

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

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**FORM 8-K**

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**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported): September 3, 2013**

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**Guidewire Software, Inc.**

**(Exact name of registrant as specified in its charter)**

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**Delaware**

**(State or other jurisdiction of  
incorporation)**

**001-35394**

**(Commission File  
Number)**

**36-4468504**

**(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))

**Item 2.02 Results of Operations and Financial Condition.**

On September 3, 2013, Guidewire Software, Inc. (the "Company") issued a press release announcing unaudited financial results for its fourth quarter and fiscal year ended July 31, 2013. A copy of the press release is attached as Exhibit 99.1.

In accordance with General Instruction B.2 on Form 8-K, certain of the information in this Current Report on Form 8-K, including Exhibit 99.1, is being furnished under Item 2.02 and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 ("Exchange Act") or otherwise subject to the liability of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, regardless of the general incorporation language of such filing, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

*(d) Exhibits.*

| <b>Exhibit No.</b> | <b>Description of Exhibits</b>  |
|--------------------|---|
| 99.1               | Press release dated September 3, 2013, titled "Guidewire Software Announces Fourth Quarter and Fiscal 2013 Financial Results" |



## EXHIBIT INDEX

| Exhibit No. | Description of Exhibits   |
|-------------|---|
| 99.1        | Press release dated September 3, 2013, titled "Guidewire Software Announces Fourth Quarter and Fiscal 2013 Financial Results" |

## Guidewire Software Announces Fourth Quarter and Fiscal 2013 Financial Results

**Foster City, CA - September 3, 2013** - Guidewire Software, Inc. (NYSE: GWRE), a provider of software products for property and casualty insurers, today announced its financial results for the fiscal quarter and fiscal year ended July 31, 2013.

“Revenue and profitability exceeded our expectations in the fourth quarter, contributing to full year revenue growth of 30% and trailing twelve month recurring revenue growth of 44%,” said Marcus Ryu, Chief Executive Officer of Guidewire Software. “Investments in sales, delivery and new products helped us to advance our market leadership position in fiscal 2013 by expanding our customer base, including several key Tier 1 wins and our 50<sup>th</sup> PolicyCenter customer. We also achieved more multi-product and Suite transactions than last year and achieved the milestone of bringing our 100<sup>th</sup> customer into live production.”

Ryu added, “We believe it is still early days in the global P/C insurance industry's generational transition from decades-old legacy systems to flexible, upgradeable platforms for their core operations. We plan to continue to invest in expanding both our product and sale capabilities in fiscal 2014 to capitalize on this significant opportunity.”

### Fourth Quarter Fiscal 2013 Financial Highlights

#### Revenue

- Total revenue for the fourth quarter of fiscal 2013 was \$96.9 million, an increase of 43% from the comparable period in fiscal 2012.
- Total license revenue, including term and perpetual licenses, for the fourth quarter of fiscal 2013 was \$49.1 million, an increase of 70% from the comparable period in fiscal 2012. Recurring term license revenue was \$44.9 million, a 64% increase from a year ago and revenue from perpetual licenses was \$4.2 million compared with \$1.6 million a year ago. Maintenance revenue was \$9.9 million, up 26% from the comparable period in fiscal 2012, and services revenue was \$38.0 million, up 23% from the comparable period in fiscal 2012.
- Rolling four-quarter recurring term license and maintenance revenue was \$150.4 million, an increase of 44% from the comparable period in fiscal 2012.

