), net	1,342	(43)	—	1,299
Other income (expense), net	(681)	66	—	(615)
Loss before income taxes	(17,641)	(1,885)	(4,724)	(24,250)
Benefit from income taxes	(9,783)	—	(2,475) (r)	(12,258)
Net loss	$ (7,858)	$ (1,885)	$ (2,249)	$ (11,992)
Net loss per share:				
Basic	$ (0.11)			$ (0.16)
Diluted	$ (0.11)			$ (0.16)
Shares used in computing net loss per share:				
Basic	73,293,467			73,293,467
Diluted	73,293,467			73,293,467

GUIDEWIRE SOFTWARE, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
FOR THE YEAR ENDED JULY 31, 2016
(in thousands, except share and per share amounts)

	Historical			
	Guidewire (As reported)	ISCS (As adjusted)	Pro Forma Adjustment	Pro Forma Combined
Revenues:				
License and other	$ 219,751	$ 3,827	$ (3,512) (m)	$ 220,066
Maintenance	59,931	2,351	(617) (m)	61,665
Services	144,764	38,096	(2,160) (m)	180,700
Total revenues	424,446	44,274	(6,289)	462,431
Cost of revenues:				
License and other	7,184	157	10,825 (p)	18,166
Maintenance	11,547	—	—	11,547
Services	133,103	31,685	485 (o)(q)	165,273
Total cost of revenues	151,834	31,842	11,310	194,986
Gross profit:				
License and other	212,567	3,670	(14,337)	201,900
Maintenance	48,384	2,351	(617)	50,118
Services	11,661	6,411	(2,645)	15,427
Total gross profit	272,612	12,432	(17,599)	267,445
Operating expenses:				
Research and development	112,496	10,070	952 (o)(q)	123,518
Sales and marketing	92,765	5,181	1,749 (o)(p)	99,695
General and administrative	50,914	8,018	(171) (n)(o)(q)	58,761
Total operating expenses	256,175	23,269	2,530	281,974
Income (loss) from operations	16,437	(10,837)	(20,129)	(14,529)
Interest income (expense), net	4,850	(50)	—	4,800
Other income (expense), net	(505)	70	—	(435)
Income (loss) before income taxes	20,782	(10,817)	(20,129)	(10,164)
Provision for (benefit from) income taxes	5,806	—	(11,593) (r)	(5,787)
Net income (loss)	$ 14,976	$ (10,817)	$ (8,536)	$ (4,377)
Net income (loss) per share:				
Basic	$ 0.21			$ (0.06)
Diluted	$ 0.20			$ (0.06)
Shares used in computing net income (loss) per share:				
Basic	72,026,694			72,026,694
Diluted	73,765,960			72,026,694

GUIDEWIRE SOFTWARE, INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. BASIS OF PRO FORMA PRESENTATION

The historical financial information has been adjusted to give pro forma effect to events that are: (a) directly attributable to the Acquisition, (b) factually supportable, and (c) with respect to the unaudited pro forma condensed combined statements of income, expected to have a continuing impact on the combined results. The unaudited pro forma adjustments are preliminary and based on estimates of the fair value and useful lives of the assets acquired and liabilities assumed, and have been prepared to illustrate the estimated effect of the Acquisition. The final determination of the purchase price allocation will be based on the final valuation of the fair values of assets acquired and liabilities assumed.

The unaudited pro forma condensed combined financial information as of and for the three months ended October 31, 2016 and for the year ended July 31, 2016 were derived from the unaudited condensed consolidated financial statements from Guidewire's Quarterly Report on Form 10-Q for the three months ended October 31, 2016 and the audited consolidated financial statements from Guidewire's Annual Report on Form 10-K for the year ended July 31, 2016, respectively. ISCS historical financial information was derived from the unaudited ISCS historical results as of and for the three months ended October 31, 2016 and for the year ended July 31, 2016. Additionally, we have reclassified certain line items within the ISCS historical financial information to conform to the presentation of our consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited pro forma condensed combined financial information has been compiled using the significant accounting policies as set forth in our audited consolidated financial statements for the year ended July 31, 2016. Based on the procedures performed to date, the accounting policies of ISCS are similar in most material respects to those of ours. As more information becomes available, we will complete a more detailed review of the ISCS accounting policies. As a result of that review, differences could be identified between the accounting policies of the two companies that, when conformed, could have a material impact on the combined financial statements.

3. PRELIMINARY PURCHASE CONSIDERATION AND PURCHASE PRICE ALLOCATION

The gross purchase price of the Acquisition was $160 million, subject to certain adjustments including a net working capital adjustment. These adjustments reflected herein to determine the purchase consideration are preliminary and may change as the Company finalizes these adjustments during the measurement period based on new information as it becomes available. The preliminary purchase consideration is $154.9 million.