#### Profitability

- GAAP operating income was \$16.2 million for the fourth quarter of fiscal 2013, compared to \$5.3 million in the comparable period in fiscal 2012.
- Non-GAAP operating income was \$26.5 million for the fourth quarter of fiscal 2013, compared to \$9.6 million in the comparable period in fiscal 2012.
- Adjusted EBITDA was \$27.8 million for the fourth quarter of fiscal 2013, compared to \$10.4 million in the comparable period in fiscal 2012.
- GAAP net income was \$12.1 million for the fourth quarter of fiscal 2013, compared to \$3.5 million for the comparable period in fiscal 2012. GAAP earnings per share was \$0.19, based on diluted weighted average shares outstanding of 62.5 million, compared to \$0.06 for the comparable period in fiscal 2012, based on diluted weighted average shares outstanding of 61.2 million.
- Non-GAAP net income was \$15.6 million for the fourth quarter of fiscal 2013, compared to \$6.4 million in the comparable period in fiscal 2012. Non-GAAP net income per diluted share was \$0.25, based on diluted weighted average shares outstanding of 62.5 million, compared to \$0.10 for the fourth quarter of fiscal 2012, based on diluted weighted average shares outstanding of 61.2 million.

### Fiscal 2013 Financial Highlights

#### Revenue

- Total revenue for the fiscal year ended July 31, 2013 was \$300.6 million, an increase of 30% from fiscal 2012.
- License revenue for fiscal 2013 was \$123.6 million, an increase of 27% from fiscal 2012. Recurring term license revenue was \$112.9 million, a 51% increase from a year ago and revenue from perpetual licenses was \$10.7 million compared with \$22.3 million a year ago. Maintenance revenue was \$37.6 million, an increase of 27% from the year ago period, and services revenue was \$139.5 million, an increase of 32% from the year ago period.
- In fiscal 2013, 57% of total revenue was in the United States, and 43% was generated outside the United States.

### **Profitability**

- GAAP operating income was \$16.8 million for fiscal 2013, compared to \$23.6 million in fiscal 2012.
- Non-GAAP operating income was \$55.6 million for fiscal 2013, an increase of 33% from fiscal 2012.
- Adjusted EBITDA was \$60.1 million for fiscal 2013, an increase of 34% from fiscal 2012.
- GAAP net income was \$15.4 million for fiscal 2013, compared to \$15.2 million for fiscal 2012. GAAP earnings per diluted share was \$0.25, based on diluted weighted average shares outstanding of 61.9 million, compared to \$0.25 in fiscal 2012, based on diluted weighted average shares outstanding of 41.5 million.
- Non-GAAP net income was \$38.5 million in fiscal 2013, an increase of 42% from fiscal 2012. Non-GAAP earnings per diluted share was \$0.62, based on diluted weighted average shares outstanding of 61.9 million, compared to \$0.50 in fiscal 2012, based on pro forma diluted weighted average shares outstanding of 53.8 million.

### **Balance Sheet**

- The Company had \$207.7 million in cash, cash equivalents and investments at July 31, 2013, compared to \$203.6 million at April 30, 2013. The Company generated \$24.4 million in cash flow from operations in the fourth quarter, compared to \$19.1 million in the comparable period in fiscal 2012. The Company generated \$32.5 million in cash flow from operations in fiscal 2013, compared to \$17.1 million in the comparable period in fiscal 2012.

### **Conference Call Information**

What: Guidewire Software fourth quarter fiscal 2013 financial results conference call  
When: Tuesday, September 3, 2013  
Time: 2:00 p.m. PT (5:00 p.m. ET)  
Live Call: (877) 852-6575, domestic  
(719) 325-4816, international  
Replay: (877) 870-5176, passcode 3709788, domestic  
(858) 384-5517, passcode 3709788, international  
Webcast: <http://ir.guidewire.com> (live and replay)

The webcast will be archived on Guidewire's website for a period of three months.

### **Non-GAAP Financial Measures**

This press release contains the following non-GAAP financial measures: Non-GAAP operating income, Adjusted EBITDA, Non-GAAP net income and Non-GAAP earnings per share.

Guidewire believes that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to Guidewire's financial condition and results of operations. The Company's management uses these non-GAAP measures to compare the company's performance to that of prior periods for trend analyses, for purposes of determining executive and senior management incentive compensation and for budgeting and planning purposes. The Company believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing the Company's financial measures with other software companies, many of which present similar non-GAAP financial measures to investors.

Management of the Company does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in the Company's financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which expenses and income are excluded or included in determining these non-GAAP financial measures. In order to compensate for these limitations, management presents non-GAAP financial measures in connection with GAAP results. Guidewire urges investors to review the reconciliation of its non-GAAP financial measures to the comparable GAAP financial measures, which it includes in press releases announcing quarterly financial results, including this press release, and not to rely on any single financial measure to evaluate the Company's business.

Reconciliation tables of the most comparable GAAP financial measures to the non-GAAP financial measures used in this press release are included with the financial tables at the end of this release.

### **About Guidewire Software**

Guidewire Software is a provider of software products for Property/Casualty insurers. Designed to be flexible and scalable, Guidewire products enable insurers to deliver excellent service, increase market share and lower operating costs. Guidewire products include Guidewire InsuranceSuite™, consisting of Guidewire PolicyCenter®, Guidewire ClaimCenter® and Guidewire BillingCenter® which span the core functional areas in insurance; Guidewire LiveSM, a cloud-based network

connecting peer insurers, core system data and expert tools through instant on apps; Guidewire DataHub™ and Guidewire InfoCenter™ which help insurers address their data management and business intelligence challenges. Guidewire is headquartered in Foster City, California, with offices in Beijing, Dublin, Hong Kong, London, Munich, Paris, Sydney, Tokyo, Toronto and Warsaw. For more information, please visit [www.guidewire.com](http://www.guidewire.com).

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### **Cautionary Language Concerning Forward-Looking Statements**

This press release contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, statements regarding our market positioning, future adoption of our products and future investments. These forward-looking statements are made as of the date they were first issued and were based on current expectations, estimates, forecasts and projections as well as the beliefs and assumptions of management. Words such as "expect," "anticipate," "should," "believe," "hope," "target," "project," "goals," "estimate," "potential," "predict," "may," "will," "might," "could," "intend," variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond Guidewire's control. Guidewire's actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to, risks detailed in Guidewire's most recent Forms 10-K and 10-Q filed with the Securities and Exchange Commission as well as other documents that may be filed by the Company from time to time with the Securities and Exchange Commission. In particular, the following factors, among others, could cause results to differ materially from those expressed or implied by such forward-looking statements: the market for our software may develop more slowly than expected or than it has in the past; quarterly and annual operating results may fluctuate more than expected; seasonal and other variations related to our revenue recognition may cause significant fluctuations in our results of operations and cash flows; our reliance 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; 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; the risk of losing key employees; changes in foreign exchange rates; general political or destabilizing events, including war, conflict or acts of terrorism; and other risks and uncertainties. Past performance is not necessarily indicative of future results. The forward-looking statements included in this press release represent Guidewire's views as of the date of this press release. The Company anticipates that subsequent events and developments will cause its views to change. Guidewire undertakes no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These forward-looking statements should not be relied upon as representing Guidewire's views as of any date subsequent to the date of this press release.

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**GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(unaudited, in thousands)