The Acquisition was accounted for as a business combination. As part of the preliminary purchase price allocation, the Company determined that ISCS's separately identifiable intangible assets were developed technology, customer contracts and related relationships, and order backlog. The Company utilized the discounted cash flow methodology and the profit allocation methodology under the income approach to estimate the fair values of the intangible assets. The Company used the cost build-up approach to estimate the fair value of deferred revenue by estimating the costs related to fulfilling the obligation plus an additional markup for an assumed operating margin to reflect the profit a third party would expect to realize on the costs incurred. These fair value measurements were based on significant inputs that were not observable in the market and thus represents a Level 3 measurement. The valuation models were based on estimates of future operating projections of ISCS and rights to sell new products containing the acquired technology as well as judgments on the discount rates used and other variables. The Company developed forecasts based on a number of factors including future revenue and operating cost projections, a discount rate that is representative of the weighted average cost of capital, in addition to royalty and long-term sustainable growth rates based on a market analysis. The Company is amortizing the acquired intangible assets over their estimated useful lives as set forth in the table below.

The allocation of the purchase consideration is preliminary pending the final valuation of intangible and tangible assets acquired and liabilities assumed and is therefore subject to potential future measurement period adjustments. The preliminary allocation of the purchase consideration is as follows:

		Preliminary Purchase Price Allocation	Estimated Useful Lives
		(in thousands)	(in years)
Acquired assets, net of assumed liabilities	$	4,806	
Developed technology		43,300	4
Customer contracts and related relationships		7,000	9
Order backlog		3,500	4
Deferred tax assets		128	
Goodwill		96,178	
Total preliminary purchase consideration	**$**	**154,912**	

The goodwill of $96.2 million arising from the Acquisition consists largely of the acquired workforce, the expected company-specific synergies and the opportunity to expand the Company's customer base. The goodwill recognized is expected to be deductible for income tax purposes.

4. UNAUDITED PRO FORMA ADJUSTMENTS

The following is a description of the unaudited pro forma adjustments reflected in the unaudited pro forma condensed combined financial statements:

Adjustments to the unaudited pro forma condensed combined balance sheet as of October 31, 2016 (in thousands):

(a) To record the liquidation of $25,524 of short-term investments, $18,478 of long-term investments and $110,910 reduction in cash and cash equivalents used to fund the Acquisition for total consideration paid of $154,912.

(b) To record an indemnification asset of $1,847 related to amounts held in escrow for the settlement of certain ISCS pre-acquisition state sales tax liabilities.

(c) To record the fair value adjustment of ($545) to ISCS depreciable property and equipment.

(d) To record the estimated fair value of acquired intangible assets as set forth below:

Developed technology	$	43,300
Customer contracts and related relationships		7,000
Order backlog		3,500
Total acquired intangible assets	$	53,800

(e) To record estimated acquired goodwill of $96,178 in connection with the Acquisition.

(f) To record a deferred tax asset of $128 related to the fair value of deferred revenue.

(g) To record the settlement of $252 in ISCS related party receivables.

(h) To record the settlement of certain ISCS obligations per the terms of the Agreement and Plan of Merger as set forth below:

Accounts payable	$	4,721
Accrued employee compensation		1,574
Other current liabilities:		
Related party loan		1,500
Revolving line of credit		563
Other liabilities:		
Capital lease obligation		63
Total settled liabilities	$	8,421

(i) To record the fair value adjustment to deferred revenue, current of ($9,427) and deferred revenue, noncurrent of ($24,492).

(j) To record the write-off of ISCS historical deferred rent of $88.

(k) To record the elimination of ISCS historical equity.

(l) To record $773 of estimated transaction costs incurred and paid subsequent to the balance sheet date.

Adjustments to the unaudited pro forma condensed combined pro forma statements of income for the three months ended October 31, 2016 and for the fiscal year ended July 31, 2016 (in thousands):

(m) To record a reduction in revenue related to the estimated fair value of the acquired deferred revenue:

	Three Months Ended October 31, 2016	Year ended July 31, 2016
License and other	$ (907)	$ (3,512)
Maintenance	(178)	(617)
Service	(563)	(2,160)
Total revenue reduction	$ (1,648)	$ (6,289)

(n) To eliminate acquisition-related transaction costs that were incurred by ISCS and Guidewire during the periods presented:

	Three Months Ended October 31, 2016	Year ended July 31, 2016
General and administrative	$ (432)	$ (167)

(o) To record the estimated stock-based compensation expense related to equity awards granted to employees of ISCS:

	Three Months Ended October 31, 2016	Year ended July 31, 2016
Cost of services revenues	$ 216	$ 855
Research and development	283	1,104
Sales and marketing	24	96
General and administrative	13	51
Total stock-based compensation expense	$ 536	$ 2,106

(p) To record the estimated amortization expense related to the intangible assets acquired utilizing the estimated useful lives as set forth in Note 3:

	Three Months Ended October 31, 2016	Year ended July 31, 2016
Cost of license revenues	$ 2,706	$ 10,825
Sales and marketing	413	1,653
Total amortization adjustment	$ 3,119	$ 12,478

(q) To record the estimated decrease in depreciation expense related to the reduction in property and equipment acquired:

	Three Months Ended October 31, 2016	Year ended July 31, 2016
Cost of services revenues	$ (93)	$ (370)
Research and development	(40)	(152)
General and administrative	(14)	(55)
Total amortization adjustment	$ (147)	$ (577)

(r) To record the tax effects of the unaudited pro forma adjustments and to reflect ISCS as a C Corporation calculated at the statutory tax rate for each period presented:

	Three Months Ended October 31, 2016	Year ended July 31, 2016
Provision for (benefit from) income taxes	$ (2,475)	$ (11,593)