|   | July 31,<br>2013  | July 31,<br>2012  |
|---|-------------------|-------------------|
| <b>ASSETS</b>                                     |                   |                   |
| <b>CURRENT ASSETS:</b>                            |                   |                   |
| Cash and cash equivalents                         | \$ 79,767         | \$ 205,718        |
| Short-term investments                            | 76,932            | —                 |
| Restricted cash, current                          | 167               | 3,726             |
| Accounts receivable                               | 40,885            | 32,313            |
| Deferred tax assets, current                      | 2,897             | 13,442            |
| Prepaid expenses and other current assets         | 9,445             | 7,266             |
| Total current assets                              | 210,093           | 262,465           |
| Long-term investments                             | 51,040            | —                 |
| Property and equipment, net                       | 12,914            | 11,924            |
| Intangible assets, net                            | 6,879             | —                 |
| Deferred tax assets, noncurrent                   | 21,091            | 9,313             |
| Goodwill  | 9,048             | —                 |
| Other assets                                      | 1,205             | 545               |
| <b>TOTAL ASSETS</b>                               | <b>\$ 312,270</b> | <b>\$ 284,247</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>       |                   |                   |
| <b>CURRENT LIABILITIES:</b>                       |                   |                   |
| Accounts payable                                  | \$ 6,517          | \$ 9,781          |
| Accrued employee compensation                     | 26,302            | 26,502            |
| Deferred revenues, current                        | 37,351            | 52,947            |
| Other current liabilities                         | 4,614             | 3,957             |
| Total current liabilities                         | 74,784            | 93,187            |
| Deferred revenues, noncurrent                     | 3,845             | 2,569             |
| Other liabilities                                 | 5,212             | 4,529             |
| Total liabilities                                 | 83,841            | 100,285           |
| <b>STOCKHOLDERS' EQUITY:</b>                      |                   |                   |
| Common stock                                      | 6                 | 5                 |
| Additional paid-in capital                        | 237,769           | 207,624           |
| Accumulated other comprehensive loss              | (1,558)           | (496)             |
| Accumulated deficit                               | (7,788)           | (23,171)          |
| Total stockholders' equity                        | 228,429           | 183,962           |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b> | <b>\$ 312,270</b> | <b>\$ 284,247</b> |



**GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME**

(unaudited, in thousands except share and per share data)

|   | Three Months Ended July 31, |            | Year Ended July 31, |            |
|---|-----------------------------|------------|---------------------|------------|
|   | 2013                        | 2012       | 2013                | 2012       |
| <b>Revenues:</b>                                    |                             |            |                     |            |
| License   | \$ 49,078                   | \$ 28,930  | \$ 123,560          | \$ 97,136  |
| Maintenance   | 9,871                       | 7,858      | 37,561              | 29,538     |
| Services  | 37,961                      | 30,801     | 139,528             | 105,387    |
| Total revenues                                      | 96,910                      | 67,589     | 300,649             | 232,061    |
| <b>Cost of revenues: <sup>(1)</sup></b>             |                             |            |                     |            |
| License   | 484                         | 79         | 920                 | 762        |
| Maintenance   | 2,183                       | 1,515      | 7,613               | 5,288      |
| Services  | 34,139                      | 25,612     | 123,210             | 85,360     |
| Total cost of revenues                              | 36,806                      | 27,206     | 131,743             | 91,410     |
| <b>Gross profit:</b>                                |                             |            |                     |            |
| License   | 48,594                      | 28,851     | 122,640             | 96,374     |
| Maintenance   | 7,688                       | 6,343      | 29,948              | 24,250     |
| Services  | 3,822                       | 5,189      | 16,318              | 20,027     |
| Total gross profit                                  | 60,104                      | 40,383     | 168,906             | 140,651    |
| <b>Operating expenses: <sup>(1)</sup></b>           |                             |            |                     |            |
| Research and development                            | 18,843                      | 14,355     | 66,346              | 50,462     |
| Sales and marketing                                 | 16,621                      | 13,286     | 53,301              | 38,254     |
| General and administrative                          | 8,452                       | 7,474      | 32,414              | 28,336     |
| Total operating expenses                            | 43,916                      | 35,115     | 152,061             | 117,052    |
| Income from operations                              | 16,188                      | 5,268      | 16,845              | 23,599     |
| Interest income, net                                | 139                         | 88         | 498                 | 308        |
| Other expense, net                                  | (27)                        | (257)      | (131)               | (728)      |
| Income before provision for income taxes            | 16,300                      | 5,099      | 17,212              | 23,179     |
| Provision for income taxes                          | 4,195                       | 1,551      | 1,829               | 7,979      |
| Net income  | \$ 12,105                   | \$ 3,548   | \$ 15,383           | \$ 15,200  |
| <b>Earnings per share:</b>                          |                             |            |                     |            |
| Basic   | \$ 0.21                     | \$ 0.07    | \$ 0.27             | \$ 0.29    |
| Diluted   | \$ 0.19                     | \$ 0.06    | \$ 0.25             | \$ 0.25    |
| <b>Shares used in computing earnings per share:</b> |                             |            |                     |            |
| Basic   | 57,646,262                  | 53,965,083 | 56,331,018          | 34,774,983 |
| Diluted   | 62,492,753                  | 61,172,597 | 61,943,087          | 41,509,185 |

<sup>(1)</sup> Amounts include stock-based compensation expense as follows:

|   | Three Months Ended July 31, |          | Year Ended July 31, |           |
|---|-----------------------------|----------|---------------------|-----------|
|   | 2013                        | 2012     | 2013                | 2012      |
| <b>Stock-based compensation expenses:</b> |                             |          |                     |           |
| Cost of maintenance revenues              | \$ 303                      | \$ 108   | \$ 1,217            | \$ 379    |
| Cost of services revenues                 | 3,288                       | 1,093    | 12,493              | 3,741     |
| Research and development                  | 2,587                       | 820      | 9,131               | 3,759     |
| Marketing and sales                       | 1,701                       | 1,007    | 5,970               | 2,936     |
| General and administrative                | 2,090                       | 1,352    | 9,588               | 7,443     |
| Total stock-based compensation expenses   | \$ 9,969                    | \$ 4,380 | \$ 38,399           | \$ 18,258 |

**GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited, in thousands)

|  | Three Months Ended July 31, |                   | Year Ended July 31, |                   |
|--|-----------------------------|-------------------|---------------------|-------------------|
|  | 2013                        | 2012              | 2013                | 2012              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                             |                   |                     |                   |
| Net income   | \$ 12,105                   | \$ 3,548          | \$ 15,383           | \$ 15,200         |
| Adjustments to reconcile net income to net cash provided by operating activities:  |                             |                   |                     |                   |
| Depreciation and amortization  | 1,639                       | 770               | 4,821               | 2,917             |
| Stock-based compensation   | 9,969                       | 4,380             | 38,399              | 18,258            |
| Excess tax benefit from exercise of stock options and vesting of RSUs  | (2,263)                     | (486)             | (2,586)             | (486)             |
| Deferred taxes   | 3,523                       | (255)             | (1,256)             | 5,362             |
| Other noncash items affecting net income   | 282                         | —                 | 554                 | —                 |
| Changes in operating assets and liabilities:   |                             |                   |                     |                   |
| Accounts receivable  | 7,471                       | 3,072             | (8,478)             | (9,325)           |
| Prepaid expenses and other assets  | (3,093)                     | (937)             | (2,690)             | (2,442)           |
| Accounts payable   | (345)                       | 1,583             | 355                 | 1,059             |
| Accrued employee compensation  | 5,213                       | 8,274             | 164                 | 8,246             |
| Other liabilities  | (30)                        | 4,754             | 1,929               | (3,907)           |
| Deferred revenues  | (10,036)                    | (5,593)           | (14,048)            | (17,788)          |
| Net cash provided by operating activities  | 24,435                      | 19,110            | 32,547              | 17,094            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                             |                   |                     |                   |
| Purchases of available-for-sale securities   | (41,522)                    | —                 | (212,035)           | —                 |
| Sales and maturities of available-for-sale securities  | 26,311                      | —                 | 83,567              | —                 |
| Purchase of property and equipment   | (2,167)                     | (3,501)           | (9,228)             | (5,619)           |
| Acquisition, net of cash acquired  | (14,749)                    | —                 | (14,749)            | —                 |
| Decrease in restricted cash  | 12                          | —                 | 3,532               | 2,323             |
| Net cash used in investing activities  | (32,115)                    | (3,501)           | (148,913)           | (3,296)           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |                             |                   |                     |                   |
| Proceeds from issuance of common stock upon exercise of stock options  | 1,159                       | 1,391             | 9,123               | 5,067             |
| Taxes remitted on RSU awards vested  | (5,635)                     | (12,430)          | (20,330)            | (12,430)          |
| Proceeds from issuance of common stock in connection with public offerings, net of underwriting discounts and commission | —                           | —                 | —                   | 143,386           |
| Costs paid in connection with public offerings   | —                           | (920)             | —                   | (3,502)           |
| Excess tax benefit from exercise of stock options and vesting of RSUs  | 2,263                       | 486               | 2,586               | 486               |
| Net cash provided by (used in) financing activities  | (2,213)                     | (11,473)          | (8,621)             | 133,007           |
| Effect of foreign exchange rate changes on cash and cash equivalents   | (870)                       | (268)             | (964)               | (712)             |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>  | <b>(10,763)</b>             | <b>3,868</b>      | <b>(125,951)</b>    | <b>146,093</b>    |
| <b>CASH AND CASH EQUIVALENTS—Beginning of period</b>   | <b>90,530</b>               | <b>201,850</b>    | <b>205,718</b>      | <b>59,625</b>     |
| <b>CASH AND CASH EQUIVALENTS—End of period</b>   | <b>\$ 79,767</b>            | <b>\$ 205,718</b> | <b>\$ 79,767</b>    | <b>\$ 205,718</b> |

**GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES**  
**Reconciliation of GAAP to Non-GAAP Operating Results**  
(unaudited, in thousands)

The following tables reconcile the specific items excluded from GAAP in the calculation of non-GAAP operating results for the periods indicated below:

|  | <b>Three Months Ended July 31,</b> |                    |                  |                 |                    |                 |
|--|------------------------------------|--------------------|------------------|-----------------|--------------------|-----------------|
|  | <b>2013</b>                        |                    |                  | <b>2012</b>     |                    |                 |
|  | <b>GAAP</b>                        | <b>Adjustments</b> | <b>Non-GAAP</b>  | <b>GAAP</b>     | <b>Adjustments</b> | <b>Non-GAAP</b> |
| Total revenues                           | \$ 96,910                          | \$ —               | \$ 96,910        | \$ 67,589       | \$ —               | \$ 67,589       |
| Total cost of revenues (1)               | 36,806                             | (3,912)            | 32,894           | 27,206          | (1,201)            | 26,005          |
| Total gross profit                       | 60,104                             | 3,912              | 64,016           | 40,383          | 1,201              | 41,584          |
| Total operating expenses (1)             | 43,916                             | (6,378)            | 37,538           | 35,115          | (3,179)            | 31,936          |
| <b>Income from operations</b>            | <b>16,188</b>                      | <b>10,290</b>      | <b>26,478</b>    | <b>5,268</b>    | <b>4,380</b>       | <b>9,648</b>    |
| Income before provision for income taxes | 16,300                             | 10,290             | 26,590           | 5,099           | 4,380              | 9,479           |
| Provision for income taxes (2)           | 4,195                              | 6,837              | 11,032           | 1,551           | 1,533              | 3,084           |
| <b>Net income</b>                        | <b>\$ 12,105</b>                   | <b>\$ 3,453</b>    | <b>\$ 15,558</b> | <b>\$ 3,548</b> | <b>\$ 2,847</b>    | <b>\$ 6,395</b> |

(1) Adjustments relate to amortization of acquired intangibles and stock-based compensation recognized during the period for GAAP purposes.

(2) Adjustment reflects the tax benefit resulting from all non-GAAP adjustments.

|  | <b>Year Ended July 31,</b> |                    |                  |                  |                    |                  |
|--|----------------------------|--------------------|------------------|------------------|--------------------|------------------|
|  | <b>2013</b>                |                    |                  | <b>2012</b>      |                    |                  |
|  | <b>GAAP</b>                | <b>Adjustments</b> | <b>Non-GAAP</b>  | <b>GAAP</b>      | <b>Adjustments</b> | <b>Non-GAAP</b>  |
| Total revenues                           | \$ 300,649                 | \$ —               | \$ 300,649       | \$ 232,061       | \$ —               | \$ 232,061       |
| Total cost of revenues (1)               | 131,743                    | (14,031)           | 117,712          | 91,410           | (4,120)            | 87,290           |
| Total gross profit                       | 168,906                    | 14,031             | 182,937          | 140,651          | 4,120              | 144,771          |
| Total operating expenses (1)             | 152,061                    | (24,689)           | 127,372          | 117,052          | (14,138)           | 102,914          |
| <b>Income from operations</b>            | <b>16,845</b>              | <b>38,720</b>      | <b>55,565</b>    | <b>23,599</b>    | <b>18,258</b>      | <b>41,857</b>    |
| Income before provision for income taxes | 17,212                     | 38,720             | 55,932           | 23,179           | 18,258             | 41,437           |
| Provision for income taxes (2)           | 1,829                      | 15,650             | 17,479           | 7,979            | 6,390              | 14,369           |
| <b>Net income</b>                        | <b>\$ 15,383</b>           | <b>\$ 23,070</b>   | <b>\$ 38,453</b> | <b>\$ 15,200</b> | <b>\$ 11,868</b>   | <b>\$ 27,068</b> |

(1) Adjustments relate to amortization of acquired intangibles and stock-based compensation recognized during the period for GAAP purposes.

(2) Adjustment reflects the tax benefit resulting from all non-GAAP adjustments.

**GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES**  
**Reconciliation of GAAP to Non-GAAP Operating Results**  
(unaudited, in thousands except share and per share data)

The following tables reconcile the specific items excluded from GAAP in the calculation of non-GAAP operating results for the periods indicated below:

|   | Three Months Ended July 31, |            | Year Ended July 31, |            |
|---|-----------------------------|------------|---------------------|------------|
|   | 2013                        | 2012       | 2013                | 2012       |
| Earnings per share reconciliation:                            |                             |            |                     |            |
| GAAP earnings per share - Diluted                             | \$ 0.19                     | \$ 0.06    | \$ 0.25             | \$ 0.25    |
| Amortization of intangibles acquired in business combinations | 0.01                        | —          | 0.01                | —          |
| Stock-based compensation                                      | 0.16                        | 0.07       | 0.62                | 0.43       |
| Less tax benefit of non GAAP items                            | (0.11)                      | (0.03)     | (0.26)              | (0.15)     |
| Pro forma conversion of preferred shares                      | —                           | —          | —                   | (0.03)     |
| Non-GAAP earnings per share - Diluted                         | \$ 0.25                     | \$ 0.10    | \$ 0.62             | \$ 0.50    |
|   |                             |            |                     |            |
|   | Three Months Ended July 31, |            | Year Ended July 31, |            |
|   | 2013                        | 2012       | 2013                | 2012       |
| Shares used in computing non-GAAP per share amounts:          |                             |            |                     |            |
| Weighted average shares - Diluted                             | 62,492,753                  | 61,172,597 | 61,943,087          | 41,509,185 |
| Pro forma conversion of preferred shares                      | —                           | —          | —                   | 12,332,443 |
| Pro forma weighted average shares - Diluted                   | 62,492,753                  | 61,172,597 | 61,943,087          | 53,841,628 |
|   |                             |            |                     |            |
|   | Three Months Ended July 31, |            | Year Ended July 31, |            |
|   | 2013                        | 2012       | 2013                | 2012       |
| Adjusted EBITDA reconciliation:                               |                             |            |                     |            |
| GAAP net income   | \$ 12,105                   | \$ 3,548   | \$ 15,383           | \$ 15,200  |
| Non-GAAP adjustments:   |                             |            |                     |            |
| Provision for income taxes                                    | 4,195                       | 1,551      | 1,829               | 7,979      |
| Other expense, net  | 27                          | 257        | 131                 | 728        |
| Interest income, net  | (139)                       | (88)       | (498)               | (308)      |
| Depreciation and amortization                                 | 1,639                       | 770        | 4,821               | 2,917      |
| Stock-based compensation                                      | 9,969                       | 4,380      | 38,399              | 18,258     |
| Adjusted EBITDA   | \$ 27,796                   | \$ 10,418  | \$ 60,065           | \$ 44,774  |